

Press Release
GOLDFINCH RESORTS PRIVATE LIMITED
November 23, 2023
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	127.59	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	6.41	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	134.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of '**ACUITE BBB-**' (read as **ACUITE Triple B Minus**) and the short term rating of '**ACUITE A3**' (read as **ACUITE A Three**) to the Rs. 134.00 Cr bank facilities of Goldfinch Resorts Private Limited (GRPL). The outlook is 'Stable'.

Rationale for reaffirmation:

The rating reaffirmation considers Goldfinch Resorts Private Limited (GRPL)'s promoters established track record of operations, committed cash flows from casino operations and improved scale of operations in hotel business. The company has reported revenue of Rs.65.3Cr during FY23 posting a growth rate of ~86 percent and same being sustained in the current year. The growth in revenue is attributable to improved occupancy in hotel business post covid. The company's EBITDA margins stood at 31.42 percent during FY23 however, suffered net loss on account of high depreciation and interest costs. Further, financial risk profile of the company has deteriorated marginally on account of infusion of debt during the year. The rating also draws comfort from the strong support of MRG Group to GRPL by way of unsecured loans. Going forward the company's ability to improve its scale up of operations will be a key monitorable.

About the Company

Incorporated in 2011, Goldfinch Resorts Private Limited (GRPL) is engaged in hospitality business and owns a hotel in Goa managed by 'Hilton Worldwide'. GRPL is a part of MRG Group and Trishul Buildtech and Infrastructure Private Limited (TBIPL) is the flagship company of the group. GRPL is a step-down subsidiary of TBIPL. GRPL has recently entered in to real estate business to acquire and monetize land parcels as well as develop residential/commercial property.

About the Group

MRG group is promoted by Mr. K. Prakash Shetty along with his family members and is in the business for almost three decades. TBIPL is a flagship company of the MRG Group. The group has the following two verticals Hospitality Business- Running hotel at Bangalore under brand Marriott. The group also operates hotels under three brands- Goldfinch, Marriott and Hilton through its subsidiaries. Acquiring and monetizing land parcels through various avenues like Revenue Sharing and Joint Development Agreement (JDA) among others.

Unsupported Rating

ACUITE BB-/Stable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of GRPL and has also factored in the support from MRG Group by way of unsecured loans, corporate guarantee amongst others. The unsecured loans have been treated as debt as the same are interest bearing, not subordinated to bank debt and are repayable in nature.

Key Rating Drivers

Strengths

Experienced promoters, established track record of operations and continuous support from TBIPL

MRG Group, founded by Mr. K. Prakash Shetty, is a well-established group having an operational track record of more than three decades in the hospitality and land aggregation business. The promoters of the group have an experience of almost three decades in the aforementioned line of business. Mr. Gaurav Shetty is the Managing Director of TBIPL. The long track record of operations and experience of the management have helped the group to develop healthy relationships with large developers such as Prestige Group. GRPL's liquidity has been continuously supported by financial support from its parent company – TBIPL. TBIPL has been infusing unsecured loans in GRPL which has been utilized towards repayment obligations. TBIPL has unsecured loans worth Rs.125Cr towards GRPL as on 31 March, 2023 vis-à-vis Rs.94.77Cr as on previous year. Acuité believes that the group will sustain its existing business profile on the back of established track record of operations and experienced management.

Improving scale of operations:

The company's total revenue improved to Rs.65.3Cr during FY23 posting a growth rate of ~86 percent from revenue of Rs.34.67Cr of previous year. Revenue consist income from hotels, foods & beverages, casino. During FY23, revenue from hotels, food and beverages stood at Rs.53Cr against the revenue of Rs.28Cr of previous year. The growth in revenue in hotels segment is contributed by improved rooms occupancy post covid and same has been sustained during the first 6 months of FY24 resulting in revenue of Rs.28.66Cr for the period. The average occupancy during 12 months' period of FY23 which stood at ~75 percent improved to ~80 percent during the first 6 months of FY24.

GRPL has entered into a long term agreement with 'Royal Royce Entertainment Private Limited' to run the casino in the hotel for period of 15 years with a brand name- 'Cadillac Casino'. Based on the agreement, the Casino Operator has to pay Rs.1Cr every month with an escalation of 10 percent in rent every year providing steady cashflows to the company. GRPL has recently ventured into sale of land parcels business and bought RS.63Cr worth of land during FY23. Sale of land parcels is expected to start from FY26. Going forward the company's revenue is expected to improve at a growth rate of 20-25 percent over the medium term on account of healthy occupancy and committed cash flows from casino.

Weaknesses

Below-average financial risk profile

The financial risk profile of the company stood average marked by average net worth, debt protection metrics and coverage indicators. The net worth of the company stood at (Rs.39.95)Cr as on 31 March, 2023 against (Rs.24.81)Cr of previous year. The network is negative on account of historical losses suffered by the company. The gearing (debt to equity) stood at (9.72) times as on 31 March, 2023. The total debt of Rs.269.77 Cr as on 31 March, 2023 consist of long term debt from banks of Rs.123Cr and unsecured loans from TBIPL of Rs.125Cr. Acuité believes that the financial risk profile of the company will continue to be below-average until the company's hospitality profitability improves.

Rating Sensitivities

- Further deterioration in financial risk profile.
- Sustainable improvement in scale of operations .

All Covenants

Not Applicable

Liquidity Position : Adequate

The liquidity position of GRPL is marked adequate basis the estimated support from MRG group. The company is supported in the form of unsecured debt (outstanding Rs. 125.48 Cr as on March 31, 2023) from parent company TBIPL. The liquidity profile of the MRG group is strong marked by continuous inflows from various JDAs and outright sale of land. The group has prepaid some of the loans in the past. Acuite believes that in view of the group's strong liquidity position and track record of support of MRG group to GRPL, the liquidity position of GRPL is expected to remain adequate for the medium term.

Outlook: Stable

Acuite believes that the company will maintain 'Stable' business and financial risk profile in the medium term on the back of established presence of the group and promotor experience in hospitality and established relations with reputed groups in the hospitality industry. The outlook may be revised to 'Positive' if the company generates higher-than-expected cash flows from booking levels from current coupled with significant decrease in the debt levels. Conversely, the outlook may be revised to 'Negative' in case of stretch in the company's liquidity position due to lower-than-expected cash generated by the company and/or significant increase in debt levels.

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	65.77	34.67
PAT	Rs. Cr.	(6.18)	25.45
PAT Margin	(%)	(9.39)	73.40
Total Debt/Tangible Net Worth	Times	(8.72)	(7.82)
PBDIT/Interest	Times	1.35	4.18

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
25 Aug 2022	Proposed Term Loan	Long Term	22.37	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	6.41	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	105.22	ACUITE BBB- Stable (Reaffirmed)
27 May 2021	Proposed Term Loan	Long Term	22.37	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	34.00	ACUITE BBB- (Withdrawn)
	Term Loan	Long Term	105.22	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	6.41	ACUITE A3 (Assigned)
26 Feb 2020	Term Loan	Long Term	100.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	34.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	6.41	ACUITE A3 Reaffirmed
Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	105.22	ACUITE BBB- Stable Reaffirmed
Bank of Baroda	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	22.37	ACUITE BBB- Stable Reaffirmed

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Katta Akhil Analyst-Rating Operations Tel: 022-49294065 akhil.katta@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.