

June 02, 2026

Merlin Projects Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Working capital facilities	12.00	42.00	[ICRA]A (Stable); reaffirmed and assigned for enhanced amount
Long-term – Fund-based – Term loans	219.42	389.60	[ICRA]A (Stable); reaffirmed and assigned for enhanced amount
Long-term/Short-term – Unallocated limits	84.58	4.40	[ICRA]A (Stable)/ [ICRA]A1; reaffirmed
Total	316.00	436.00	

*Instrument details are provided in Annexure II

Rationale

The rating reaffirmation for the bank facilities of Merlin Projects Limited (MPL) factors in the expected improvement in Merlin Group's¹ collections and cash flow from operations (CFO) in FY2027, which along with moderate debt levels is likely to result in comfortable leverage. The Group's ongoing projects have seen adequate sales velocity with 71% of the area sold out as of January 2026 of the total saleable area of around 7.3 million square feet (msf). Further, on account of the healthy committed receivables of Rs. 2,191 crore, the cash flow adequacy ratio remains comfortable at 80% as of January 2026 (78% as of December 2024) against the pending cost and debt outstanding. The Group's collections are estimated to improve by 9-11% in FY2026 (PY: Rs. 1,052 crore) and further by 5-7% in FY2027, supported by adequate sales velocity for its ongoing as well as newly launched projects, healthy launch pipeline, along with adequate construction progress. Consequently, the CFO is likely to improve in FY2027. With moderate external debt levels of around Rs. 520-540 crore as of March 2027, the debt protection metrics are expected to remain comfortable in FY2027. Further, around 36% of the Group's total external debt (as of January 2026) comprises lease rental discounting (LRD) loans, which is backed by lease rentals from a commercial portfolio of around 0.3 msf. It is estimated to generate an annual rental of around Rs. 52-55 crore in FY2027 from its retail portfolio. The ratings note 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, along with its strong project execution and sales capabilities. Through historic land acquisitions, MPL has access to sizeable land parcels providing financial flexibility and adequate potential for future project development.

The ratings are, however, constrained by the Group's exposure to execution and market risks for the ongoing projects as well as upcoming projects. As of January 2026, ~29% of the area is yet to be sold and around 52% of the cost yet to be incurred for the ongoing projects. The Group plans to launch around 3.0-3.5 msf of projects over the next 12-15 months. The ratings remain constrained by the geographical concentration risk with most of the projects located in and around the Kolkata region, thereby exposing it to fluctuations in a single market's performance. While the Group has launched three projects in the Pune region, the sales and collection from Pune region remain modest in comparison to the share of revenues from the eastern region. Notwithstanding the Group's long and established track record in Kolkata, it remains susceptible to the inherent cyclical nature in the real estate industry, which is highly dependent on macro-economic factors. This exposes its sales to any downturn in demand.

The Stable outlook on the long-term rating reflects ICRA's opinion that the Group will maintain good sales velocity in its ongoing and upcoming projects leading to improvement in collections while maintaining comfortable leverage.

¹ Merlin Group includes Merlin Projects Limited and all its subsidiaries/JV companies having ongoing projects and leased properties

Key rating drivers and their description

Credit strengths

Adequate sales velocity; comfortable cash flow adequacy – The Group’s ongoing projects have seen adequate sales velocity with 71% of the area sold out as of January 2026 of the total saleable area of around 7.3 msf. Further, the cash flow adequacy ratio remains comfortable at 80% as of January 2026 (78% as of December 2024) on account of healthy committed receivables of Rs. 2,191 crore against the pending cost and debt outstanding.

Estimated increase in collections; comfortable debt protections metrics – The Group’s collections are estimated to improve by 9-11% in FY2026 (PY: Rs. 1,052 crore) and further by 5-7% in FY2027, supported by adequate sales velocity for its ongoing as well as newly launched projects, healthy launch pipeline, along with adequate construction progress. Consequently, the CFO are likely to improve in FY2027. With moderate external debt levels of around Rs. 520-540 crore as of March 2027, the debt protection metrics are projected to remain comfortable with total external Debt/CFO, of 1.5-1.7 times in FY2027. Further, around 36% of Group’s total external debt (as of January 2026) comprises LRD loans, which is backed by lease rentals from a commercial portfolio of around 0.3 msf. It is expected to generate an annual rental of around Rs. 65-67 crore in FY2027 from its retail portfolio.

Established real estate player with long track record and strong 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 through consistent delivery of good quality projects covering more than 10 msf of area across residential, commercial, and retail segments. It has a leased retail portfolio of around 0.3 msf across two properties – Acropolis Mall (0.26 msf), located on Rajdanga Main Road, Kolkata, and Homeland Mall, (0.03 msf) located in Ashutosh Mukherjee Road, in Kolkata. Both the malls are favourably located around the commercial hubs and thus benefit from a populous catchment area. The overall occupancy for the malls remains healthy at around 98% as of January 2026, with expected annual rentals of around Rs. 65-67 crore for FY2027.

