

### Udupi Developers: Assigned

Facility	Amount (Rs. Crore)	Rating/Outlook
Term Loan	14.75	SMERA B/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B**' (**read as SMERA B**) on the Rs 14.75 crore bank facility of Udupi Developers (UD). The outlook is '**Stable**'.

The rating is constrained by the ongoing project implementation risk, moderate capital structure with weak interest coverage indicators. The rating is also constrained by the recent restructuring of the term loan due to stretched liquidity. The rating is however strengthened by the experienced management and locational advantage of the ongoing project.

UD has undertaken development of a shopping mall, 'City Centre' at Udupi, Karnataka at an estimated cost of Rs.43.30 crore to be funded by term loan of Rs.14.75 crore, promoters' contribution of Rs.28.55 crore and the balance through advances from customers. The project was to be completed by the end of FY2015-16, but was held up due to land acquisition issues and delay in customer advances. The project is now expected to be completed by end of March 2017. The ability of the firm to complete the project on time without further costs and time overruns will remain the key sensitivity factor.

The gearing of the firm is moderate at 1.65 times, while interest coverage is low at 1.07 times in FY2016. The net cash accrual to total debt is weak at 0.01 times in FY2016. The firm has restructured its loans that have led to an extended moratorium till March 2017.

The partners of the firm, Mr Jamalduddin (MD) and Mrs Dhulekha Jamalduddin have experience of a decade in the real estate industry. The City Centre mall is at a prime location at Udupi.

### Rating Sensitivity Factors

- Timely completion of the project
- Collection of customer advances on time
- Generation of adequate cash flows

### Outlook-Stable

SMERA believes that the firm will maintain a stable outlook in the medium term owing to the experience of the management. The outlook may be revised to 'Positive' if the firm generates steady cash flows and completes the project on time without further cost and time overruns. Conversely, the outlook may be revised to 'Negative' in case of delays in project execution or collections from bookings getting delayed, thereby creating pressure on liquidity.

### About the Firm

UD, established in 2010 as a partnership firm is engaged in the construction of residential and commercial property. It is headed by Mr Jamalduddin (MD) and Mrs Dhulekha Jamalduddin.

UD has undertaken development of a shopping mall, 'City Centre' at Udupi, Karnataka on land admeasuring 1.07 acres. For FY2015-16, the firm reported nil profit on total operating income of Rs.0.13 crore. The networth stood at Rs 8.98 crore in FY2016.

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