

Royal Garden Resort

January 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	8.36	CARE B-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from Royal Garden Resort (RGR) to monitor the rating(s) vide e-mail communications dated October 03, 2024, and November 28, 2024, among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which, however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. Further, RGR has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement.

The rating on RGR's bank facilities and/or instruments will now be denoted as **CARE B-; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating has been revised on account of inadequate information available for assessment of the ratings. Further, the revision is also on account of the inability to monitor the performance of the firm going forward due to non-cooperation by the issuer.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that the rated entity is likely to maintain the envisaged operating performance over the near to medium term.

Detailed description of key rating drivers:

At the time of last rating on December 05, 2023, the following were the rating strengths and weaknesses:

Key weaknesses

Small scale of operations albeit improvement in FY23

The total operating income (TOI) of the firm significantly improved to Rs. 8.54 crore in FY23 as compared to Rs. 2.39 crore in FY22 mainly due to ease of travel restrictions. Further, there is a significant improvement in income from food sales coupled with water park. During FY23, the company had outsourced the hotel business and got a fixed revenue of Rs. 9 lakhs per month, in addition to Rs. 1.5 lakh per month from Jalaram Kathiawad (Restaurant) and Rs. 0.50 lakhs per month from Garment shop. During H1 FY24, the firm reported TOI of Rs. 5.84 crores. Nevertheless, the overall scale of operations stood small with low tangible networth of Rs. 1.36 crore as on March 31, 2023 which limits the financial flexibility of the firm.

Volatile PBILDT margins

RGR's PBILDT margin has improved to 21.18% in FY23 as compared to 10.38% in FY22 these has led to improvement in gross cash accruals of Rs. 1.61 crores in FY23 as compared to Rs. 0.23 crores in FY22. Further PAT margin turned positive at 11.27% in FY23 as compared to net loss in FY22.

Leveraged capital structure and weak debt coverage indicators

The capital structure of RGR stood leveraged marked by low networth coupled with high dependence on external bank borrowings. Overall gearing stood at 7.93x in FY23 as compared to 9.00x in FY22 owing to marginal reduction in debt levels. Debt coverage indicators remain weak, although improved on y-o-y basis, marked by total debt to gross cash accruals (TDGCA) at 6.69x in FY23 as compared to 48.91x in FY22 owing to improvement in GCA. Further, interest coverage indicators deteriorated to 11.42x in FY23 as compared to 17.86x in FY22 owing to increase in interest expenses.

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

Partnership nature

Due to RGR being a partnership firm, it has limited ability to raise capital as it has restricted access to external borrowings where personal network and credit worthiness of partner affects decision of prospective lenders. Further, it is susceptible to risks of withdrawal of partner's capital at time of personal peril and poor succession decisions may raise the risk of dissolution of the firm.

Key strengths

Established track record of operations along with experienced promoters

RGR is into existence from past 25 years is promoted by Mr. Jitendra Thakur, Mr. Manoj Thakur and Mr. Mangesh Thakur who have an experience of more than two decades in diversified businesses like hotel industry and construction sector. The promoters have vast experience through their owned businesses under the name of Radhe Constructions Co. and Hotel Royal Hills situated in Vasai as well. Being in the industry for more than two decades has helped the promoters in gaining adequate acumen about hospitality industry and has helped in the smooth operations of the RGR.

Comfortable operating cycle

The operations of RGR are less working capital-intensive owing to the business operating in service sector. The creditors of RGR basically comprise of food, vegetables, facility services, liquor and material providers from whom the entity collectively gets credit period of 30 to 80 days. The collection period improved to 3 days in FY23 as compared to 17 days in FY22. However, operating cycle remains comfortable and stood at negative days owing creditor days which stood at 29 days in FY23 as compared to 62 days in FY22.

Liquidity: Stretched

The liquidity position of RGR is stretched marked by low cash and bank balance and tightly matched cash accruals with scheduled debt repayment obligations. As on March 31, 2023, the free cash and bank balance stood at Rs. 0.23 crores. During FY23, net cash flow from operations stood at Rs. 2.12 crores. As on March 31, 2023, current ratio stood at 4.76x (PY-6.72x) and quick ratio stood at 4.70x (PY-6.65x).

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Hotels & Resorts](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

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

About the company and industry

Industry classification

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

Royal Garden Resort (RGR) is a Mumbai based partnership firm, promoted by the Thakur family with key partners being Mr. Jitendra Thakur, Mr. Manoj Thakur and Mr. Mangesh Thakur. It is engaged in running of a resort which comprises of water and amusement park. The hotel comprises 94 AC rooms (12 super deluxe, 7 double suite room and 75 deluxe rooms), 8 conference halls facility, 2 banquet halls, 6 swimming pools, 1 gym and 1 AC restaurant viz. 'Orient' of 1800 square feet.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1 FY25 (UA)
Total operating income	8.54	NA	NA
PBILDT	1.81	NA	NA
PAT	0.96	NA	NA
Overall gearing (times)	7.93	NA	NA

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1 FY25 (UA)
Interest coverage (times)	11.42	NA	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

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
Fund-based - LT-Term Loan	-	-	-	30-09-2034	8.36	CARE B-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for 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	Fund-based - LT-Term Loan	LT	8.36	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable (05-Dec-23)	1)CARE B; Stable (30-Nov-22) 2)CARE B; Stable (05-Apr-22)	1)CARE B+; Stable (04-May-21)

*Issuer did not cooperate; based on best available information.

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

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

Note on complexity levels of 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	Analytical Contacts Krunal Pankajkumar Modi Director CARE Ratings Limited Phone: 079-40265614 E-mail: krunal.modi@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Raunak Modi Assistant Director CARE Ratings Limited Phone: 91-22-6754 3537 E-mail: raunak.modi@careedge.in
	Renuka Mahimkar Analyst CARE Ratings Limited E-mail: Renuka.Mahimkar@careedge.in

About us:

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Disclaimer:

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