

Empee Hotels Limited

September 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non Convertible Debentures	185.00	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Empee Hotels Limited to monitor the rating(s) vide letter/ e-mail communications dated September 06, 2025, September 01, 2025 & August 31, 2025. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Empee Hotels Limited's proposed NCDs will now be denoted **as CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

CARE Ratings Ltd. has assigned the rating of CARE D to the proposed Non-Convertible Debentures (NCD) of Empee Hotels Limited (EHL). Facilities with this rating are in default or are expected to be in default soon. The rating factors in the ongoing delays in servicing of debt obligations of Edelweiss Asset Reconstruction Company (EARC) by EHL.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on October 01, 2024, the following were the rating weaknesses and strengths.

Key weaknesses

Ongoing delays in debt obligations to Edelweiss Asset Reconstruction Company (EARC):

On account of consistent liquidity issues, the company has delayed meeting the debt obligations for the period of FY20, FY21 and FY22. The company entered into one-time settlement (OTS) agreement with the lender (EARC) during March 2022, as per which the company was liable to pay Rs 205 crore, by May 31, 2022. The company could pay only Rs 17 crore out of the total outstanding amount as on date (June 17, 2022). The proceeds from the proposed NCD would be utilized towards settling the amount of OTS and the balance amount is proposed to be paid by promoters. However, EARC filed a petition against Empee Hotels in NCLT invoking Section 7 of the IBC. The final decision of the petition is still pending.

Weak Financial Profile:

The company has a weak financial risk profile characterized by high leverage and poor debt coverage indicators. Going forward, EHL's cash flow from hotel operations would not be sufficient to meet the debt obligations related to proposed NCDs. Hence, there would be significant reliance on promoters for timely fund infusion to repay the quarterly interest obligations and full principal repayment at the end of two years. The promoters are expected to monetize some of their assets or develop another land in JV for a commercial real estate project to meet the debt obligations related to proposed NCDs.

Key strengths

Experienced promoters:

EHL is promoted by Mr. MP Purshothaman who is also serving as Chairman of EHL. Mr. MP Purshothaman has extensive experience of over five decades in hospitality business and has also held the position of President of Tamil Nadu Hotels and Restaurants Association for close to 22 years. Mrs. Nisha Purshothaman, who is serving as a Managing Director of EHL also has a rich experience of over 3 decades in hoteling and hospitality business.

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

Favourable location of hotels and strong Brand image of 'Hilton':

The hotel is located in Ekkaduthangal, which is proximity to the Chennai airport and IT clusters of Chennai. Chennai has the sixth busiest airport in the country (based on passenger traffic in 2021-22), and also enjoys the status of being the second largest exporter of Information technology and business process outsourcing (BPO) services, after Bengaluru, in India. Thus, owing to the hotel's favorable location, EHL benefits from an influx of business and leisure travellers.

Further, EHL has a long-term association with Hilton group, UK which is one of the largest hospitality brands across the world and has a stellar reputation among the international business and leisure travellers. The hotel is operated by the name 'Hotel Hilton' and is fully managed by the Hilton group. In consideration, Hilton charges from EHL 2% of revenue as management fees and a further 8% of gross operating profit as incentive fees, which is calculated as per defined terms, for managing the hotel. Further EHL also shares 2% of revenue as group service benefit fees (GSB) with Hilton.

Liquidity: Not Applicable

Assumptions/Covenants: Not Applicable

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

Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry
Industry classification

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

Empee Hotels Ltd (EHL) was incorporated in 2004 primarily to develop a 5-star deluxe hotel project in Chennai. The company commenced its operations in 2011. EHL is promoted by Mr.M.P. Purushothaman, Chairman of Empee group of companies. EHL currently owns a 204 rooms 5-star deluxe category hotel in the name of 'Hilton, Chennai' at Ekkaduthangal, located within proximity to Chennai International Airport and IT clusters in Chennai. The major shareholding in EHL is held by Empee International Hotels and Resorts Ltd (EIHRL), a closely held company promoted by the Empee group. The Hotel is fully managed by the Hilton Group, UK in consideration of management, incentive fee and group sharing fees.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	90.94	98.95	NA
PBILDT	21.75	22.11	NA
PAT	13.67	-0.75	NA
Overall gearing (times)	-2.97	-6.56	NA
Interest coverage (times)	23.08	1.52	NA

A: Audited 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	-	NA	21.5	Proposed	185.00	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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	Debentures-Non Convertible Debentures	LT	185.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (01-Oct-24)	1)CARE D; ISSUER NOT COOPERATING* (17-Jul-23)	1)CARE D (23-Jun-22)

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities:

Name of the Instrument	Detailed Explanation
Financial covenants	
I. Maintenance of Trust and Retention Account	Open and maintain the Trust and Retention Account with a scheduled commercial bank. Any change in the designated bank has to be approved by the Debenture Trustee
II. EBITDA conditions	The EBITDA from the hotel for the financial year ending on March 31, 2023, shall be equal to or more than INR 20 crores and for financial year ending on March 31, 2024, shall be equal to or more than INR 25 crores
III. Promoter Contribution	Promoter Contribution of Rs 20 crore within 6 months from the date of allotment of NCDs.
Non-financial covenants	
II. Agreement with Hilton	To continue with Hilton Operating agreement up to December 31, 2032
III. No Objection from EARC	To obtain EARC's no objection for payment of OTS amount and creation of security

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple

Annexure-5: Lender details

To view 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.

Contact us

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