

### Indraprastha Shelters Private Limited: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
Term Loan (LRD)	41.32	SMERA BBB-/Stable (Assigned)
Proposed Term Loan	8.68	SMERA BBB-/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA BBB-**' (**read as SMERA triple B minus**) to the Rs.50.00 crore bank facilities of Indraprastha Shelters Private Limited (ISPL). The outlook is '**Stable**'.

The rating derives comfort from the extensive experience of the promoters in real estate and moderate financial risk profile. The rating is also strengthened by the prominent location of the commercial project – 'Equinox', which enjoys 100 per cent occupancy and reputed tenant profile. Further, the rating also takes into account the healthy cash flows through rentals over the medium term. However, the rating is constrained by saleability risks associated with high-end residential projects, geographical concentration and intense competition in the real estate sector.

ISPL's moderate financial profile is marked by operating income of Rs.17.86 crore in FY2015-16 (Provisional) as against Rs.20.37 crore in FY2014-15. The interest coverage ratio of the company stands at 1.53 per cent (provisional) and DSCR is moderate at 1.68 times (provisional) in FY2015-16. The return of capital employed (ROCE) stood at 5.40 per cent (Provisional) during the period.

#### Outlook- Stable

SMERA believes ISPL will maintain a stable outlook over the medium term owing to its experienced management and reputed business partners. The outlook may be revised to 'Positive' if the company is able to renew its lease agreement with existing tenants within the stipulated time frame i.e. before FY2018-19 and improve sale of residential property. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile and liquidity position.

#### Rating Sensitivity Factors

- Renewal of lease agreement
- Increase in sales

#### About the Company

The Bangalore-based ISPL, incorporated in 2004 by Mr. Anirudha Kamat is engaged in the development of residential and commercial complexes such as Enero, Equinox, Ruhe among others.

For FY2014-15, the company reported profit after tax (PAT) of Rs.6.26 crore on operating income of Rs.20.37 crore, as compared with profit after tax (PAT) of Rs.3.50 crore on operating income of Rs.15.60 crore in FY2013-14. The net worth stood at Rs.101.80 crore (includes unsecured loans of Rs.79.55 crore) as on March 31, 2015 as against Rs.58.20 crore (includes unsecured loans of Rs.42.17 crore) a year earlier.

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