



## Press Release

**M3M India Private Limited**  
**June 13, 2020**

### Rating

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating	Rating Action
1	Proposed NCD	100.00	IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook)	Reaffirmed
2	Proposed NCD	250.00*		Reaffirmed
	<b>Total</b>	<b>350.00</b>		

\* NCD's term is yet to be finalized

### Details of Facilities are in Annexure 1

### Detailed Rationale

The rating assigned to the proposed NCD of M3M India Private Limited continues to derive comfort from established track record of the M3M group under its resourceful & experienced promoters and its favourable project locations. However, these rating strengths are partially offset by project execution risk, high concentration risks on account of location and product segment. The rating also considers exposure to risks relating to lower demand in real estate industry driven by Covid-19 and its high debt obligations.

### Key Rating Sensitivities

#### Upward Factors

- Timely completion of the projects
- Sale of inventory at competitive rates

#### Downward Factors

- Significant delay in completion of project.
- Lower booking status deriving from Covid-19 pandemic
- Significant cost overrun of the project.



## Press Release

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Established track record of the M3M group

M3M India Pvt Ltd belongs to the M3M group of Delhi/NCR. The group has successfully completed eight Residential, Commercial and Plotted development projects with total saleable area of 0.77 crore sq ft and presently 14 projects (4 Residential and 9 Commercial project and 1 IT park) with total saleable area of 1.15 crore sq ft are on-going under seven different entities. 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 upcoming 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.

#### Key Weaknesses

##### Project Execution Risk

Construction of residential project is still in progress. The M3M project is 90% complete and would be fully completed by July 2020. Although, operational ability to sell the units is key to meet the debt obligation on time.

##### High Debt Obligations

The loan amount outstanding as on January 2020 is Rs.1569 crore (Outstanding loan amount is Rs.1010 crore and outstanding OD amount is Rs. 558 crore) however it was



## Press Release

reduced from FY19 level of Rs. 1771 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.

### **Lower demand risks relating in real estate industry driven by COVID-19**

The impact of COVID-19 on the real estate sector in India is evident through a halt on site visits, documentation, negotiations, and closure of deals. The real estate sector which already had concerns of weak demand will find it difficult to launch new projects and complete the ongoing ones due to construction halts and labour shortage. This crisis has retracted the end-user confidence to its lowest levels ever, which will push any kind of real estate purchase decisions to the distant future. This could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may affect the debt servicing ability of the company.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

Rating Methodology for Real Estate Projects

Financial Ratios & Interpretation (Non-financial Sector)



## Press Release

### **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. 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)	
	31-03-2018	31-03-2019
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	1135.53	1082.76
EBITDA	159.47	67.28
PAT	-117.29	-211.19
Total Debt	1971.06	1771.23
Tangible Net worth	2190.32	1882.38
EBITDA Margin (%)	14.04	6.21
PAT Margin (%)	-9.53	-18.45
Overall Gearing Ratio (x)	0.90	0.94

\*classification as per Infomerics standard

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Nil**



## Press Release

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			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.	Proposed NCD	Long Term	350	IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook)	IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook) (May 27, 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](http://www.infomerics.com).

### Name and Contact Details of the Rating Analyst:

Name: Mr. Karan Girdhar

Tel: (011) 2465 5636

Email: [kgirdhar@infomerics.com](mailto:kgirdhar@infomerics.com)

Name: Mr. Avik Podder

Tel: (033)-4602 2266

Email: [apodder@infomerics.com](mailto:apodder@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.



## Press Release

**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 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 Reaffirmed	Maturity
1	Proposed Non-Convertible Debenture (NCD)	100.00	15% p.a. (Upto March 31, 2021)	IVR BBB/ Stable Outlook; (IVR Triple B with Stable Outlook )	Until March 31, 2024* *
			18% p.a. (April 1, 2021 onwards)	IVR BBB/ Stable Outlook; (IVR Triple B with Stable Outlook )	
2	Proposed Non-Convertible Debenture (NCD)	250.00	TBD*	TBD*	

\*TBD: To be decided

\*\* Subject to Rs.10 Lakhs to be paid immediately after Junior NCDs are paid in full i.e. 31st March 2027