

August 01, 2023

## Mohan Enterprises : Update on Entity

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term Fund-based – Term loan	1364.62	1364.62	[ICRA]BBB+(Stable)
<b>Total</b>	<b>1364.62</b>	<b>1364.62</b>	

\*Instrument details are provided in Annexure-I

### Rationale

Some media articles alleged that Think and Learn Pvt. Ltd (BYJU's) has vacated around 4.2 lakh square feet (sft) of area occupied in Kalyani Techpark Private Limited (KTPL). ICRA has reached out to KTPL's management and lenders to seek clarification on the same. ICRA is given to understand by the management that the tenant has not given any vacancy notice to KTPL and continues to pay rentals on time till June 2023. Further, the tenant is under the lock-in period of three years, which ends in March 2025 as per the lease agreement. As per the discussion with lenders, it has been given to understand that BYJU's have not vacated the premises.

At a consolidated level<sup>1</sup>, BYJU's occupy around ~9% of the total area and contribute to around ~10% of the total rentals. ICRA takes note that the Group's liquidity position is adequate with an unencumbered cash balance of ~Rs. 101 crore as on June 30, 2023. Besides, the company maintains DSRA of around Rs. 106 crore (average of three months principal + interest obligation) parked in fixed deposits. The cash flow from operations and on-balance sheet liquidity is expected to be adequate to meet the debt servicing obligations in FY2024. ICRA will continue to monitor the developments of the company.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities, key financial indicators: [Click here.](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Debt Backed by Lease Rentals</a>
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 completed development of 33.3 lakh sft (company's share 26.7 lakh sft), 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.

<sup>1</sup> ICRA has taken a consolidated view of Kalyani Techpark Private Limited (KTPL), Mohan Enterprises (ME), and Kalyani Developers (KD) (together referred as the Kalyani Group), given the strong business and financial linkages, common promoters and management, and cash flow fungibility.

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. KD currently 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), 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.

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

Sl. No.	Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years					
			Amount rated (Rs. crore)	Amount outstanding as on March 31, 2023 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2023		Date & rating in FY2022	Date & rating in FY2021
					Aug 01, 2023	Jul 18, 2023	Dec 20, 2022	Nov 25, 2022	Sep 30, 2021	July 10, 2020
1	Term loan	Long-term	1364.62	1512.50	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]A- (Negative)	[ICRA]A- (Negative)	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)
2	Unallocated	Long-term	-	-	-	-	-	-	-	[ICRA]BBB+ (Stable)

### Complexity level of the rated instruments

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	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Term loans	Aug 2017/Oct 2021	NA	May 2027/ Nov 2034	1364.62	[ICRA]BBB+ (Stable)

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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### Branches



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