

August 22, 2023

Moonburg Power Private Limited: Provisional rating confirmed as final

Summary of rating(s) Action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Bonds Programme	425.00	425.00	[ICRA]BBB+ (Stable); provisional rating finalised
Total	425.00	425.00	

Rationale

While assigning the rating, ICRA has considered a consolidated profile of Tulsi Palace Resort Private Limited (TPRPL) with Moonburg Power Private Limited (MPPL), given the acquisition of 50% of stake in TPRPL by MPPL as part of the transaction. MPPL, a special purpose vehicle (SPV) for this transaction, is owned by BSREP III Joy Two Holdings (DIFC) Limited.

ICRA has confirmed the provisional rating of [ICRA]BBB+(Stable) to final, assigned to the Rs. 425 crore non-convertible bonds (NCB) programme of Moonburg Power Private Limited (MPPL). MPPL has shared the executed transaction documents and the provisional rating has been confirmed to final, based on these documents, which are in line with the initial rating conditions.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Key financial indicators: [Click here](#)

Rating Sensitivities

Positive factors: A sustained improvement in operational performance of the hotel and profitability indicators (in terms of scale and margins) leading to significant improvement in liquidity and coverage metrics, could be a trigger for an improvement in rating.

Negative factors: Negative pressure on the rating could arise from weakening in operating metrics resulting in weakening of debt servicing indicators and liquidity position of the company. Delay in timely tie-up of refinancing of debt and in a way that weakens the debt servicing metrics materially will also exert pressure on the rating. The company also faces prepayment risk given the possibility of debt acceleration upon the breach of covenants, including financial covenants and rating-linked covenants. Upon a failure to meet the covenants, if the company is not able to get waivers from the lenders/ investors or the lenders/ investors do not provide adequate time to the company to arrange for alternative funding to pay-off the accelerated loans, the ratings would face a downward pressure.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Hotel Industry Rating Approach - Consolidation
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MPPL and TPRPL

About the company

MPPL was incorporated in June 2022, to acquire 50% shareholding in TPRPL, which was held by the Sukhani family and its sponsor, Brookfield Group, through, BSREP III Joy Two Holdings (DIFC) Limited. MPPL raised Rs. 425-crore NCB and Rs. 50-crore CCDs to acquire 50% shares in TPRPL from Sukhani family. Incorporated in 2012, by Mr. Mohan Sukhani and Mr. Vikram Sukhani, TPRPL owns a five-star hotel in Kukas, Rajasthan. It earlier operated under Marriott Hotels India Private Limited. However, in 2020, TPRPL and Marriott mutually agreed to terminate the agreement and the company entered into an operation and management service agreement with Schloss HMA Private Limited to operate the hotel under the Leela brand. In May 2021, 50% of TPRPL was acquired by BSREP III Joy Two Holdings (DIFC) Limited. The property has 200 rooms and offers facilities like meeting rooms, banquets, swimming pool, fitness centre and dining options at five restaurants.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2024)		Chronology of Rating History for the past 3 years				
		Amount Rated (Rs. crore)	Amount Outstanding as of August 21, 2023 (Rs. crore)	Date & Rating		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				Aug 22, 2023	May 03, 2023			
Non-convertible Bonds	Long-term	425.00	--	[ICRA]BBB+ (Stable)	Provisional [ICRA]BBB+ (Stable)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Non-convertible Bonds	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 analyzing 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, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
INE0PKY08020	Non-convertible Bonds	May 24, 2023	NA	May 24, 2026	425.00	[ICRA]BBB+(Stable)

Source: Company

Annexure-II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Moonburg Power Private Limited	Parent Entity	-
Tulsi Palace Resort Private Limited	50%	Full consolidation

Note: ICRA has taken the consolidation approach, given that MPPL has acquired 50% share of TPRPL

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