

Sankalp In

April 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	30.88 (Reduced from 40.45)	CARE BBB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Sankalp In (SKI) continues derive strength on account of vast experience of the promoters in the hospitality and real-estate sector and timely infusion of funds by the promoters to meet equity commitments for ongoing projects. The rating also takes cognizance of sustained growth in the scale of operations from the hospitality sector during FY24 (FY refers to the period April 01 to March 31) and 11MFY25 (refers to the period April 01 to February 28), healthy profitability as well as debt coverage indicators and adequate liquidity. The rating also factors in healthy booking status and collection efficiency in its recently completed real estate project i.e. Sankalp III-B during 11MFY25.

The above rating strengths are, however, partially offset by the project saleability risk associated with completed commercial project, timely receipt of proceeds from the booked units, significant extension of loans and advances to group entities and inherent risks associated with real estate & hospitality sector.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achievement of average occupancy rate (OR) of more than 80% on a sustained basis for Taj Skyline with healthy increase in Revenue per available room (RevPAR)
- Timely receipt of proceeds from the booked units for both its real estate projects in line with construction pace.
- Significant recoupment of loans & advances extended

Negative factors

- Reduction in average OR to below 40% for Taj Skyline hotel on sustained basis
- Any major debt funded project or significant withdrawal in partners' capital resulting in overall gearing of 2 times.
- Any significant increase in exposure of loans and advances to related parties

Analytical approach: Standalone along-with factoring its linkages with its group company viz. Sankalp Recreation Pvt. Ltd. (SRPL) which can provide need-based support to SKI.

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CARE Ratings) expectation that the entity is likely to maintain its market position in the real estate and hospitality sector coupled with favourable demand scenario enabling it to sustain its operational performance in the medium term.

Detailed description of key rating drivers

Key strengths

Vast experience of promoters in hospitality and real estate segment

SKI is part of the Ahmedabad-based Sankalp group, promoted by the Goenka family with Mr. Kailash Goenka having 75% share in the firm. The flagship company of the group i.e., Sankalp Recreation Private Limited (SRPL) is also owned by Mr. Kailash Goenka and his wife Mrs. Nitu Goenka. The promoters have an experience of more than three decades in the hospitality and restaurant industry. Sankalp group has rapidly expanded its presence in diversified sectors viz. hospitality (restaurants and hotel) in India and abroad, processed food manufacturing and real estate development in Ahmedabad, Gujarat.

Management agreement with IHCL

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

SKI has entered into hotel management agreement for 'Taj Skyline' with The Indian Hotels Company Ltd (IHCL) for a period of 18 years whereby IHCL would manage the hotel property for a consideration as per the agreement. IHCL is a part of large Indian conglomerate, Tata Group. IHCL occupies a leading position in the Indian hospitality industry through its diversified chain of hotels under 'Taj Hotels, Resorts and Palaces', Vivanta by Taj, SeleQtions and Ginger brands. Over the years, it has strengthened its presence and operations across India and selected overseas destinations.

Sustained growth in the scale of operations of its 5-star hotel with healthy profitability

SKI's Taj Skyline reported healthy y-o-y growth of 33% in its total operating income (TOI) to Rs.96.18 crore (PY: Rs. 72.72 crore) in FY24. The substantial growth in TOI was on account of increase in average room revenue (ARR) by 10% to Rs. 9037/room in FY24 (PY: Rs. 7563/ room). However, owing to increase in room keys from 233 to 308 in November 2023, the OR moderated to 58% in FY24 (PY: 72%). Nevertheless, the OR improved to 74% with ARR at Rs. 7354/room in 11MFY25. The revenue from room segment, F&B (food and beverages) and other income constituted around 54%, 34% and 11% of the total income respectively (53%, 37% and 10% respectively). Owing to above, the PBILDT margin improved by 169 bps to 42.59% in FY24 over 40.94% in FY23. Consequently, the firm reported PAT margin of 17.11% in FY24 (PY: 15.51%).

As per the provisional financials of 11MFY24, the firm reported growth of ~11% in 11MFY25 with TOI of Rs. 96.89 crore (11MFY24: Rs. 86.04).

