

Sakthi Elegant Towers India Private Limited

January 30, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	121.00	CARE B+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Sakthi Elegant Towers India Private Limited (SETIPL) is constrained by the high project implementation risk of the ongoing hotel project, business stabilisation risk post commencement of hotel operation and presence in the highly competitive and cyclical hospitality industry. The ratings, however, derive strength from favourable project location, tie-up with reputed brand in the hospitality business, cash flow support from real estate division and experience of the promoters albeit being the first venture into hospitality industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Commencement of commercial operations as per envisaged timelines and achieving the sales and profits as projected.

Negative factors

- Significant time and costs overrun in the project.
- Delay in financial closure and brand tie up.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that in the medium term, SETIPL will maintain its credit profile basis the progress in construction.

Detailed description of key rating drivers:

Key weaknesses

Project Implementation Risk and partial financial closure

SETIPL is developing a 169-key 5-star hotel and convention centre in Vandalur in two phases, with a total project cost of ₹160 crore, funded in a 75:25 debt-equity mix. Phase I, comprising the convention centre, is budgeted at ₹65 crore and is supported by a sanctioned term loan of ₹48 crore from SBI. Phase II, involving the hotel block, is estimated at ₹95 crore, for which financial closure is yet to be achieved. As of December 31, 2025, the company has incurred ₹80 crore, funded through ₹35 crore in promoter contribution and ₹45 crore in debt. With this, nearly 95% of Phase I has been completed, while ₹19 crore (20%) has been deployed towards Phase II. However, financial closure for Phase II has been delayed due to pending CMDA approvals, which is currently under process. Project was originally envisaged to commence operation in January 2026, which is now deferred to April 2027 however the repayment of the Phase I term loan has commenced from July 2025. The company remains exposed to project execution and post-completion stabilisation risks until both phases are completed and operational.

Presence in a highly competitive and cyclical industry

The hospitality industry is highly fragmented with many local and international players operating across different hotel segments leading to a high level of competition in the business. The performance of the sector is driven by macroeconomic factors and susceptible to downturn in the economy.

Key strengths

Experienced promoters albeit first venture into hospitality industry

The promoters have over two decades of experience in the real estate sector, with a portfolio of over 2 million square feet of residential developments. Currently, SETIPL has one active real estate project, and its real estate division is debt-free. Company plans to focus only on the hotel business going forward, with no new real estate projects expected to be launched in the near future. Although the promoters bring substantial experience in real estate, they lack prior experience in the hospitality sector.

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

Favourable Project location with brand tie up

Project is strategically located on the main highway (GST road) adjacent to Vandalur zoo. Airport is located in the radius of 16 km and Industrial parks are situated in the radius of 15-20 kms from the project location. However, the hotel is expected to face stiff competition from other established star hotels in the city. On Dec 04, 2024, the company has entered into management agreement with IHG hotels to operate under brand Holiday Inn. The entire facility will be managed and operated by Holiday Inn, including staffing and day to day operations, while the ownership of the project will remain with the Sakthi Elegant promoters.

Liquidity: Stretched

The company is yet to commence commercial operations of its hotel business, whereas repayment for the project term loan has already commenced in July 2025. Therefore, consistent support from promoters will be essential to complete the project as per the timeline and meet initial debt servicing commitments. Promoters have infused around Rs 17.4 crores as unsecured loan till December 2025.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

[Project stage companies](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

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

Sakthi Elegant Towers India Private Limited (SETIPL) is a Private Limited Company incorporated on 26th August 2005. The promoters of the Company are already involved in real estate sector and have developed more than 2 million Sq. ft. of residential space in and around Chennai and Coimbatore. With their experience and interest in real estate business they have stepped in implementation of 169 keys 5-star category hotel.

Particular	March 31, 2024 (A)	March 31, 2025 (A)	9M FY26 (UA)
Total operating income	9.85	2.46	4
PBILDT	1.20	0.67	--
PAT	0.64	0.01	--
Overall gearing (times)	1.24	2.00	--
Interest coverage (times)	5.68	1.82	--

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		-	-	May 2035	121.00	CARE B+; 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-Working capital Term Loan	LT	-	-	-	1)Withdrawn (12-Nov-24)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (23-Jan-24)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (08-Dec-22)
2	Fund-based - LT-Term Loan	LT	121.00	CARE B+; Stable	-	1)CARE B+; Stable (12-Nov-24)	-	-

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

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 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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About us:

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