

April 25, 2025

Merlin Acropolis Projects Pvt Ltd.: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term - Fund Based - Working Capital Facilities	50.83	50.83	[ICRA] A (Stable); Reaffirmed
Long Term - Fund Based TL	257.40	232.43	[ICRA] A (Stable); Reaffirmed
Short Term – Interchangeable [^]	(2.00)	(2.00)	[ICRA] A1; Reaffirmed
Long Term/Short Term - Unallocated Limits	26.77	51.74	[ICRA] A (Stable)/ [ICRA] A1; Reaffirmed
Total	335.00	335.00	

*Instrument details are provided in Annexure I; [^]sub-limit of Working Capital Facilities

Rationale

The rating reaffirmation for the bank facilities of Merlin Acropolis Projects Pvt Ltd (MAPPL) factors in the sustained healthy occupancy for the Acropolis Mall at 100% as of December 2024, supported by favourable location of the property in Rajdanga Main Road, Kolkata, and the reputed tenant profile. Despite an estimated increase in the LRD debt levels to Rs. 250-255 crores as of March 2025 due to LRD top up loan raised; the leverage is expected to be adequate at 7.5-8.0 times. Further, with the scheduled debt repayments coupled with expected improvement in NOI due to contracted rental escalations, the leverage is likely to improve to 5.0-5.5 times as of March 2026. The rating continues to draw comfort from the established market position of the Merlin Group, with a track record of over four decades in the real estate industry, particularly in and around Kolkata. The Group has strong project execution and sales capabilities, as demonstrated by consistent delivery of good quality projects covering more than 10 million square feet (msf) of area across residential, commercial, and retail segments.

The ratings, however, are constrained by the modest debt coverage metrics due to increase in debt levels as of March 2025 on account of sanctioned top-up LRD loan of Rs. 80 crore and corresponding rise in debt servicing obligations. ICRA expects the flagship company of the Group, Merlin Projects Limited (MPL), to provide timely financial support to MAPPL, for funding shortfall, if any, given their substantial financial linkages, its strategic importance for MPL and the latter's reputation sensitivity to default. MAPPL consistently receives interest income (Rs. 16.7 crore in FY2023, Rs. 18.6 crore in FY2024 and Rs. 19.0 crore in FY2025) from the loans and advances extended to other group entities, which supports its liquidity and debt servicing ability. Timely receipt of interest income from the loans and advances to the group companies would remain critical from the credit perspective. MAPPL has an average cushion of Rs. 40 crores available in the form of overdraft limits in the last 12 months period ending December 2024, aiding its liquidity. The ratings also factor in the asset concentration risk with company's dependence on a single asset for revenue generation along with moderate lessee concentration risk, with the top five tenants occupying close to 50% of the total leasable area. Notwithstanding the comfortable weighted average lease expiry profile of the asset, the cash flows could be adversely impacted in case of an early termination of any of the anchor tenant leases. MAPPL's debt coverage metrics are vulnerable to changes in occupancies, rental realisations, and interest rates.

The Stable outlook on MPPL's rating reflects ICRA's expectation that the company will benefit from favourable location of the project supporting the healthy occupancy levels of the mall along with adequate leverage levels.

Key rating drivers and their description

Credit strengths

Healthy occupancy levels and reputed lessee profile – Operational since 2015, the Acropolis Mall is favourably located in an upcoming commercial hub and thus, benefits from a populous catchment area, resulting in high overall occupancy as it is 100% occupied as of December 2024. The properties have a diversified tenant profile and include reputed anchors such as Shoppers Stop, Cinopolis, with no major lease falling due for renewal in the near term. The recovery in operational metrics since the lockdowns support the cash flows and debt coverage metrics.

Adequate leverage – Despite an estimated increase in the LRD debt levels to Rs. 250-255 crores as of March 2025 due to LRD top up loan raised; the leverage is expected to be adequate at 7.5-8.0 times. Further, with the scheduled debt repayments coupled with expected improvement in NOI due to contracted rental escalations, the leverage is likely to improve to 5.0-5.5 times as of March 2026.

Strong sponsor group with an established market position in eastern India – The Merlin Group has an established track record of over four decades in the real estate industry, particularly in and around Kolkata. The Group has strong project execution and sales capabilities, as demonstrated by consistent delivery of good quality projects covering more than 10 msf of area across residential, commercial, and retail segments. The Group also has a leased retail portfolio of around 0.3 msf across two properties, with average occupancy level of around 100% as of December 2024.

Credit challenges

Modest debt coverage metrics – The ratings are constrained by the modest debt coverage metrics due to increase in debt levels as of March 2025 on account of sanctioned top-up LRD loan of Rs. 80 crore and corresponding rise in debt servicing obligations. ICRA expects the flagship company of the Group, Merlin Projects Limited (MPL), to provide timely financial support to MAPPL, for funding shortfall, if any, given their substantial financial linkages, its strategic importance for MPL and the latter's reputation sensitivity to default. MAPPL has an average cushion of Rs. 40 crores available in the form of overdraft limits in the last 12 months period ending December 2024, aiding its liquidity. MAPPL's debt coverage metrics are vulnerable to changes in occupancies, rental realizations, and interest rates.

