

### November 3, 2025

# **Lulu Convention and Exhibition Center Private Limited: Ratings assigned**

### **Summary of rating action**

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term - Fund Based - Term Loan	500.00	[ICRA]BBB+ (Stable); assigned
Long term/Short term - Non-Fund based - Bank Guarantee	20.00	[ICRA]BBB+ (Stable)/[ICRA]A2; assigned
Total	520.00	

<sup>\*</sup>Instrument details are provided in Annexure I

#### Rationale

The assigned ratings for Lulu Convention and Exhibition Center Private Limited (LCECPL) factors in the healthy operational profile of its hotel-cum-convention centre, favourable location of the property, significant reduction in debt levels through infusion of equity resulting in improvement in debt coverage metrics and reputed sponsor profile by being part of Lulu Group (promoted by Mr. Yusuff Ali and Mr. Ashraf Al), lending exceptional financial flexibility. The company operates a five-star hotel (264 rooms and ~11,000 pax convention centre) on Bolgatty Island, a favourable location in Kochi, Kerala, namely Grand Hyatt Kochi. The hotel is associated with a reputed international hospitality service provider, Hyatt International. The operational performance remains healthy, reflected in the operating metrics over the past two-three years, which is expected to sustain in the near to medium term. The occupancy levels have been in the range of 63-68% and average room rent (ARR) has been within Rs. 11,500 – Rs. 14,000 during FY2023-FY2025. Backed by healthy occupancy and ARRs, the revenues are projected to be around Rs. 245-250 crore in FY2026 (PY: Rs. 237 crore), with operating margins of around 34-36% (similar to previous year levels).

The ratings also factor in the exceptional financial flexibility derived from the strong parentage and resourceful promoters, being a part of the Lulu Group, headquartered in Abu Dhabi, which has vast experience and track record of operations in managing malls, retail operations, real estate and hospitality sectors. The company has significantly improved its coverage metrics through promoter-led equity infusion of Rs. 500 crore (which was used to repay external debt partly) and the balance debt was refinanced with a term loan of 12-year tenor resulting in improvement in debt coverage metrics.

Though the leverage remains high with external debt/EBITDA at 6-6.5 times in FY2026 and FY2027, the coverage metrics are expected to remain adequate with debt service coverage ratio (DSCR) of around 1.4-1.5 times. LCECPL has interest-bearing unsecured loans of Rs. 367 crore outstanding from promoters/group companies as of March 2025. However, these loans are subordinated to external debt and do not have any defined interest or principal repayment schedule.

The ratings remain constrained by the modest scale of operations with the single asset nature of the company and dependence on revenues from a single property, exposing it to asset concentration risk. The ratings note the inherent cyclicality and seasonality in the hospitality industry, which exposes LCECPL's revenues to risks associated with economic slowdown and exogenous shocks.

The Stable outlook reflects ICRA's belief that the favourable location of the hotel, renowned brand tie-up and healthy demand outlook are expected to keep its operating metrics intact. Further, with scheduled repayment of external debt, there will be improvement in debt protection metrics in the medium term.



# Key rating drivers and their description

### **Credit strengths**

**Favourable location of property and healthy operating metrics** – The company operates a five-star hotel (264 rooms and ~11,000 pax convention centre) on Bolgatty Island, a favourable location in Kochi, Kerala, namely Grand Hyatt Kochi. It overlooks the Vembanad Lake, offering stunning waterfront views and direct access to Kerala's iconic backwaters. The hotel is associated with a reputed international hospitality service provider, Hyatt International. LCECPL's operational performance of remains healthy, reflected in the operating metrics over the past two-three years, which is expected to sustain in the near to medium term. The occupancy levels have been in the range of 63-68% and average room rent (ARR) has been within Rs. 11,500 – Rs. 14,000 during FY2023-FY2025. Backed by healthy occupancy and ARRs, the revenues are projected to be around Rs. 245-250 crore in FY2026 (PY: Rs. 237 crore), with operating margins of around 34-36%.

Adequate coverage metrics – The company's debt coverage metrics improved through promoter-led equity infusion of Rs. 500 crore (which was used to repay external debt partly) and the balance debt was refinanced with a term loan of 12-year tenor resulting in improvement in debt coverage metrics. The coverage metrics are expected to remain adequate with DSCR of 1.4-1.5 times in FY2026 and FY2027.

