



Press Release
GOLDEN GLOBE HOTELS PRIVATE LIMITED
July 23, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	125.00	ACUITE BB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	125.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITÉ BB+**' (read as **ACUITE double B plus**) on the Rs. 125.00 Cr. bank facilities of Golden Globe Hotels Private Limited (GGHPL). The outlook is '**Stable**'.

Rationale for Rating

The rating assigned reflects the established track record of operations and industry experience of the directors of the company in business of casino for over 5 years. The company reported operating income of Rs. 304.27 Cr. in FY2024 (Prov.) as against Rs. 300.55 Cr. in FY2023 and Rs. 117.08 Cr. in FY2022. Further, the company reported revenue of Rs. 85.83 Cr. in 2MFY2025. The rating is further supported by the healthy financial risk profile characterized by average net worth, above average gearing (debt-equity) and comfortable debt protection metrics and adequate liquidity position. However, the rating is constrained by working capital-intensive nature of operations of the company, exposure to risks associated with funding and timely completion of project along with regulatory risk.

About the Company

Golden Globe Hotels Private Limited was incorporated in 2008 and is engaged in Casino, Entertainment and Restaurants off the Coast of Mandovi River in Panaji, Goa under the name "Big Daddy Casino". The company has its registered office in New Delhi is a part of the Hospitality & Gaming segment of Murli Dhar Lakh Ram (MDLR) Group of Companies. The Directors of the company are Mrs. Saraswati Goyal, Mr. Lakram Goyal and Mr. Shubham Singhal. The casino stands at an area covering more than 90000 sq. ft. with an accommodation of 400 guests at a time. The casino offers a range of international games including Baccarat, Roulette, Andar Bahar, 5 Card Poker, Blackjack, 3 Card Poker, Casino War, Aura Stadium, Mini Flush, Money Wheel, Sic Bo, Indian Flush. Big Daddy Casino has a restaurant, live entertainment, nightclub and also a children's entertainment area and is spread across 3 lavish gaming floors.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Golden Globe Hotels Private Limited (GGHPL) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established brand name

The company is a part of Murli Dhar Lakh Ram (MDLR) Group of Companies which has vast

experience in real estate, hospitality, entertainment, education, media and entertainment. The operations of the company were re-started in 2017 after being incorporated in 2008. Thus, the management has over five years of expertise in this industry. The company along with its associate company Worldwide Resorts & Entertainment Pvt. Ltd. collaboratively operate Big Daddy Casino on the Mandovi river in Panjim, Goa. The total passenger capacity of the vessel is 400 passengers.

The operating income of the company improved marginally and stood at Rs. 304.27 Cr. in FY2024 (Prov.) as against Rs. 300.55 Cr. in FY2023 and Rs. 117.08 Cr. in FY2022. Further, the company has achieved a revenue of ~ Rs. 83.53 Cr. in 2MFY2025. The operating margin declined to 27.87% in FY2024 (Prov.) as compared to 33.64% in FY2023 which is attributed to increase in the employee cost. The PAT margin declined marginally to 18.69% in FY2024 (Prov.) as against 23.81% in FY2023. GGHPL is undertaking construction of a 129-room hotel along with a casino at Morjim, Goa which shall commence its operations in July 2027.

Acuité believes that the company will continue to benefit from its established brand presence in the state of Goa which is expected to attract higher footfalls.

Healthy Financial Risk Profile

The financial risk profile of the company stood healthy, marked by average net worth, above-average gearing (debt-equity) and comfortable debt protection metrics. The tangible net worth has improved to Rs. 64.99 Cr. as of March 31, 2024 (Prov.), reflecting sustained profitability and an increase from Rs. (6.53) crore as on March 31, 2023, indicating continuous profitability and the accretion of profits to reserves. The intangible asset of the company has been deducted from the networth. The total debt of the company stood at Rs. 4.56 crore which reflects long term loans (Auto Loans) in FY2024 (Prov.) as against Rs. 1.96 Cr. in FY2023. The other current liabilities and provisions stood at Rs. 182.74 Cr. of which Rs. 108.86 Cr. relate to loans and advances made to the related parties. The gearing (debt-equity) ratio stood at 0.07 times as on 31 March 2024 (Prov.) as compared to (0.30) times as on 31 March 2023. The debt protection metrics stood above average where the Interest Coverage Ratio improved to 25.26 times for FY2024 (Prov.) as against 19.79 times for FY2023. Debt Service Coverage Ratio (DSCR) stood at 16.88 times in FY2024 (Prov.) as against 16.26 times in FY2023. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 3.24 times as on 31 March 2024 (Prov.) as against (28.37) times as on 31 March 2023. Net Cash Accruals to Total Debt (NCA/TD) stood at 14.66 times for FY2024 (Prov.) as against 39.75 times for FY2023. Debt-EBITDA stood at 0.05 for FY24 (Prov.) as against 0.02 for FY2023.

