



## Press Release

**Marathon Nextgen Realty Limited (MNRL)**

**October 31, 2023**

### Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term fund based Bank Facilities – Proposed Loan	275.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	Assigned	Simple
<b>Total</b>	<b>275.00 (Rupees Two Hundred Seventy Five Crore only)</b>			

**Details of Facilities are in Annexure 1**

### Detailed Rationale

The ratings assigned to the bank facilities of Marathon Nextgen Realty Limited (MNRL) derive strength from the experienced promoters and strong group, strategic location of the project and modest project execution and saleability risk. The ratings are, however, constrained by geographically concentrated revenues and cyclical nature of the real estate industry, subject to regulations.

### Key Rating Sensitivities:

#### Upward Factors

- Scheduled progress of the projects.
- Substantial increase in the sale of units leading to adequate cash flow generation.

#### Downward Factors

- Any cost or time over run in completing the ongoing projects of the company.
- Weaker than anticipated sales performance and lower than expected collections/customer advances leading to cash flow mismatches.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths



## Press Release

### **Experienced promoters and strong group**

Marathon group founded in 1969 by the Shah family of Mumbai. The promoters have a long track record in the real estate industry, with more than 30 years of experience. The Marathon group has developed around 5 million square feet (msf) in more than 80 projects spanning across different segments of real estate in the Mumbai Metropolitan Region (MMR), with currently around 2 msf of commercial space under development and around 18 msf of land under development in the MMR.

### **Strategic location of the project**

MNRL's project, Marathon FutureX, is in Lower Parel, Mumbai, which is one of the prime and well-established residential and commercial locations with good connectivity through railways and roadways. It is centrally located at the busy junction of Lower Parel and Curry Road. The other projects i.e. Marathon NeoSquare and Marathon NeoPark are located in the Bhandup, which are also favourable locations.

### **Modest project execution and saleability risk**

MNRL (consolidated) is executing projects such as Monte South, Marathon Nexzone, Marathon Neosquare, Marathon Neopark, Marathon Futurex and Marathon Millenium with total saleable area of 61.25 lac square feet located at Mumbai. Out of 61.25 lac square feet, the company has already sold 41.92 lac square feet (~68%) as on June 30, 2023, totalling sales value of Rs.3979 crore, the company has already collected received Rs.3095 crore (~78%) as on June 30, 2023. IVR notes that total collection against already sold units will be sufficient to cover balance construction expenses.

### **Key Rating Weaknesses**

#### **Geographically concentrated revenues**

All of the past and ongoing projects of the group is located in Mumbai, Maharashtra which exposes the company to geographical concentration risk. Any adverse movement in the regional real estate market can impact the overall operations of the company.

#### **Cyclical nature of the real estate industry, subject to regulations**

The real estate in India is highly fragmented and is capital intensive in nature. The life cycle of a real estate project is long and the state of the economy at every point in time, right from land acquisition to construction to actual delivery, has an impact on the project. This capital-intensive sector is extremely vulnerable to the economic cycles. Adverse movement in interest



## Press Release

rate affects the real estate players in both ways by hampering demand as well as increasing the cost of construction. The sector is also subject to multiple regulatory approvals from respective authorities; thus, the timely receipt of regulatory approval is critical for the timely launches of new project phases and future sales/collections.

### **Analytical Approach:** Consolidated

Infomerics has taken a consolidated approach for the Marthon group of entities basis that MNRL is the holding company or joint venture with holding of 40% for following entities and their subsidiaries, namely:

Sr. No.	Name of the Entity	% of ownership as on March 31, 2023	Nature of Interest	Principal Activities
1	Marathon Nextgen Township Private Limited (MNTPL)	100%	Wholly owned Subsidiary	Real Estate
2	Sanvo Resorts Private Limited	91%	Subsidiary	Real Estate
3	Terrapolis Assets Private Limited	100%	Subsidiary	Real Estate
4	Swayam Realtors & Traders LLP	40%	Joint Venture	Real Estate
5	Columbia Chrome (I) Private Limited	40%	Joint Venture	Real Estate

### **Applicable Criteria:**

[Policy on Default Recognition](#)

[Criteria of assigning Rating outlook](#)

[Rating Methodology for Real Estate Entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Consolidation of companies](#)

### **Liquidity: Adequate**

MNRL's (consolidated) liquidity position remained adequate marked by current ratio of 1.95x as on March 31, 2023. The GCA has also improved to Rs.126.81 crore in FY23 from Rs. 41.87 crore in FY22. The company's cash accruals are sufficient to meet its repayments in FY24-26.