Credit challenges

Exposure to geographical concentration risk – The Group is exposed to high geographical concentration risk with most of the projects located in and around the Kolkata region, thereby exposing it to fluctuations in a single market’s performance. While the Group has launched three projects in the Pune region, the sales and collection from Pune are modest in comparison to that from the eastern region.

Exposure to execution and market risks – The Group is exposed to execution and market risks for the ongoing and upcoming projects. As of January 2026, ~29% of the area is yet to be sold and around 52% of the cost yet to be incurred for the ongoing projects. The Group plans to launch around 3.0-3.5 msf over the next 12-15 months.

Vulnerability to cyclicity in real estate sector – The residential real estate sector, being cyclical in nature, is highly dependent on macro-economic factors. This exposes the sales to any downturn in demand and competition within the region from various other developers.

Liquidity position: Adequate

The Group’s liquidity is expected to remain adequate with free cash and liquid balances of around Rs. 395 crore, undrawn construction finance limits of around Rs. 147 crore towards the ongoing projects and healthy committed receivables of around Rs. 2,191 crore from the area sold as of January 2026. The scheduled debt repayments of Rs. 106 crore in FY2027 are estimated to be adequately met by the cash flow from operations. Further, it reported an unutilised overdraft limit of Rs. 98.8 crore as of January 2026.

Rating sensitivities

Positive factors – The ratings may be upgraded if there is a significant increase in scale and collections, along with improved geographical diversification, resulting in an improvement in cash flows, while maintaining low leverage on a sustained basis.

Negative factors – Negative pressure on the ratings could arise in case of moderation in scale, and/or slowdown in project execution or collections resulting in deterioration in the Group's financial risk profile, leading to increased debt levels. Further, any large debt-funded investments in land bank or other capital expenditure may also impact the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Commercial/Residential/Retail
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the operational and financial profile of entities in the Merlin Group having ongoing projects, leased properties (as mentioned below), given their close business, financial and managerial linkages.

About the company

Merlin Projects Limited was incorporated in 1984 and is currently owned and managed by Mr. Sushil Kumar Mohta. MPL is the flagship company of the Kolkata-based Merlin Group, having 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 of 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.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income (OI)	408.0	436.0
PAT	45.9	54.9
OPBDIT/OI	13.4%	14.7%
PAT/OI	11.2%	12.6%
Total outside liabilities/Tangible net worth (times)	2.9	3.6
Total debt/OPBDITA (times)	8.8	8.3
Interest coverage (times)	1.5	2.0

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

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	June 02, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Working capital facilities	Long- term	42.00	[ICRA]A (Stable)	Apr 25, 2025	[ICRA]A (Stable)	-	-	Mar 22, 2024	[ICRA]A (Stable)
Term loans	Long- term	389.60	[ICRA]A (Stable)	Apr 25, 2025	[ICRA]A (Stable)	-	-	Mar 22, 2024	[ICRA]A (Stable)
Unallocated limits	Long- term/ Short- term	4.40	[ICRA]A (Stable)/ [ICRA]A1	Apr 25, 2025	[ICRA]A (Stable)/ [ICRA]A1	-	-	Mar 22, 2024	[ICRA]A (Stable)/ [ICRA]A1

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated February 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA

Sr. No.	Activity Name	FSR
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Working capital facilities	Simple
Long-term – Fund-based – Term loans	Simple
Long-term/Short-term – Unallocated limits	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Working capital facilities	NA	NA	NA	42.00	[ICRA]A (Stable)
NA	Term loans	FY2023	NA	FY2030	389.60	[ICRA]A (Stable)
NA	Unallocated limits	NA	NA	NA	4.40	[ICRA]A (Stable)/ [ICRA]A1

Source: Company

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

Annexure III: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Merlin Projects Limited	100% (rated entity)	Full Consolidation
Merlin Acropolis Projects Pvt Ltd.	100%	Full Consolidation
Acropolis Maintenance Services Pvt Ltd	100%	Full Consolidation
Bengal Merlin Housing Ltd	100%	Full Consolidation
PS Merlin Developers LLP	100%	Full Consolidation
Merlin Developments	100%	Full Consolidation
Merlin Real Estate LLP	100%	Full Consolidation
Merlin Ganges Projects	50%	Proportionate Consolidation
Elita Garden Vista Project Pvt Ltd	37.5%	Proportionate Consolidation
Surekha Merlin Promoters Pvt Ltd	45%	Proportionate Consolidation
Meenambakkam Realty Private Limited	49%	Proportionate Consolidation

Source: Annual report; ICRA notes that while there are several other entities within the Group, none of the other entities have ongoing projects or outstanding debt at present.

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