



Press Release

M3M India Private Limited

May 26, 2021

Ratings

Instrument/Facility	Amount (Rs. Crore)	Rating	Rating Action
NCD (ISIN:INE0DFT07010)	59.33 (Reduced from Rs. 100.00 crore)	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	Revised from IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook)
Proposed NCD	290.67 (Enhanced from Rs. 250 crore)	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	Revised from IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook)
Total	350.00		

Details of Facilities are in Annexure 1

Detailed Rationale

The revision in ratings to the NCD's of M3M India Private Limited (M3M) takes in account high debt obligations, high concentration risks on account of location and product segment, exposure to risks relating to cyclicity in real estate industry and lower than expected booking in existing projects. However, these partially derives strengths from established track record of M3M group, resourceful & experienced promoters, favourable project location and successful completion of the project.

Key Rating Sensitivities

Upward Factors

- Timely sale of inventory at competitive rates
- Improvement in cash position and liquidity profile of the Company

Downward Factors

- Lower than expected booking status



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Established track record of M3M group

M3M India Pvt Ltd belongs to the M3M group of Delhi/NCR. M3M group is a professionally managed diversified business group engaged in Real Estate, Architectural consultancy, Vastu Practices, Management Consultancy, Legal Advisory and Financial Advisory in Delhi/NCR. Group has started undertaking projects under different SPVs, which are closely held within the group companies. The group has successfully completed nine Residential, Commercial and Plotted development projects with total saleable area of 1.55 crore sqft. Few major construction of the group is M3M Merlin, M3M Cosmopolitan, M3M Golf Estate, M3M St Andrews etc.

Resourceful & experienced promoters

The promoter of the company has been associated with the real estate industry for close to two decades. Mr. Roop Kumar Bansal, Promoter director oversees the financial sourcing and administrative areas which lead to progressive and growth-oriented organizations. Mr. Pankaj Bansal, an MBA from Narsee Monjee Institute, Mumbai and Executive Management from Harvard Business School is deeply involved in day-to-day working of the company.

Favourable project location

The project "M3M Latitude" is located at the prime location at Sector 65 Gurugram, which connects the city of Gurugram to the capital of India, Delhi. Project location is surrounded by all basic necessities and facilities such as schools, hospitals, restaurants, entertainment, ATM's, Bank, Medical stores etc. which can be accessible easily

Successful completion of the project

The project M3M Latitude has been successfully completed and occupancy certificate has been received in January 2021. Although, operational ability to sell the units is key to meet the debt obligation on time.

Key Weaknesses

High Debt Obligations



Press Release

The loan amount outstanding as on March 2021 is Rs.1087 crore (Outstanding loan amount is Rs.1010 crore and outstanding OD amount is Rs. 77 crore) however it was reduced from FY20 level of Rs. 1508 crore. The ability of company to ensure sufficient saleability of its flats and generate adequate cash flows is critical.

High concentration risks on account of location and product segment:

The majority of M3M's projects are located in a single micro market – Golf Course Extension – which exposes it to high geographical concentration risks. The area is characterised by high supply and tepid demand, which together with the mostly premium nature of the inventory available for sale, accentuates the risks.

Exposure to risks relating to cyclicity in real estate industry

Cyclicity in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may affect the debt servicing ability of the company. M3M will remain susceptible to the inherent cyclicity in the real estate sector.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for infrastructure Companies
Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: Adequate

M3M India Pvt Ltd is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings/sales realization. Further, the company is likely to be benefited from the resourcefulness of the promoter group. Overall liquidity position is expected to be adequate

About the Company

M3M India Pvt Ltd belongs to the M3M Group. The M3M Group has come into existence in 2007 for development and construction of housing projects and commercial complexes.



Press Release

M3M group is engaged in all real estate verticals i.e. residential, commercial, education institutions, IT SEZ, entertainment and hospitality.

The M3M group is promoted by Mr. Roop Bansal having a track- record of completion of 8 projects of which 7 are residential and 1 commercial with total saleable area of 0.77 crore sq.ft. Presently it has 14 on-going projects with total saleable area of 1.15 crore sq.ft. under seven different entities. The group has 2200 acres of land bank across Delhi and NCR.

Financials (Standalone):

For the year ended* As on	(Rs. crore)	
	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	1081.18	926.58
EBITDA	65.69	-67.23
PAT	-211.19	-312.64
Total Debt	1771.23	1508.95
Tangible Net worth	183.22	165.14
EBITDA Margin (%)	6.08	-7.26
PAT Margin (%)	-18.45	-31.87
Overall Gearing Ratio (x)^	9.67	9.14

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	NCD (ISIN:INE0DFT07010)	Long Term	59.33	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook) (June 13, 2020)	-	-	
2.	Proposed NCD		290.67	IVR BBB-/Stable	IVR BBB/Stable			



Press Release

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
				Outlook (IVR Triple B Minus with Stable Outlook)	Outlook (IVR Triple B with Stable Outlook) (June 13, 2020)			

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Analyst:

Name: Mr. Karan Girdhar

Tel: (011) 2465 5636

Email: kgirdhar@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned



Press Release

bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Sl. No.	Instrument/Facility	Limit (INR Crore)	Coupon Rate	Rating
1	Non-Convertible Debenture (NCD)	59.33	15% p.a. (Upto March 31, 2021)	IVR BBB- / Stable Outlook; (IVR Triple B Minus with Stable Outlook)
			18% p.a. (April 1, 2021 onwards)	IVR BBB- / Stable Outlook; (IVR Triple B Minus with Stable Outlook)
2	Proposed Non-Convertible Debenture (NCD)	290.67	TBD	TBD