

November 29, 2013

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>5.00</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Bank Guarantee</b>	<b>1.67</b>	<b>SMERA A4+ (Assigned)</b>
<b>Cash Credit (Proposed)</b>	<b>19.83</b>	<b>SMERA BB/Stable (Assigned)</b>

SMERA has assigned ratings of '**SMERA BB**' (**read as SMERA double B**) to the long-term (fund based) bank facilities, and '**SMERA A4+**' (**read as SMERA A four plus**) to the short-term (non-fund based) bank facilities of SPR Buildtech Limited (SPR). The outlook is '**Stable**'. The ratings are supported by the strong execution capability and high saleability observed in the initial two phases of the company's maiden project. The ratings are further supported by the company's moderate debt protection metrics and healthy profitability. However, the ratings are constrained by the promoters' limited experience in undertaking large-scale real estate projects. The ratings are further constrained by the company's exposure to the intense competition and cyclical nature associated with the real estate industry.

SPR, incorporated in 2006, is a Faridabad-based real estate developer. The company is undertaking its first project (Imperial Estate), which involves development of a seven-tower residential complex in Faridabad, Haryana. The project is divided in three phases. SPR has demonstrated strong execution capability by completing the first two phases of the project on time.

SPR has healthy debt protection metrics with leverage at 1.68 times as on March 31, 2013 and interest coverage ratio of 2.16 times in FY2012-13 (refers to financial year, April 01 to March 31). The company has maintained leverage at moderate levels by regularly infusing share application money over the past three years. SPR's promoters infused Rs.5.77 crore as share application money in FY2012-13. The company has healthy profitability as reflected in operating profit margin of 8.66 per cent and net profit margin of 4.08 per cent in FY2012-13.

SPR's promoters have limited experience in undertaking large-scale real estate projects. The company faces intense competition from other builders in the Faridabad region. There are fourteen ongoing projects (undertaken by various reputed builders including Ansal Builders, Puri Builders and SRS Builders) in the vicinity of Imperial Estate.

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## Outlook: Stable

SMERA believes SPR will maintain a stable business risk profile over the medium term. The company is likely to benefit from the healthy customer advances received till date. The outlook may be revised to 'Positive' if the company generates steady cash flows from the anticipated bookings. Conversely, the outlook may be revised to 'Negative' in case of delays project execution or in case of liquidity pressure arising due to delays in receipt of customer advances.

## About the project

Imperial Estate is an upcoming seven-tower residential complex in Sector 82 – Faridabad, Haryana. The project is spread over 10.25 acres and is divided in three phases. The first two phases comprise three towers with 210 apartments each and the third phase comprises one tower with 70 apartments. SPR has completed the first two phases. The company has sold all apartments in the first phase and registered 74 per cent bookings in the second phase of the project. The construction of the third phase is likely to start in December 2013.

## About the company

SPR, incorporated on January 16, 2006, is a Faridabad-based real estate developer. SPR is promoted by a group of first-generation entrepreneurs headed by Mr. Sanjeev Saluja and Mr. Sudesh Gupta. The company is developing a seven-tower residential complex in Faridabad, Haryana.

For FY2012–13, SPR reported net profit of Rs.1.41 crore on total income of Rs.34.58 crore as compared with net profit of Rs.2.15 crore on total income of Rs.23.62 crore for FY2011–12. SPR's net worth stands at Rs.14.90 crore as on March 31, 2013.

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