

February 11, 2025

Bamboo Hotel and Global Centre (Delhi) Private Limited: Provisional rating finalised for Rs. 980-crore NCD, Provisional [ICRA]A+(CE) (Stable) reaffirmed and Provisional [ICRA]A+(CE) (Stable) assigned to proposed Rs. 330-crore NCD programme

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
NCD	980.00	980.00	[ICRA] A+ (CE) (Stable); reaffirmed and provisional rating finalised
Proposed NCD	720.00	720.00	Provisional [ICRA] A+ (CE) (Stable); reaffirmed
Proposed NCD	0.00	330.00	Provisional [ICRA] A+ (CE) (Stable); assigned
Total	1700.00	2030.00	

Rating in the absence of pending actions/documents	[ICRA]BBB-
Rating without explicit credit enhancement	[ICRA]BBB-

*Instrument details are provided in Annexure-I

Note: The (CE) suffix mentioned alongside the (provisional) rating symbol indicates that the rated instrument/facility is to be backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The table above also captures ICRA's opinion on (a) the rating if the pending actions/ documents are not completed, and (b) the rating without factoring in the proposed explicit credit enhancement.

Rationale

ICRA has finalised the provisional rating assigned to the Rs. 980-crore NCD of Bamboo Hotel and Global Centre (Delhi) Private Limited (BHGCP) at [ICRA]A+(CE) (Stable). BHGCP has shared the executed transaction documents – corporate guarantee deed and debenture trust deed. The provisional rating has been finalised based on these documents, with the key terms being in line with the terms indicated at the time of assigning the provisional rating. The rating is based on the strength of the corporate guarantee provided by Prestige Estates Projects Limited (PEPL/the guarantor, rated [ICRA]A+(Stable)/[ICRA]A1), one of the sponsors of BHGCP for Rs. 980 crore of NCD.

The provisional rating for the proposed non-convertible debentures (proposed NCD) programme of Rs. 1,050 crore of BHGCP is based on the strength of the corporate guarantee to be provided by PEPL.

The Stable outlook on this rating reflects ICRA's outlook on the rating of the guarantor, PEPL.

Adequacy of credit enhancement

The rating of the instrument is based on the credit substitution approach, whereby the rating of the guarantor has been translated to the rating of the said instrument. The guarantee provided for the issued NCDs and expected to be provided for the proposed NCDs are legally enforceable, irrevocable, unconditional, covers the entire amount and tenor of the rated instrument and has a well-defined pre-default invocation and payment mechanism. Given these attributes, the guarantee to be provided by Prestige Estate Projects Limited is adequately strong to result in an enhancement in the rating of the said

instrument to **[ICRA]A+(CE)** against the rating of **[ICRA]BBB-** without explicit credit enhancement. In case the rating of the guarantor was to undergo a change in future, the same would reflect in the rating of the aforesaid instrument as well.

Salient covenants of the rated NCD programme of Rs. 980.0 crore

- » The Issuer shall, at all times till the Final Settlement Date, maintain a security cover of at least 1.5 times.
- » If the security cover at any time falls below 1.5 times, the Issuer shall be required to furnish or cause any third party to furnish additional security/replace the security, in such form, value and substance, which is satisfactory to the Debenture Trustee and within such timelines as mentioned in the debenture trust deed.
- » The consolidated external net debt of PEPL to not exceed lower of Rs. 12,000 crore or 0.75 times of TNW for a period of 1 year from the Deemed Date of Allotment.

Salient covenants of the rated proposed NCD programme of Rs. 720.0 crore and Rs. 330.0 crore

The details will be included at the time of finalisation of the provisional rating when the company shares the final term sheet for the NCD programme.

Key rating drivers and their description (for the guarantor - PEPL)

Credit strengths

- Estimated healthy operating performance in residential segment
- Part of QIP proceeds to be deployed for debt repayment; expected improvement in leverage
- Leading real estate developer with long track record, strong market position and diversified portfolio

Credit challenges

- Risks associated with large-scale, ongoing and upcoming projects
- Exposed to inherent cyclical in real estate sector

Please refer to the following link for the detailed rationale of the guarantor's ratings, published in September 2024: [Click here](#).

Liquidity position

For the guarantor (PEPL): Adequate (more details can be seen at this link: [Click here](#))

For the rated entity (BHGCL): Stretched

The company's liquidity profile is stretched. As on September 30, 2024, it reported unencumbered cash and bank balances of around Rs. 51 crore. Further, as on October 31, 2024, the balance pending cost of Rs. 2,074 crore is expected to be met from additional debt of around Rs. 1,020 crore, receivables from Delhi International Airport limited (DIAL) of Rs. 57 crore (against the area sold), security deposits of Rs. 25 crore from the prospective tenants of the commercial office space and the balance from the promoter contribution. ICRA expects that the company may require additional promoter support to meet the debt obligations and/or for completion of the project.

