

Della Adventure and Resorts Private Limited

January 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	270.00	CARE BBB-; Stable	Assigned

Details of instruments/facilities in Annexure-1

Rationale & key rating drivers

The ratings assigned to the bank facilities of Della Adventure and Resorts Private Limited are supported by the experienced promoters with a strong presence in the hospitality industry, along with the strategic location of the resort, which provides a competitive edge. The ratings also benefit from the well-established brand image of 'Della' in the category of Adventure Resort, reflected in an average occupancy rate of around 60% and Average Room Rate (ARR) of around 12,000 over the period FY23-FY24. The company is expanding into a new business segment whereby it will be entering into agreements with landowners and developers to construct resorts similar to Della, along with the sale of land parcels. This is expected to generate additional cashflow from FY26 onwards without any additional investments.

However, these strengths are tempered by the company's leveraged capital structure, concentration risk being reliance on a single property, and the inherent cyclical, seasonality, and competitive pressures of the hospitality industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the total operating income (TOI) of the company above Rs.230 crore coupled with gross cash accruals of Rs 40 crores
- Improvement in debt coverage indicators as marked by interest coverage ratio above 2.5x and Total debt to GCA ratio below 4x

Negative factors

- Decline in total income from operation by more than 20% coupled with deterioration in the profitability margins leading to GCA below 18 crores
- Deterioration in the debt coverage indicators as marked by interest coverage ratio below 1.5x.
- Capex exceeding a maximum of 50 cores over the period FY25-FY27 from internal accrual.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that the rated entity is likely to sustain its growth momentum amidst favourable business environments that shall enable it to maintain the envisaged operating performance over the near to medium term.

Detailed description of the key rating drivers

Key strengths

Extensive experience of the promoters in the hospitality industry

Mr. Jimmy Mistry, the promoter, has over a decade of experience in the hotels and hospitality sector. During this time, DARPL has successfully established its brand in the amusement park and hospitality industries.

Location advantage along with multiple facilities/ amenities being provided:

The location of the hotel is Lonavala, which is a prime location and is a preferred destination for tourists with the destination offering many tourist attractions. The resort houses seven fine dine restaurants and is well equipped with modern amenities like a spa, amphitheatre, 16 indoor-outdoor banquets, nightclub, ballroom and meeting room.

Strong brand image of 'Della Group' resulting into healthy occupancy and ARR

DARPL is a part of Della Group with the establishment of Della Adventure and Resorts at Lonavala, which is an established brand name in the hospitality industry. The company has demonstrated significant growth of 51% in its revenues in FY24 over FY22 with total operating income stood at Rs. 171.91 crore in FY24 vis-à-vis Rs. 114.12 crore in FY22. The occupancy was healthy at 60% and Average Room Rate (ARR) was around 12,000 over the period FY23-FY24.

Key weaknesses

Cyclical and seasonal nature of hospitality industry

DARPL, like any other hospitality player is exposed to cyclical, seasonality, and competition in the industry, i.e. changes in the macro-economic factors, industrial growth, and tourist arrival growth in India, international and domestic demand supply scenarios, competition in the

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

industry, government policies and regulations and other socio-economic factors which leads to inherent cyclicity in the industry. These risks can impact the occupancy rate of the company and thereby the company's profitability. Thus, the ability of the company to achieve the expected occupancy level along with projected Average Room Rent (ARR) would be critical from the credit perspective.

Leveraged capital structure and moderate debt coverage indicators

The company had successfully refinanced its Non-Convertible Debentures (NCDs) from Nomura at a lower interest rate through Kotak Mahindra Investment Limited and Piramal Capital Housing Finance Limited. Despite this, the overall gearing remained high at 6.07x (compared to 7.33x in the previous year), primarily due to a low net worth base of Rs. 33.30 Crores (PY: Rs. 29.69 Crores) and significant debt levels.

The company is also undertaking further capital expenditure (capex) to acquire additional villas and develop two more banquets and two new restaurants, complementing the existing 10 operational banquets and 6 restaurants. This expansion will largely be financed through new term loans from Kotak Mahindra Investment Limited and Piramal Capital Housing Finance Limited.

The interest coverage ratio for FY24 stood at a moderate 1.68x (down from 1.85x in the previous year). On a positive note, the Total Debt to GCA ratio improved slightly to 9.61x as of March 31, 2024 (compared to 11.63x in FY23) and is expected to improve further, driven by anticipated revenue from the new ventures, which will enhance the GCA.

Liquidity: Adequate

During FY25, the company is envisaged to generate GCA of around Rs 22 crores and against which principal debt repayment obligations stand at around Rs. 18 crores. The second instalment of R. 14.89 crores of Nomura is already repaid already through refinancing from Kotak and Piramal term loan. In FY26 and FY27 the principal debt repayment obligation is 9 crore and 12 crores respectively. The cash flow from operating activities remained positive at Rs. 53.20 crore in FY24 (PY: Rs. 9.40 crore).

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

About the company and industry

Industry Classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Leisure Services	Hotels & Resorts

Incorporated in 2009, DARPL is a luxurious resort cum adventure park at Kunegaon near Lonavala (Maharashtra). The Company is one of the pioneers in extreme adventure park in India with 5-star facility Resort of 290 Room Keys including Presidential suits, luxury amenities like 7 fine dining restaurants, 24 hours spa-salon, amphitheatre, 16 indoor-outdoor banquets, nightclub, and meeting room. The Company resort is spread over 14 acres of land owned by the company.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	5MFY25 (Prov.)
Total operating income	162.52	171.91	72.07
PBILDT	36.80	49.22	20.39
PAT	3.28	3.55	-0.31
Overall gearing (times)	7.33	6.07	NA
Interest coverage (times)	1.85	1.68	1.47

A: Audited; Prov.: Provisional; NA: Not Available; Note: 'the above results are latest financial results available'.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Detailed explanation of covenants of rated instrument / facility: Not Applicable

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Term Loan-Long Term		-	-	FY30	270.00	CARE BBB-; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Term Loan-Long Term	LT	270.00	CARE BBB-; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saiikat.roy@careedge.in	Analytical Contacts Krunal Pankajkumar Modi Director CARE Ratings Limited Phone: 079-40265614 E-mail: krunal.modi@careedge.in Arunava Paul Associate Director CARE Ratings Limited Phone: 912267543667 E-mail: arunava.paul@careedge.in Aman Goel Rating Analyst CARE Ratings Limited E-mail: Aman.goel@careedge.in
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**