

September 29, 2025

Foundations, Developers and Promoters: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund Based – Term Loan	7.70	6.35	[ICRA]B (Stable); reaffirmed
Long term – Unallocated limits	7.30	8.65	[ICRA]B (Stable); reaffirmed
Total	15.00	15.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for Foundations, Developers and Promoters (FDP) considers the promoters' extensive experience of over two decades in the real estate industry, particularly in and around Mysore. The firm's asset-light policy, with projects developed under joint development agreements (JDA)/joint ventures (JV), limits the upfront capital requirement. Additionally, the favourable location of the projects in Mysore, with good inter-city connectivity and proximity to commercial establishments near Dattagali, Aregowdanahalli and Hootagalli, is expected to support saleability. The company is set to launch a senior citizen-focused residential project named Manasum Govardhan in October 2025. This initiative is in collaboration with Manasum Senior Living, a firm specialising in developing communities equipped with amenities tailored for elderly residents, such as catering, medical, and concierge services. The project will comprise 180 flats, with a total investment of Rs. 60 crore and is expected to be completed by October 2028. Following the completion of Manasum Govardhan, the management intends to initiate another project in partnership with Manasum.

The firm's rating remains constrained by its modest scale of operations, which limits both operational and financial flexibility. It also faces exposure to market, execution, and funding risks related to the upcoming projects. As of March 31, 2025, cash flow adequacy for the ongoing projects stood at a low of about 7%, highlighting the need for timely partner fund infusion, customer advances, and debt tie-ups, particularly for the Manasum Govardhan and the second senior citizen housing project. Additionally, the firm faces high geographical concentration risk, with all its projects located in the Mysore market. Given the cyclical nature of the real estate sector, the business remains vulnerable to macroeconomic fluctuations that could impact sales and overall performance. The Stable outlook reflects ICRA's opinion that FDP will be able to improve its collections from the upcoming launches owing to its established position in the Mysore real estate market.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in real estate industry – FDP's promoters have extensive experience of over two decades in real estate development in the Mysore market. They have developed ~0.98 million square feet (msf) of real estate space in Mysore.

Asset light policy with projects developed under JDA/JV, which limits upfront capital requirement – The firm primarily focuses on developing projects, on a JDA/JV basis with the landowners on a unit-sharing basis, which reduces the capital outlay for land investment.

Favourable location of projects – The favourable location of the projects in Mysore, with good inter-city connectivity and proximity to commercial establishments near Dattagali, Aregowdanahalli and Hootagalli, is expected to support sales.

Credit challenges

Exposed to high market and execution risks for ongoing and upcoming projects – Despite adequate sales for the ongoing projects, the firm is exposed to the market risk for the balance saleable area. Further, the cash flow adequacy ratio stood at ~7% as on March 31, 2025. Additionally, fund infusion by the partners, timely advances from customers and debt tie-up for the upcoming project, Manasum Govardhan, and the ongoing projects (Sri Vilasa and Samruddhi) will be critical for timely execution.

Exposed to geographical concentration risks and cyclicity in the real estate industry – The firm is exposed to high geographical concentration risk, as its projects are confined to Mysore. The real estate sector is cyclical and is marked by volatile prices and a highly fragmented market structure due to the large number of regional players. In addition, being a cyclical industry, the real estate sector is highly dependent on macroeconomic factors, exposing FDP’s sales to potential downturn in demand and increased competition from various established players in the region.

Liquidity position: Stretched

The liquidity profile is stretched, with dependence on incremental sales and customer advances to meet the pending project cost and debt repayment obligations. The firm had Rs. 0.6 crore of cash and equivalents as of March 31, 2025.

Rating sensitivities

Positive factors – ICRA could upgrade FDP’s rating if there is an improvement in its scale of operations and profitability. Additionally, the rating could be upgraded if sales and collections for its upcoming projects are healthy on a sustained basis.

Negative factors – ICRA could downgrade FDP’s rating if there are subdued bookings or collections, significant delays in project completion or a material increase in debt, weakening its liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty – Commercial/Residential/Retail
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial profile of the rated company

About the company

Foundations, Developers and Promoters (FDP) was established in 2006 as a partnership firm. The firm has its presence primarily in Mysore. Over the last 16 years, FDP has completed nine residential apartments having 353 units and a gated community project having 49 villas. As of March 2025, the company has developed around 0.98 msf. The firm FDP is focused on real estate development, primarily in Mysore.

Key financial indicators

FDP	FY2024	FY2025*
Operating income	9.8	11.3
PAT	1.1	0.1
OPBDIT/OI	36.3%	2.9%
PAT/OI	11.4%	0.8%
Total outside liabilities/Tangible net worth (times)	7.6	2.3
Total debt/OPBDIT (times)	2.1	12.8
Interest coverage (times)	2.0	2.0

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	Sep 29, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	6.35	[ICRA]B (Stable)	-	-	Jun 11, 2024	[ICRA]B (Stable)	-	-	Mar 10, 2023	[ICRA]B (Stable)
Unallocated limits	Long term	8.65	[ICRA]B (Stable)	-	-	Jun 11, 2024	[ICRA]B (Stable)	-	-	Mar 10, 2023	[ICRA]B (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund Based – Term Loan	Simple
Long term – Unallocated limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	FY2025	NA	FY2028	6.35	[ICRA]B (Stable)
NA	Unallocated limits	NA	NA	NA	8.65	[ICRA]B (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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