



Press Release

Golden Peace Infrastructure Pvt Ltd

July 23, 2020

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating	Rating Action
1.	Long Term Bank Facility	25.00	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Assigned
	Total	25.00 (Rupees Twenty five crore only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the above bank facilities of Golden Peace Infrastructure Pvt Ltd (GPIPL) derives comfort from being a part of Pride group under an experienced management, its established brand position in the casino gaming business, continuous increase in scale of operation in past four years, its comfortable capital structure and debt protection metrics with strong liquidity. However, these rating strengths are partially offset by its susceptibility to regulatory risks associated with gaming business and vulnerability associated with the profit margins.

Key Rating Sensitivities:

Upward rating factor(s)

- Growth in scale of operation and profitability while maintaining its financial risk profile.
- Sustenance of its capital structure

Downward rating factor(s)

- Decline in scale of operation and/or profitability impacting the debt protection metrics on a sustained basis
- Deterioration in its financial risk profile with moderation in its capital structure
- Any non-compliance with applicable laws and regulations related to gaming industry

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced management and group**

The company is a part of Pride group and has been promoted by Mr. Ashok Wadia, Mr. Ashok Kumar and Mr. Mukesh Gulati. The Pride group has more than decade long



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experience in hotel, gaming and entertainment business in the state of Goa with its hotels and casinos. The operations of the casino are largely managed by Mr. Shrinivas Nayak, Chartered accountant having vast experience in this field. Apart from operating in the Hotel industry, the promoters have businesses interest in sectors like travel and tourism, advertisement, real estate, manufacturing and export of vehicle spare parts, manufacture and distribution of liquor for almost three decades.

- **Established brand position in the casino gaming business**

GPIPL operates India's second largest casino under the brand name of 'Casino Pride 2'. GPIPL has established position in the casino gaming business in India by virtue of owning live gaming licenses issued in Goa and both in-principle electronic gaming licenses.

Pride Group is an integrated Gaming & Hospitality player with off-shore (live gaming) casinos, on-shore (electronic gaming) casinos, onboard restaurants and bars, feeder boats, jetties, aircraft as well as boutique hotel properties to primarily cater to the VVIP gaming clientele.

- **Continuous increase in scale of operation in past four years**

GPIPL's total operating income grew at a CAGR of ~29% during FY17-FY20 (Prov.); with a y-o-y growth of ~16% to Rs.135.16 crore in FY20 (Prov.). GPIPL booked increased revenue despite lockdown in last 15 days of March month of FY20 driven by higher footfalls before lockdown.

- **Comfortable capital structure and debt protection metrics**

GPIPL was debt free company in FY19. However, the company purchased a new vessel in FY20 worth Rs.67.21 crore with a debt equity ratio of 0.59:1 to increase its accommodation capacity. For this, the company had taken a term loan of Rs.25.00 crore. However, the overall gearing of GPIPL continued to remain comfortable at 0.19x as on March 31, 2020 (Prov.). The debt protection metrics of the company is also comfortable with interest coverage of 5.29x and Total debt to GCA of 1.39x in FY20 (provisional).

- **Strong liquidity**

The company is having a strong liquidity on the back of its healthy cash reserves. The company is having a free cash balance of ~Rs.48 crore as on May 31, 2020. Existence of strong cash balance strengthens its credit risk profile to a large extent.



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Key Rating Weaknesses

- **Vulnerability associated with the profit margins**

The profit margins in the gaming business also remain vulnerable to competitive pressures and overall consumer sentiments which impact the number of visitations as well as average spends at the casinos. The EBITDA margin of GPIPL remained in the range of 20.58%-27.27% during FY17-FY19. However as per provisional FY20 numbers, EBITDA margin has declined to 11.69% due to pandemic effect in the last month of Q4FY20 as they had already expended their fixed expenses for the month. The PAT margin remained in the range of 9.8%-12.84% during FY17-FY19. However, with moderation in EBITDA margin, the PAT margin also declined to 3.00% in FY20 (provisional), due to decline in EBITDA level coupled with higher interest expense and capital charges.

- **Regulatory Risk**

The gaming business in India is controlled through strict laws and regulations, which differ from state to state. Hence, any changes in Government policy can impact the company's business. The Goa government is soon expected to make it mandatory for all offshore casino operators to shift to land within three years. The state will propose to designate as an Entertainment Zone where the casinos are expected to move. 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, the operations of the company are subject to yearly license fees of Rs.40.00 crore (last renews during FY20).

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: Strong

The liquidity profile of GPIPL is expected to remain strong with its expected satisfactory cash accruals vis a- vis its minimal debt repayment obligations in FY21 and FY22 of only Rs.5.00 crore along with free cash balance of Rs.48.19 crore as on May 31,2020 indicating a



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sufficient liquidity cushion. Moreover, the company has sufficient gearing headroom due to its comfortable capital structure.

About Golden Peace Infrastructure Pvt Ltd

Incorporated in 2012, Golden Peace Infrastructure Private Limited (GPIPL) is engaged in gaming business in Goa through its casinos in the state. It operates India's second largest floating casino under the name 'Casino Pride II'. The casino stands at an area covering more than 30000 sq. ft. and a weather deck of 10000sq. ft. with an accommodation of more than 400 guests at a time. The casino offers a range of international games including Roulette, Black Jack, Poker, Indian games such as Flush, Mini Flush and Rummy and live gaming experiences as well. Other facilities include a multi-cuisine restaurant and a well-stocked bar on each floor. GPIPL is a part of the Pride Group.

Amalgamation with Apar Finlease Pvt Ltd

Apar Finlease Pvt Ltd was merged with Golden Peace Infrastructure Pvt Ltd as per the Order dated 23.04.2019 duly passed by Hon'ble National Company Law Tribunal of Mumbai Bench and vide Order dated 22.03.2016 duly passed by Hon'ble Justice in the High Court at Calcutta and all necessary e-forms are filed with concerned authorities to give effect to the same merger. The books of accounts also merged as on 31/03/2019 in audited balance sheet of F Y 2018-2019. AFPL is a Non-Banking Finance Company registered under Section 45-1A of the RBI Act, 1934.

Financials (Standalone)

(Rs. crore)

For the year ended* / As On	31-03-2019	31-03-2020
	Audited	Provisional
Total Operating Income	116.23	135.16
EBITDA	23.92	15.80
PAT	14.93	4.06
Total Debt*	1.50	23.17
Tangible Net worth*	107.69	111.74
EBITDA Margin (%)	20.58	11.69
PAT Margin (%)	12.84	3.00
Overall Gearing Ratio (x)*	0.00	0.19

*Excluding subordinated USL from total debt and considering it as quasi equity

*Classification as per Infomerics' standards.



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Status of non-cooperation with previous CRA:ACUITE has moved the rating to 'issuer non cooperating' category vide its press release dated June 08, 2020 due to unavailability of information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Term Loan	Long Term	25.00	IVR BBB- /Stable	-	-	-

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	September 2024	25.00	IVR BBB-/Stable