

September 30, 2024

Mohan Enterprises: Rating remains under Issuer Non Cooperating category; rating downgraded based on best available information

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term fund – based – Term loan	1364.62	1364.62	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB+ (Stable); ISSUER NOT COOPERATING; and continues to remain under Issuer Not Cooperating category.
Total	1364.62	1364.62	

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-I

Rationale

ICRA has downgraded the rating for the bank facilities of Mohan Enterprises (ME). The rating continues to remain under the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]BB+ (Stable); ISSUER NOT COOPERATING".

The rating downgrade is because of lack of adequate information regarding ME's performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating, as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As a part of its process and in accordance with its rating agreement with ME, ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite repeated requests by ICRA, the entity's management has remained non-cooperative. In absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy in Respect of Non-Cooperation by a Rated Entity Realty - Lease Rental Discounting (LRD)
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has consolidated the financials of the group entities (Mohan Enterprises, Kalyani Techpark Private Limited and Kalyani Developers), given the close business, financial and managerial linkages among them.

About the company

Mohan Enterprises (ME), a partnership firm formed in 1991, is involved in commercial real estate business in Bangalore. Till date, it has developed 33.3 lakh sft (company's share 26.7 lakh sft) of area, which comprises 10 commercial office complexes located in JP Nagar (West Bangalore), Kundalahalli (East Bangalore), Anand Nagar. It currently is developing an office complex, Kalyani Trident, under JDA (50% share) with a leasable area of 1.0 lakh sft. The company's completed office portfolio runs close to 89% occupancy, as on June 30, 2023, with reputed tenants under long-term lease contracts.

Kalyani Developers (KD) is a partnership firm that generates income from fit-out rentals in Kalyani Techpark and a small portion of revenues from the lease of Neptune and Galaxy since June 2020. At present, KD is developing a commercial office project in Hyderabad with a total leasable area of 13.9 lakh sft. The project is being developed through JD mode with the landowners, with KD's share being 70%.

Kalyani Techpark Private Limited (KTPL), incorporated in 2006, is involved in commercial real estate business in Bangalore. Till date, it has developed 33 lakh sft (KTPL's share being 23 lakh sft) of space, which comprises three commercial office complexes located in Kundalahalli (East Bangalore) and Outer Ring Road, Bangalore. Its completed office portfolio runs close to 93% occupancy as of June 2023 with reputed tenants under long-term lease contracts.

Key financial indicators (audited)

Kalyani Group Consolidated	FY2022	FY2023
Operating income	351.4	532.4
PAT	21.1	67.7
OPBDIT/OI	64.1%	61.0%
PAT/OI	6.0%	12.7%
Total outside liabilities/Tangible net worth (times)	4.3	4.7
Total debt/OPBDIT (times)	12.1	10.1
Interest coverage (times)	1.4	1.5

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes, and amortisation; Amount in Rs. crore;

Source: Company, ICRA Research

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current (FY2025)			Chronology of rating history for the past 3 years					
			FY2025			FY2024		FY2023		FY2022	
			Sep 30, 2024	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	1364.62	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	July 19, 2024	[ICRA]BBB+ (Stable); ISSUER NOT COOPERATING	Aug 01, 2023	[ICRA]BBB+ (Stable)	Dec 20, 2022	[ICRA]A- (Negative)	Sep 30, 2021	[ICRA]A- (Stable)
				-	-	Jul 18, 2023	[ICRA]BBB+ (Stable)	Nov 25, 2022	[ICRA]A- (Negative)	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term fund-based – Term loan	Simple

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 / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan	Aug 2017/Oct 2021	NA	May 2027/ Nov 2034	1364.62	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidation Approach
Mohan Enterprises	100.00%	Full Consolidation
Kalyani Techpark Private Limited	100.00%	Full Consolidation
Kalyani Developers	100.00%	Full Consolidation

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About ICRA Limited:

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