

Elnet Technologies Limited

December 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer rating	0.00	CARE A-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The issuer rating reaffirmed to Elnet Technologies Limited (ETL) continues to derive strength from the company's established track record in operating the IT Park, favourable location of the IT Park, higher occupancy levels, comfortable capital structure and adequate liquidity (~₹125 crore being maintained in cash and long-term fixed deposits). The rating continues to be constrained by the company's relatively small scale of operations with presence in single location, risk associated with the renewability of lease agreements and counterparty credit risks. Going forward, ETL's ability to sustain high occupancy and maintain liquidity above ₹100 crore in the medium term will be critical for preserving its credit profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in the total operating income (TOI) while maintaining low leverage profile.

Negative factors

- Significant increase in the debt level for capital expenditure, leading to increase in overall gearing of the company to above 0.40x.
- Substantial decrease in occupancy level.
- Incremental exposure to group companies, which may lead to moderation in the liquidity profile.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) belief that the company will continue to benefit from healthy occupancy levels, minimal debt, favourable asset location and adequate liquidity.

Detailed description of key rating drivers:

Key strengths

Established track record of operations with diversified clientele

Incorporated in 1990, ETL is one of the first IT Parks developed in Chennai on a land measuring 3.16 acres. The land was handed over for development of IT Park through a government order in 1991 and the commercial operations began in 1996. The IT Park has a leasable space of 2.30 lsf and has been leased out to multiple small and mid-sized players. The IT Park has a stable track record of operations, and the property's overall occupancy level remained over 80% in the last five years. The client base is mostly small and mid-sized players with majority being bank, backend service and support providers in IT/ITES across industries. Average floor area of the IT Park ranges from 3,500 sq. ft. to 10,000 sq. ft.

Favourable location of IT Park

The IT Park is in the Taramani-Thiruvananthapuram belt on Old Mahabalipuram Road (OMR), which is recognised as Chennai's primary IT hub. The region has emerged as a preferred office destination for the IT/ITES sector, hosting several global players. Its proximity to the city centre, convenient access to the airport, availability of quality office spaces, strong road and rail connectivity (including MRTS), developed social infrastructure, and presence of major residential areas in the vicinity have been key factors driving demand from IT/ITES occupiers.

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

Healthy occupancy levels

The asset's occupancy level improved to 92% as on 31 October 2025, from 83% as on 31 March 2025, supported by corporates' continued preference for office and hybrid work models over work-from-home. In the last three fiscals, occupancy remained above 80%, ensuring a stable operating track record. Given the satisfactory occupancy, the company has maintained a consistent revenue stream, with total operating income (TOI) of ~₹23 crore. Lease agreements are typically for 3–5 years, with a lock-in period of 1–5 years and include an annual escalation clause of 5% on lease rentals.

Comfortable capital structure

ETL's capital structure is characterised by low overall gearing of 0.03x as on 31 March 2025. The company has not availed long-term borrowings or working capital facilities. As on the same date, total debt stood at ₹4.26 crore, comprising unsecured loans from its group entity, Stur Technologies. Currently, there are no plans for expansion or additional debt, which is expected to keep the company's financial risk profile comfortable in the medium term. Gearing is likely to remain abysmally low, supported by absence of major capex and reliance on internal accruals for operational needs.

Key weaknesses

Renewal risk of lease contracts

ETL has entered lease agreements with tenants, typically for a term of 3–5 years, with a lock-in period of 1–5 years. After the lock-in, tenants can terminate the lease by giving six months' notice without penalty, exposing the company to renewal risk. However, ETL's demonstrated track record of timely renewals mitigates this risk to a large extent. CareEdge Ratings also draws comfort from the fact that most tenants have invested in their own fit-outs, which enhances tenant stickiness and reduces likelihood of early exits. Going forward, maintaining high renewal rates and leveraging tenant investments in fit-outs will be critical for sustaining higher occupancy levels and ensuring revenue stability in the medium term.

Counterparty risk

The company is exposed to counterparty risk as most tenants are small and mid-sized IT/ITES players, providing backend support services across industries. However, this risk is mitigated by ETL's practice of conducting thorough due diligence before signing lease agreements and securing security deposits equivalent to 10-months rent for most tenants. As on 31 March 2025, ETL held cancellable and non-cancellable deposits of ₹12.67 crore, while rental receivables remained low at ₹1.95 crore, indicating timely collections. Going forward, continued adherence to stringent tenant screening and maintaining security deposits equivalent to 10 months' rent will be critical for mitigating counterparty risk and supporting cash flow stability in the medium term.

Relatively small scale of operations with presence in single location

ETL operates a single IT Park, which has an average floor plate space ranging from 3,500 sq. ft. to 10,000 sq. ft., attracting only small/mid-sized companies as tenants. The IT Park is in proximity to larger ones such as Ramanujam IT City (45 lsf) and Tidel Park (12.8 lsf), which offer wider floor plates and premium facilities/amenities. However, it is partly mitigated by prime location of the asset, competitive rate, long-term stickiness of clients, and steady occupancy levels. The concentration risk is low due to diverse tenants occupying premises and no particular tenant is occupying over 25% of the total leasable area.

Liquidity: Adequate

ETL's liquidity profile is adequate with sufficient cash accruals against no long-term repayment obligations. The company holds cash and cash equivalent of ~₹125 crore, mainly in the form of bank fixed deposits as on March 31, 2025. The company does not have debt, with working capital requirements being met by internal accruals without debt.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)

[Issuer Rating](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Debt backed by lease rentals](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Residential, commercial projects

ETL (CIN no: L72300TN1990PLC019459; market cap: ₹137 crore as on December 03,2025) is a Chennai-based company engaged in developing and maintaining software technology parks. ETL is a joint venture (JV) promoted by Electronics Corporation of Tamil Nadu Limited (ELCOT - a Government of Tamil Nadu Undertaking) with 26% holding, Stur Technologies Private Limited (STPL; formerly New Era Technologies Private Limited) with 11.25% holding, Southern Projects Management Private Limited (SPMPL) with 6.36% holding, and Shanmugam Thiagarajan – Individual holding ~9.24% aggregating to total promoter's holding of 52.85%. ETL established an IT Park - Elnet Software city (ESC) at OMR, Taramani, Chennai. The land was handed over for development of IT Park through a government order in 1991 and commercial operations begun in 1996. In 1999, ELCOT acquired the land from Government of Tamil Nadu and agreed to lease it to ETL for 90 years from 1999. The IT Park is an integrated block of two towers with a leasable area of 2.30 lakh square feet (lsf). Since inception, the IT Park has been enjoying healthy occupancy levels. ETL is a listed entity with promoter shareholding of ~52.85% & ~47.15% is held by public.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	26.15	23.03	12.33
PBILDT	17.56	14.73	7.92
PAT	17.49	17.55	10.04
Overall gearing (times)	0.03	0.03	NA
Interest coverage (times)	26.69	32.32	NA

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
Issuer Rating-Issuer Ratings		-	-	-	0.00	CARE A-; 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	Issuer Rating-Issuer Ratings	LT	0.00	CARE A-; Stable	-	1)CARE A-; Stable (07-Jan-25)	1)CARE A-; Stable (08-Jan-24)	1)CARE A-; Stable (27-Jan-23) 2)CARE A-; Stable (26-Dec-22)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated:** Not applicable**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.

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About us:

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