Going ahead, the financial risk profile is expected to moderate in the near to medium term on account of major debt-funded capex plan.

Weaknesses

Moderately Intensive Working capital operations

The working capital operations of the company stood moderately intensive marked by GCA days of 234 days in FY2024 (Prov.) as against 129 days in FY2023. High GCA days are on account of elevated other current assets of Rs. 179.38 Cr. in FY2024 (Prov.) as against Rs. 91.34 Cr. in FY2023. The other current assets include loans and advances to related parties of Rs. 153.38 Cr. Debtors days stood at 4 days in FY2024 (Prov.) and FY2023. The inventory holding stood at 5 days in FY2024 (Prov.) as against 6 days in FY2023.

Acuite believes that the working capital operations of the company may continue to remain moderately intensive on the account of high loans and advances given to related parties.

Timely completion of project along with funding risk

The company is undertaking construction of a 129-room hotel along with a casino at Morjim, Goa. The project is expected to be completed by FY2027 and is scheduled to commence its operations in July 2027. The estimated total project cost is Rs. 280.67 Cr., which is to be funded vide Rs. 125 Cr. of bank debt and balance by internal accruals. As on May 2024, the company has incurred upto Rs. 36.97 Cr. thus underlying significant implementation risk. The funding risk for the project is high as the debt-tie up for the project is not yet completed.

Acuite believes the company's ability to timely complete the ongoing capex without cost over-runs and secure timely debt-tie will remain a key rating monitorable.

Regulatory risk

The gaming business in India is subject to strict laws and regulations, which differ from state to state. Any changes in Government policy can impact the company's business. The industry has both demand and supply variability. Demand is largely dependent on the economic cycle and the core business of travel and tourism witnesses decline in periods of economic downturn. A downturn in consumer discretionary spending or macroeconomic factors could result in reduced spending by consumers on gambling and financial trading, resulting in a fall in the expected revenues. Further, currently the operations of the company are subject to annual license fees of Rs. 33.00 Cr.

Acuite believes that compliance with the applicable laws and regulations will be a key rating sensitivity.

Rating Sensitivities

Sustainability in revenue growth and profitability margins.

Timely completion of ongoing capex without cost overruns and timely debt-tie up.

Liquidity Position

Adequate

The company's liquidity position is adequate, marked by sufficient net cash accruals of Rs. 66.79 Cr in FY2023 as against its maturity debt obligations of Rs. 0.80 Cr in the same tenure. In addition, it is expected to generate a sufficient cash accrual in the range of Rs. 60 – 65 crores as against nominal maturing repayment obligations of around Rs. 1-1.25 Cr over the medium term. The current ratio stands at 0.94 times as on 31st March 2024 (Prov.) as against 0.57 times as on 31st March 2023. The cash and bank balance stood at Rs. 8.96 crore as on 31st March 2024 (Prov.)

Acuite believes that liquidity position of the company may continue to remain adequate with steady cash accruals.

Outlook: Stable

Acuite believes the outlook on GGHPL will continue to remain 'Stable' over the medium term backed by its long track record of operations and experienced management, established brand name and healthy financial risk profile. The outlook may be revised to 'Positive' if the company is able to achieve higher than expected growth in revenues while maintaining its profitability margins, and further improvements in financial risk profile and liquidity position. Conversely, the outlook may be revised to 'Negative' in case of any operating inefficiency by GGHPL leading to deterioration in revenue and profitability along with financial risk profile and liquidity position of the company and/ or delays in completion of capex and debt-tie up.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	304.27	300.55
PAT	Rs. Cr.	56.88	71.57
PAT Margin	(%)	18.69	23.81
Total Debt/Tangible Net Worth	Times	0.07	(0.30)
PBDIT/Interest	Times	25.26	19.79

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	125.00	ACUITE BB+ Stable Assigned

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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.

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