Healthy booking status and collection efficiency of the both the real estate project

As on March 15, 2025, both commercial real-estate projects i.e. Sankalp-III-A and Sankalp-III-B are completed. Sankalp-III A is completely sold out with negligible committed receivables from sold units outstanding as on March 15, 2025. As on March 15, 2025, the firm had sold 91 units out of the total 93 units in Sankalp Square IIIA, with only two units pending. And further, for Sankalp IIIB, the firm has sold 88% of the total area as on March 15, 2025 and has a collection efficiency of 83% for the same. The firm has unsold unit inventory of Rs. 91.73 crore which is expected to be sold off by FY26 and Q1FY27. Further, timely booking and receipt of customer advances for the balance area remains crucial from the credit perspective.

As per the management, no new real-estate project is expected to be launched in SKI and TOI will largely comprise of revenue from unsold inventory of Sankalp IIIB and hotel operations. The company is expected to utilise the proceeds from the sale of unsold units towards repayment of unsecured loans.

Key Weaknesses

Significant exposure to group entities

SKI has exposure to various companies which are engaged in related/unrelated business in the form of equity investment and interest free unsecured loan. As on March 31, 2024, SKI had given unsecured loans amounting Rs. 75.20 crore (PY: Rs.22.05 crore). The said loan were given to Sanmag Buildcon LLP (engaged in real estate business) and Sankalp Finance (engaged in financial services business).

Exposure to inherent risk associated with real estate sector:

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. Further, the real estate sector in India is highly fragmented and intensely competitive with many regional players, who have significant presence in their respective local markets. Apart from above, adverse movement in interest rate and volatility in raw material prices affects the real estate players in both ways – by hampering demand as well as increasing the cost of construction.

Impact of macro-economic factors and seasonal uncertainty on hospitality sector

The company is exposed to the changes in the macro-economic factors, industrial growth, and tourist arrival growth in India, international and domestic demand supply scenarios, competition in the industry, government policies and regulations and other socio-economic factors which leads to inherent cyclicalities in the hospitality industry. These risks can impact the occupancy rate of the company and thereby the company's profitability. Further, industry is highly competitive in nature with presence of large number of organized and unorganized players in the market along with online aggregators. These risks have been partially mitigated by the company with branding of its hotel to 'Taj Skyline' which has a strong brand image.

Constitution as a partnership firm

The constitution as a partnership firm restricts SKI's overall financial flexibility in terms of limited access to external funds for any future expansion plans. Further, there is inherent risk of possibility of withdrawal of capital in times of personal contingency as it has limited ability to raise capital and poor succession planning may result in dissolution of the firm in case of death/insolvency of partner. During FY24, the partners infused Rs. 15.73 crore (FY23: Rs. 20.48 crore) to fund the business requirements.

Liquidity: Adequate

The liquidity of SKI was adequate as reflected by increase in available cash flow from its hospitality segment, surplus from debt-free real-estate segment and moderate term debt repayment obligations in the range of Rs. 30-34 crore in FY25-FY27. As on March 31, 2024, SKI had free cash & bank balance of Rs. 1.44 crore. Furthermore, as the Sankalp Square IIIB project is completed with 88% of the units sold, cashflow from units sold is expected to aid liquidity cushion to the firm.

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](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Rating Methodology of Real Estate Sector](#)

[Notching by Factoring Linkages in Ratings](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Leisure Services	Hotels & Resorts

Incorporated in December 2011, Sankalp In (SKI) is a partnership firm promoted by Mr. Kailash Goenka, who has also promoted the flagship firm of Sankalp Group i.e. Sankalp Recreation Private Limited (SRPL). The promoters have an experience of around three decades in the hospitality and restaurant industries. SKI derives revenue from three segments, majorly hospitality, and real estate as on March 31, 2024. SKI has developed a 5-star hotel property viz. Taj Skyline which was operational from November 2020. Also, SKI has completed the construction of both its commercial-real-estate projects adjacent to its 5- Star hotel property viz. Sankalp Square IIIB.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	14.90	123.18
PBILDT	-0.10	34.74
PAT	-6.82	4.49
Overall gearing (times)	1.68	2.61
Interest coverage (times)	-0.01	28.20

A: Audited UA: Unaudited; Note: these are latest available financial results

Note: The company has discontinued the branch accounting practice from FY24.

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	June 2026	30.88	CARE BBB; 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	30.88	CARE BBB; Stable	-	1)CARE BBB; Stable (05-Apr-24)	1)CARE BBB; Stable (07-Apr-23)	1)CARE BBB-; Positive (07-Apr-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short 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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