Strong parentage and resourceful promoters provide exceptional financial flexibility – LCECPL enjoys exceptional financial flexibility derived from the strong parentage and resourceful promoters, being a part of the Lulu Group—headquartered in Abu Dhabi, which has vast experience and track record of operations in managing malls, retail operations, real estate and hospitality sectors. The company has significantly improved its financial position through promoter-led equity infusion of Rs. 500 crore, which was used to repay the external debt partly.

### **Credit challenges**

High leverage levels – Post repayment of external debt partly through promoter's equity infusion, the outstanding external debt levels remain elevated as of June 2025. The leverage remains high with estimated external debt/EBITDA at 6-6.5 times in FY2026 and FY2027. The company maintains 3 months of P+I as debt service reserve account (DSRA), which stood at Rs. 13.6 crore as on September 30, 2025, which provides comfort.

Moderate scale of operations and asset concentration risk – LCECPL's scale of operations remains modest with the single asset nature of the company and its dependence on revenues from a single property, exposing it to asset concentration risk. The company reported revenues of Rs. 237 crore in FY2025.

**Vulnerability of revenues to inherent cyclicality in Industry** — Given the discretionary nature of spending, the Indian hospitality industry is susceptible to macroeconomic conditions, tourist movement and several exogenous factors (such as geopolitical crisis, terrorist attacks, disease outbreaks, etc), leading to inherent cyclicality.

### **Liquidity position: Adequate**

The company's liquidity profile is adequate with free cash balances of Rs. 28.6 crore as on September 30, 2025. Post refinancing of loan, it has debt repayment obligations of Rs. 2 crore and Rs. 13 crore in FY2026 and FY2027, respectively, which can be comfortably serviced through estimated cash flow from operations. It does not have any major capex plans in the medium term.

#### **Rating sensitivities**

**Positive factors** – A sustained improvement in operational metrics and profitability indicators leading to material improvement in debt protection metrics, could be a trigger for an upgrade.



**Negative factors** – Negative pressure on the rating could arise from material deterioration in operating metrics or significant increase in indebtedness resulting in weakening of debt protection metrics and liquidity position on a sustained basis.

# **Analytical approach**

Analytical approach Comments		
Applicable rating methodologies	Corporate Credit Rating Methodology Hotels	
Parent/Group support	-	
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of LCECPL	

# About the company

Lulu Convention and Exhibition Center, a part of the Lulu Group, was started for setting up a hotel and convention centre in Bolgatty, Kochi, in 2010. The company owns a hotel in Bolgatty, which is operated by Hyatt under its brand, Grand Hyatt. The property includes 264 rooms, including 38 suites, four luxury villas, and an international convention centre with a maximum capacity of 11,090 pax and two houseboats for conference and accommodation.

#### **Key financial indicators (audited)**

LCECPL (Standalone)	FY2024	FY2025*
Operating income	209.9	236.7
PAT	-151.0	-128.7
OPBDIT/OI	37.2%	34.6%
PAT/OI	-72.0%	-54.4%
Total outside liabilities/Tangible net worth (times)	-2.4	-6.8
Total debt/OPBDIT (times)	17.6	17.8
Interest coverage (times)	0.6	0.6

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None



# Rating history for past three years

	Current (FY2026)				Chronology of rating history for the past 3 years						
				— FY2026		FY2025		FY2024		FY2023	
Instrument	Туре	Amount rated (Rs. crore)	Nov 3, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based - Term loan	Long term	500.00	[ICRA]BBB+ (Stable)	-	-	-	-	-	-	-	-
Non-fund based - Bank guarantee	Long term/Short term	20.00	[ICRA]BBB+ (Stable)/[ICRA]A2	-	-	-	-	-	-	-	-

# **Complexity level of the rated instruments**

Instrument	Complexity indicator
Long-term – Fund-based - Term loan	Simple
Long-term/Short-term - Non-fund based - Bank guarantee	NA

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
NA	Term loan	Feb-2025	NA	May -2036	500.00	[ICRA]BBB+ (Stable)
NA	Bank guarantee	NA	NA	NA	20.00	[ICRA]BBB+ (Stable)/[ICRA]A2

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

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



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