The company has projected to have moderate cash cover to service its debt obligations as evidenced by more than unity cash flow coverage ratio of the projects throughout the projected



## Press Release

period. The projected cash flow of the company appears to be adequate. Further, the company is expected to benefit from the availability of the huge land bank in hand in and around Mumbai, along with the resourcefulness of the promoters which is evident from the fact that the ongoing projects are funded through a mix of promoter's contribution, customer advances and external debt. Overall, the liquidity position is expected to remain adequate.

### About the Company

Marathon Nextgen Realty Limited (MNRL) promoted by the Marathon group of Mumbai, Maharashtra is a public limited, small cap listed entity with listings on National Stock Exchange and Bombay Stock Exchange. The company was incorporated on January 13, 1978 and is currently managed by the promoters of Marathon Group, Shah family, with shareholdings of around 74%, through its flagship entity Marathon Realty Private Limited (MRPL).

The Marathon group has completed over 80 projects and has presence across Mumbai Metropolitan Region (MMR) with a total of over 25 million sq ft of land under construction and 2 million sq. ft. of business spaces under development.

MRPL is a 50-year-old company based out of Mulund, Mumbai. The Marathon group has delivered projects in varied categories such as high-rise, townships, corporate, IT and retail. Over the period, the Marathon Group has introduced technologies such as PERI, STEN, MIVAN and Korean Kumkang Technology.

The company has an expansive portfolio comprising of residential high-rises, affordable and mid segment projects; commercial & IT projects and retail projects spread across the Mumbai Metropolitan Region, at locations like - South Mumbai, Mulund, Badlapur, Bhandup, and growth corridors like Panvel, Dombivli & Kalyan Shil - road. The Marathon group's focus is to build iconic projects that redefine real estate by challenging conventions at every step of the construction process.

### Financials (Consolidated):

(Rs. crore)		
For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	306.09	716.53
EBITDA	74.40	239.33
PAT	38.89	123.69
Total Debt	1086.99	868.84



## Press Release

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Tangible Network	525.46	668.00
<b>Ratios</b>		
EBITDA Margin (%)	24.31	33.40
PAT Margin (%)	11.30	16.30
Overall Gearing Ratio (x)	2.07	1.30

\*Classification as per Infomerics' standards

### Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	158.22	445.27
EBITDA	65.05	194.21
PAT	21.65	105.09
Total Debt	716.42	552.42
Tangible Network	679.45	803.50
<b>Ratios</b>		
EBITDA Margin (%)	41.11	43.62
PAT Margin (%)	12.22	22.24
Overall Gearing Ratio (x)	1.05	0.69

\*Classification as per Infomerics' standards

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 Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term fund based Bank Facilities –	Long Term	275.00	IVR BBB-/ Stable	-	-	-



## Press Release

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
	Proposed Loan						

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

Name: Amey Joshi

Tel: (022) 62396023

Email: [amey.joshi@infomerics.com](mailto:amey.joshi@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit [www.infomerics.com](http://www.infomerics.com)

**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 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





## Press Release

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

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term fund based Bank Facilities – Proposed Loan	-	-	-	275.00	IVR BBB-/ Stable

### Annexure 2: List of companies considered for consolidated analysis:

Sr. No.	Name of the company	Consolidation Approach
1	Marathon Nextgen Township Private Limited (MNTPL)	100%
2	Sanvo Resorts Private Limited	91%
3	Terrapolis Assets Private Limited	100%
4	Swayam Realtors & Traders LLP	40%
5	Columbia Chrome (I) Private Limited	40%

### Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Marathon-oct23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**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).