

January 16, 2025

Bamboo Hotel and Global Centre (Delhi) Private Limited: Provisional [ICRA]A+(CE) (Stable) assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Proposed NCD	1700.00	Provisional [ICRA]A+(CE) (Stable); assigned
Total	1700.00	

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

The above rating is based on the strength of the corporate guarantee to be provided by Prestige Estates Projects Limited (PEPL/the guarantor, rated [ICRA]A+(Stable)/[ICRA]A1), one of the sponsors of Bamboo Hotel and Global Centre (Delhi) Private Limited (BHGCP), for the proposed non-convertible debentures (NCD) programme. 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 is expected to be 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 facility

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 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 has 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 debt obligations and/or for completion of the project.

Rating sensitivities

Positive and negative factors – The rating assigned by ICRA to the proposed NCDs of BHGCL is principally based on the strength of the corporate guarantee 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 proposed to be extended by PEPL in favour of the investors in the proposed NCDs of BHGCL.
Consolidation/Standalone	The proposed NCDs are going to be backed by a corporate guarantee 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 (BHGCPCL) was incorporated on August 14, 2008 as Heaven Star Realty Private Limited by the DB Realty Group. The Prestige Group acquired 50% equity stake in FY2020. BHGCPCL is currently a joint venture (50:50) between the Prestige Group and the DB Realty Group. 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 (189 rooms) hotel and Marriott Marquis (590 rooms) hotel, offering a total of 779 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 debt of around 46%, promoter contribution of 51% and others (such as receivables against 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	Type	Amount Rated (Rs. crore)	Current (FY2025)		Chronology of rating history for the past 3 years				
			Jan 16, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Proposed NCD	Long Term	1700.0	Provisional [ICRA]A+(CE) (Stable)	-	-	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
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
-	Proposed NCD	NA	NA	NA	1700.0	Provisional [ICRA]A+(CE) (Stable)

Source: Company

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

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About ICRA Limited:

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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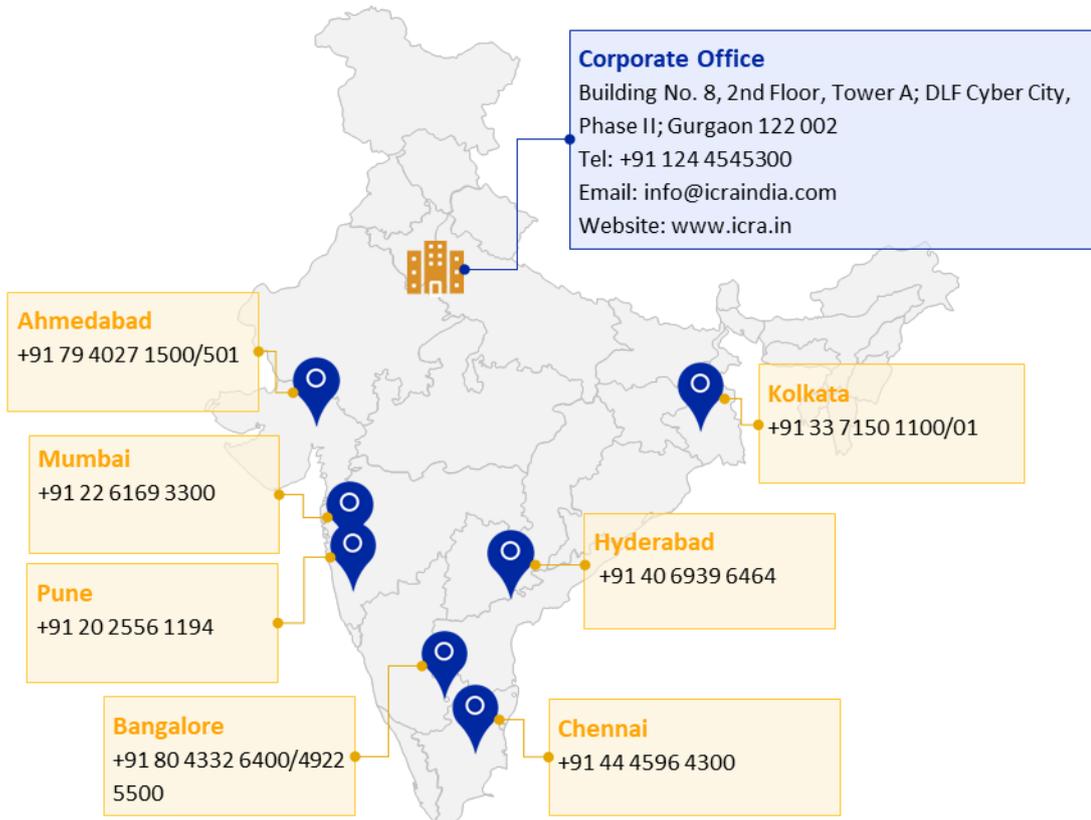


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