Moderate tenant concentration and asset concentration risks – The ratings also factor in the asset concentration risk with company's dependence on a single asset for revenue generation along with moderate lessee concentration risk, with the top five tenants occupying close to 50% of the total leasable area. Notwithstanding the comfortable weighted average lease expiry profile of the asset, the cash flows could be adversely impacted in case of an early termination of any of the anchor tenant leases.

Liquidity position: Adequate

The rental collections together with interest income on group company loans are likely to remain adequate to meet the corresponding asset costs and debt obligations. The company's liquidity is further supported by presence of significant undrawn overdraft limit. The average utilisation of the sanctioned OD limits of Rs. 50.8 crore during January 2024 to December 2024 remained low at 20%. Further, as of December 2024, the undrawn OD limit stood at around Rs. 50 crores.

Rating sensitivities

Positive factors – Significant reduction in indebtedness resulting in improvement in debt coverage metrics, along with improvement in the credit profile of the parent, MPL, could favourably impact the ratings.

Negative factors – Negative pressure on the ratings could arise if a sustained pressure on occupancy or rental rates or increase in indebtedness impacts the debt protection metrics. Further, any deterioration in the credit profile of the parent, MPL or weakening in the operational and financial linkages with the parent could exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty – Lease Rental Discounting (LRD)
Parent/Group support	Support Provider: Merlin Projects Limited (MPL) ICRA expects the flagship company of the Group, Merlin Projects Limited (MPL), to provide timely financial support to MAPPL, for funding shortfall, if any, given their substantial financial linkages, MAPPL's strategic importance for MPL and MPL's reputation sensitivity to default.
Consolidation/Standalone	Standalone

About the group

The Kolkata-based Merlin Group has over four decades of experience in the realty sector. The Group has developed over 100 residential and commercial complexes and 150 independent bungalows, with a total constructed area more than 10 msf, mostly in and around Kolkata. The Group has some presence in other parts of India with various residential and commercial projects at Chennai, Chhattisgarh, Pune, Bhubaneswar, and Ahmedabad. Merlin Project Limited (MPL) is the flagship entity of the Merlin Group and was established in 1976 as a partnership firm and converted to a public limited company in 1992.

About the company

MAPPL was established in 2009 for developing a stadium and a commercial complex under a Public Private Partnership model with the Kolkata Metropolitan Development Authority. The company developed Acropolis Mall, (total leasable area 0.26 msf.) which comprises 3B+G+18 floors and is located on Rajdanga Main Road in Kolkata. 3B+G+4 is dedicated to the mall and floors 5th to 18th are for commercial office space. The mall and 5th floor of the commercial office space lies under MAPPL, with the remaining office space from 6th to 18th floor is in a group company, MPL.

Key financial indicators (audited)

MAPPL	FY2023	FY2024
Operating income	38.8	43.3
PAT	24.5	25.9
OPBDIT/OI	90.3%	89.8%
PAT/OI	63.2%	60.0%
Total outside liabilities/Tangible net worth (times)	2.2	2.0
Total debt/OPBDIT (times)	6.2	6.2
Interest coverage (times)	2.3	2.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	Apr 25, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Working capital facilities	Long Term	50.83	[ICRA] A (Stable)	-	-	Mar 22, 2024	[ICRA] A (Stable)	Dec 27, 2022	[ICRA] A (Stable)
Term Loans	Long Term	232.43	[ICRA] A (Stable)	-	-	Mar 22, 2024	[ICRA] A (Stable)	Dec 27, 2022	[ICRA] A (Stable)
Bank Guarantee[^]	Short term	(2.00)	[ICRA] A1	-	-	Mar 22, 2024	[ICRA] A1	Dec 27, 2022	[ICRA] A1
Unallocated limits	Long Term/ Short term	51.74	[ICRA] A (Stable)/ [ICRA] A1	-	-	Mar 22, 2024	[ICRA] A (Stable)/ [ICRA] A1	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Working capital facilities	Simple
Long-term – Term Loans	Simple
Short-term – Bank guarantee	Simple
Long-term/Short-term – Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Working capital facilities	-	-	-	50.83	[ICRA] A (Stable)
NA	Term Loan	May 2019	-	FY2039	232.43	[ICRA] A (Stable)
NA	Bank Guarantee [^]	-	-	-	(2.00)	[ICRA] A1
NA	Unallocated	-	-	-	51.74	[ICRA] A (Stable)/ [ICRA] A1

Source: Company; [^]Sublimit of working capital facilities

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – NA

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