

Marutham Appartment

September 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	15.00	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Rating assigned to the bank facility of Marutham Appartment (MA) is constrained by limited number of ongoing projects with lower collection efficiency and inherently cyclical nature of the real estate industry. However, the rating derives strength from the experience of the promoters with a proven track records in the sector, lower external debt reliance and progress in existing projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Healthy sales velocity from the ongoing projects resulting in sustained improvement in collection above ₹75 crore.

Negative factors

- Slowdown in sales momentum from the ongoing projects impacting the collection efficiency.
- Deterioration in the capital structure leading to overall gearing above 1x.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the operations of the firm will continue to remain stable in the medium-term deriving benefits from the long-standing experience of the promoters in the real estate industry.

Detailed description of key rating drivers:

Key Weaknesses

Limited ongoing projects with moderate sales and collections

Firm currently has five ongoing projects with a total saleable area of 3.48 lakh sq. ft (including 1 plot development project with 1.10 Lakhs sqft) as on July 31, 2025. Of this, 1.30 lakh sq. ft. (37%) has been sold. Collections between January and July 2025 stood at ₹17.57 crore against the total sales of ₹30.07 crore, reflecting moderate collection efficiency. The recent launch of 'Royal Garden Phase II' in July 2025 is expected to support sales momentum and collections over the near term.

Project implementation risk

As of July 2025, the firm is executing five projects, with one recently launched at the foundation stage and three nearing completion, pending interior works. Overall firm has incurred ~₹75.54 crore (63%) out of the total estimated cost of ₹120.53 crore as of July 2025. Considering the typical gestation period of around two years for newly launched projects, fluctuations in key raw material prices, particularly steel and cement, could impact overall costs and sales. Nonetheless, the implementation risk is largely offset by the promoters' long track record and extensive experience in the construction and real estate business.

Exposure to inherent risks and cyclical nature in the real estate industry

Firm is exposed to the cyclical nature 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.careratings.com and other CARE Ratings Limited's publications.

Key Strengths

Experienced promoters

MA is the flagship firm of the Marutham Group, promoted by Rajendran and his three brothers. Firm is primarily engaged in residential apartment development and plotted sales. The promoters have successfully completed 28 projects with a total saleable area of 13 lakh sq. ft., including 9 projects in Coimbatore, 3 in Kerala, and the rest in Chennai, reflecting strong execution capabilities across different geographies. Day-to-day operations are overseen by Rajendran, supported by his three brothers: Ramesh, who handles finance, and Govindarajan and Sundarajan, who manage project execution.

Comfortable capital structure with low external debt

As of March 31, 2025, total debt stood at ₹30.67 crore, with a comfortable overall gearing of 0.39x (PY 0.39x). Of this, ₹17.91 crore was unsecured loans from partners and family with no fixed repayment terms. External debt has further come down from ₹12.75 crore as on March 2025 to ₹2.27 crore as on July 2025. Even with the proposed borrowing for the upcoming project, the capital structure is expected to remain comfortable at below unity.

Liquidity: Stretched

Firm's liquidity profile is stretched, with committed receivables of ₹23.24 crore as against pending construction cost of ₹44.99 crore and outstanding debt obligations of ₹2.27 crore as on July 31, 2025. Any moderation in sales momentum or delay in receivable collections from ongoing projects may further strain liquidity. The firm had limited unencumbered cash and bank balance, which stood at ₹3.59 crore as of March 31, 2025.

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

Established as a partnership in 2001, MA is engaged in developing residential real estate projects in Chennai, Tamil Nadu, and Kerala. The firm is promoted by Rajendran and his brothers, who together have executed more than 28 projects spanning around 1.30 million square feet of saleable area.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	28.96	20.38	26.36
PBILDT	4.01	2.90	4.57
PAT	2.77	2.20	2.75
Overall gearing (times)	0.34	0.39	0.39
Interest coverage (times)	3.11	1.82	2.15

A: Audited UA: Unaudited; 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		-	-	October 2028	15.00	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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	15.00	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: CareEdge 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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