Rating sensitivities

Positive and negative factors – The rating assigned by ICRA to the NCDs and proposed NCDs of BHGCL is principally based on the strength of the corporate guarantee executed and proposed to be executed by PEPL. Accordingly, any future rating change, upgrade or downgrade, will remain synchronous with changes, if any, in the credit quality of PEPL.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology - Hotels Realty- Lease Rental Discounting (LRD) Policy on Provisional Ratings
Parent/Group Support	The rating is based on the corporate guarantee extended and proposed to be extended by PEPL in favour of the investors in the NCDs and proposed NCDs of BHGCPL.
Consolidation/Standalone	The NCDs and proposed NCDs are going to be backed by the corporate guarantees from PEPL. To arrive at the rating of PEPL, ICRA has assessed its consolidated risk profile. Details of the entities considered for consolidation are available at this link (Click here) .

Pending actions/documents required to be completed for conversion of provisional rating into final

The assigned rating is provisional and would be converted into final upon:

1. Execution of the corporate guarantee deed.
2. Execution of transaction documents which includes term sheet and debenture trust deed (DTD).

Validity of the provisional rating

In case the debt instrument/borrowing facility for which a provisional rating has been assigned is subsequently issued, the provisional rating would have to be converted into a final rating within 90 days (validity period) from the date of issuance of the debt instrument. If considered appropriate, the validity period may be extended by a further 90 days for converting the provisional rating into final, in circumstances where the rated entity expressly indicates its intention to complete the pending actions/documents over the near term. Under no circumstances shall the validity period be extended beyond 180 days from the date of issuance. For further details, refer to ICRA's Policy on Provisional Ratings available at www.icra.in.

If neither the pending actions/documents nor the issuance is completed after one year of the assignment of the provisional rating, ICRA would withdraw the provisional rating. However, the validity period may be extended beyond one year, subject to the conditions outlined in ICRA's Policy on Provisional Ratings available at www.icra.in.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed by the entity within 90 days (validity period) from the date of issuance, the provisional rating will be converted into final upon the review of the required actions/documents to the extent these are completed by the end of the validity period. This implies that the provisional rating may even be revised at the end of the validity period, while being converted into final, to a level commensurate with the rating in the absence of the pending actions/documents (as disclosed earlier in the rationale). ICRA may consider extending the validity period in accordance with its Policy on Provisional Ratings available at www.icra.in.

About the company

Bamboo Hotel and Global Centre (Delhi) Private Limited (BHGCPL) was incorporated on August 14, 2008 as Heaven Star Realty Private Limited by the DB Realty Group. As on February 6, 2025, Prestige Hospitality Ventures Limited (PHVL), Advent hotels International Pvt Ltd and Pinnacle Investments holds 50%, 49% and 1% equity in BHGCPL respectively. The company has constructed a mixed-use project with two hotels and one commercial office space in Aerocity, New Delhi. It includes two hotels - St. Regis (188 rooms) hotel and Marriott Marquis (590 rooms) hotel, offering a total of 778 rooms, along with an extensive conferencing facility of 0.3 million square feet (msf) and leasable office space of 0.61 msf (Prestige Trade Centre). The total

budgeted cost for these projects is around Rs. 5,400 crore, which is to be funded by a debt of around 46%, promoter contribution of 51% and others (such as receivables against the area sold to DIAL and security deposits from prospective tenants) at 3%. The commercial office space is expected to be completed by December 2025 and the hotel project by December 2026.

Key financial indicators (audited) - Not meaningful as the company is currently in the project stage.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	February 11, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Non-convertible debentures	Long Term	980.0	[ICRA]A+ (CE) (Stable)	Jan 16, 2025	Provisional [ICRA]A+(CE) (Stable)	-	-	-	-
Proposed NCD	Long Term	720.0	Provisional [ICRA]A+ (CE) (Stable)	Jan 16, 2025	Provisional [ICRA]A+(CE) (Stable)	-	-	-	-
Proposed NCD	Long Term	330.0	Provisional [ICRA]A+ (CE) (Stable)	-	-	-	-	-	-

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-convertible debentures	Simple
Proposed NCD	Simple
Proposed NCD	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE755L07015	NCD	January 31, 2025	10.8%	January 31, 2028	980.0	[ICRA]A+(CE) (Stable)
-	Proposed NCD	NA	NA	NA	720.0	Provisional [ICRA]A+(CE) (Stable)
-	Proposed NCD	NA	NA	NA	330.0	Provisional [ICRA]A+(CE) (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Ashish Modani

+91 20 6606 9912

ashish.modani@icraindia.com

Anupama Reddy

+91 40 6939 6427

anupama.reddy@icraindia.com

Pulkit Varshney

+91 80 4332 6427

pulkit.varshney@icraindia.com

Sonali Agarwal

+91 80 4332 6418

sonali.agarwal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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