

Meritra Homes Private Limited

March 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	28.19	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Rating assigned to the bank facilities of Meritra Homes Private Limited (MHPL) is constrained by relatively moderate scale of operations which is primarily confined to Ernakulam region, moderate construction progress across projects, execution risk associated with ongoing projects wherein dependence on customer advances is relatively high, inherent cyclicity and intense competition in the real estate industry. The ratings, however, derive strength from the experience of the promoters and long track record of operations, satisfactory sales velocity in the on-going projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive Factors

- Timely launch and healthy execution from the upcoming projects resulting in sustained improvement in collections above ₹50 crore.

Negative Factors

- Any large delays in the scheduled completion and slowdown in the sales momentum of the on-going projects
- Moderation in collections/ delay in realization of customer advances on sustained basis

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that the entity is likely to benefit from the experience of the promoters in the real estate sector to complete the ongoing and upcoming projects

Detailed description of key rating drivers:

Key weaknesses

Relatively moderate scale of operations

MHPL has nearly two decades years of experience in executing residential real estate projects in the Ernakulam region. However, the scale of operations as reflected in TOI continues to be moderate at ₹19.34 crore in FY24 (PY: ₹15.13 crore). All the ongoing projects are situated in and around Ernakulam region which exposes the company to regional concentration risk. Faster execution and healthy sales velocity across projects leading to increase in scale shall remain a key rating monitorable

Moderate construction progress and implementation risk

MHPL is currently executing four projects with total saleable area of 2.72 lakh square feet (lsf). The firm has achieved consolidated construction progress of 39% in ongoing projects as on November 30, 2024 which exposes MHPL to project implementation risk. Nevertheless, the project implementation risk is mitigated to some extent by the extensive experience of the promoters. Considering the gestation period of around three to four years for the completion, any volatility in the raw material prices will impact the cost of the projects. Going forward, the timely completion of the project remains critical from the credit perspective.

Exposure to inherent risks and cyclicity in the real estate industry

The company is exposed to the cyclicity associated with real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets. This exposes these companies to the vagaries of property markets. A high interest rate scenario could discourage the consumers from borrowing to finance the real estate purchases and may depress the real estate market.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Key strengths

Experienced promoters with long track record of operations

MHPL incorporated in the year 2006 is promoted by T.N. Ravishankar and Kala Krishna Iyer. T.N. Ravishankar possesses a master's degree in management from the United Kingdom and has extensive experience of nearly two decades in residential and commercial real estate. Under his guidance, MHPL has executed 8 projects till date encompassing ~1.1 million square feet of saleable area. MHPL is a closely held company, with entire stake held by promoters. The promoters also provide financial assistance to the company on need basis.

Comfortable sales velocity in the ongoing projects

MHPL has been marketing its projects under brand name 'Prime Meridian' and most of the projects are primarily in and around Ernakulam region. Sales velocity in ongoing projects has been satisfactory with 51% of the area sold as of November 30, 2024. Most projects are in prime localities in Ernakulam, which increase its saleability. Company has committed receivables of ₹59 crore from the sold units and the collections from the ongoing projects are also satisfactory and stood at ₹27.95 crore for past 12 months ended December 31, 2024. As the company is largely dependent on customer advances to fund the projects, its timely receipt will be crucial for project progress.

Liquidity: Stretched

The liquidity of the company is stretched as reflected by moderate sales momentum and collection efficiency. Cash and bank balance as on March 31, 2024, stood at ₹4.32 crore. The term loan repayment for the FY25 is around ₹3.79 crore which is expected to be met out of cash flows from the ongoing projects. Going forward, ability of the company to maintain the satisfactory and early sales booking in the recently launched and upcoming projects and maintaining collection efficiency is key for enhancing the cash flow position of the company.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

MHPL is an Ernakulam-based company engaged in development of residential real estate projects, under the brand name 'Meridian Homes'. MHPL, promoted by Mr T N Ravishankar in the year 2005, specializes in development of luxury and premium villas. The company has completed over 8 projects encompassing ~1.1 million square feet of saleable area.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25
Total operating income	15.13	19.34	23.44
PBILDT	2.58	2.99	3.19
PAT	0.31	0.33	0.81
Overall gearing (times)	2.25	2.11	NA
Interest coverage (times)	1.16	1.25	NA

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	March 2031	28.19	CARE BB; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	28.19	CARE BB; Stable				

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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