



## Press Release

**M3M India Private Limited**

**May 27, 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)
<b>Total</b>	<b>350.00</b>		

**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 cyclicalities 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



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### 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**



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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.



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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):

(Rs. crore)

For the year ended* As on	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			



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				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](http://www.infomerics.com).

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**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.

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### 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

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Lender-M3M-India-Pvt-ltd-27-may-21-.pdf>