

Myhna Estate Projects

October 04 ,2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	75.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

Myhna Estate Projects has not provided 'No Default Statement' (NDS) for three consecutive months i.e. July-24, Aug-24 and Sep-24 as agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on Myhna Estate Project's bank facilities will now be denoted as **CARE BB-;Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating to the bank facilities of Myhna Estate Projects (MEP) remains tempered on account of its nascent stage of on-going residential estate project 'The Orchid'. The rating also takes into consideration saleability risk due to low booking status of the project, funding risk with pending debt tie-up, partnership nature of constitution as well as MEP's presence in cyclical and highly fragmented real estate industry. Furthermore, rating also takes note of dependency on the customer advances for the funding of the project which may result into liquidity mismatches in case of non-receipt or delay in the receipt of the same.

The above rating however derives strength from experienced partner in successful execution of residential projects in the vicinity in the past through other partnership entities.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on July 05, 2024, the following were the rating strengths and weaknesses:

Key weaknesses

Nascent stage of project and yet to be launched for sales with Debt tie up pending

Myhna estate projects has recently in 2023 launched a residential apartment project– Myhna Orchid in Gunjur road, Bengaluru, Karnataka. The project is in nascent stage with negligible project progress. At the time of launch , 29 units were sold, and the company has collected revenue of Rs. 2.59 as customer advances. As on June 28, 2024, the total cost incurred was around 6% in terms of the construction cost. The major cost incurred as of June 2023, includes the cost of land which has been fully incurred by way of partner contribution in the form of equity and unsecured loans.

Project execution risk with high reliance on the customer advances:

The ongoing projects of the firm has lower debt to total means of finance ratio. As the firm mainly relies mostly on the customer advances, which is estimated at 36% of total cost, which may result into liquidity mismatches in case of non-receipt or delay in the receipt of the same. Moreover, the project is exposed to funding risk given its debt yet to be tied-up.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Constitution of the entity as partnership firm with inherent risk of withdrawal of capital

Constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partner's capital at the time of personal contingency which will affect its capital structure. Moreover, partnership firms have restricted access to external borrowing which limits their growth opportunities to some extent.

Exposed to competition from the projects in the vicinity

All the projects of Myhna Properties group have been situated in and around Bangalore which reflects the high geographical risk. As Bangalore is a developed city, Myhna is likely to face intense competition from well established players as well. Being a cyclical industry, real estate depends on macro-economic factors and the company's dependence on a particular geography further heightens such risk. However, comfort is drawn from the experience of its key partner having successfully completed 5 projects in the vicinity of the on-going project Orchid.

Key strengths

Experienced Partners and satisfactory project execution track record

Myhna Estate Projects has experienced partners with more than a decade of experience in the field of real-estate projects. The firm is promoted by Managing Partner Mr. Karthikeyan who holds extensive experience in the real estate sector of over 15 years. Mr. Karthikeyan is also the Managing Director of Myhna Properties which has a well-established brand name in Bangalore market. The partner through other entities namely Myhna properties and Myhna realtors, has successfully executed about 5 residential projects in Bangalore.

Receivables from its unsold inventory from its completed projects to provide cushion

As stated earlier, the partners have successfully completed 5 projects with no additional cost to be incurred on the project. There are around 11 units of unsold inventory in Myhna meadows, which is a plotted villa. The receivable from unsold units is around Rs. 37 Cr. and around Rs. 53 Cr from sold units. For the marketing purpose the firm has hired Anaroc. The project will have 257 units (Firm's portion out of total 405 units), the firm has sold about 29 units as on date accounting for about 11%, while cost incurred is about 5%.

Liquidity: Stretched

The liquidity profile of MEP remains stretched marked by low booking advances of Rs.2.29 crore received till April 30, 2024, as the project is at nascent stage of development. The booking advance as percentage of total sales value remains low at around 7%. The committed receivables from sold inventory stood only at Rs 35 crore, forming around 12% of total pending construction cost and outstanding debt. However, the firm is yet to tie-up debt, once done is expected to provide liquidity cushion to its liquidity position during the construction phase. The liquidity comfort is also drawn from the sold and unsold receivable from its completed project Myhna Meadows, where-in key partner of MEP holds a majority stake.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Myhna Estate properties was established in the year 2000 as a partnership firm and is promoted by Mr. M Karthikeyan. The firm is a part of the Myhna properties group which is engaged in the construction of residential apartments and villas since 2011. The group has been dealing in real estate and construction business in Bangalore

for the last 13 years and majorly undertakes projects largely in Joint Development Agreement (JDA) model. Myhna group has completed many residential and commercial projects with more than 10 lakhs square feet. Some of the real estate projects completed by the Myhna properties are Myhna Maple(R), Myhna Heights (R) , Myhna Mandeville (Villa) and Myhna Meadows (Villa). Apart from these, Myhna properties has an upcoming project in the pipeline – Myhna Vistara.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (P)
Total operating income	0.00	0.00
PBILDT	0.04	-0.03
PAT	-0.01	-0.03
Overall gearing (times)	0.83	2.33
Interest coverage (times)	0.81	-10.67

A: Audited P:Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	NA, as its proposed loan	75.00	CARE BB-; Stable; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	75.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (05-Jul-24)	-	-	-

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities : Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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