July 28, 2022

Baliga Investment Pvt Ltd: Rating reaffirmed; Outlook on the long-term rating revised to Stable from Negative

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Fund Based – CC	11.50	11.50	[ICRA]BB- reaffirmed; Outlook revised to Stable from Negative
Long Term – Term Loan	3.50	0.00	-
Total	**15.00**	**11.50**	

**Instrument details are provided in Annexure-1*

Rationale

The revision in rating outlook to stable factors in the healthy improvement in the footfalls in Q1 FY2023 in GRS Fantasy Park (GFP), the amusement park operated by Baliga Investment Pvt Ltd (BIPL/the company) and the expectation that the demand recovery would sustain going forward as well. The company reported revenues of Rs 13.2 crore with 1,27,000 footfalls in Q1 FY2023, almost close to its pre-Covid revenues of Rs 14.0 crore with 1,65,889 footfalls in Q1 FY2020. With sustenance of demand, ICRA expects the company's revenues to return to pre-Covid levels in FY2023. This, in turn, would support the business accruals and cash flows. The company is also looking at selling its unused land in Mangalore in the near term and is in advanced stages for the same. This would further support BIPL's cash flows going forward. The ratings take into account GFP's established market position and the long-term growth potential in the Indian amusement park industry. However, the company has modest scale of operations, and is exposed to asset and geographical concentration risks with dependence on a single property in Mysore.

Key rating drivers and their description

Credit strengths

Established market position of GFP; strong long-term growth potential in Indian amusement park industry – GRS Fantasy Park (GFP), the amusement park operated by BIPL, is situated in the heart of the Mysore city, with easy accessibility to customers, thereby attracting crowd from within Mysore as well as tourists who visit the city. Further, the addition of a snow park in March 2019 and up down museum in April 2020, and periodic introduction of new rides are expected to support revenue growth. While there are stronger industry incumbents in the neighbouring cities/states, the company experiences limited competition within the city. Further, the high entry barriers owing to the capital-intensive nature of the amusement park business provides comfort. With GFP's established market position in the city, it is likely to benefit from the fact that the Indian amusement park industry has sizeable headroom for growth owing to the favourable demographic profile.

Proposed land sale likely to ease cash flows and improve debt metrics; promoters committed to extend timely and adequate financial support should there be a need – The company is looking at selling its unused land in Mangalore in the near term and is in advanced stages for the same. This is likely to support cash flows and debt metrics for BIPL. Further, although the business is expected to be self-sufficient in terms of cash flows with likely recovery in demand over the next few months, the promoters are committed to extend timely and adequate support to meet the company's operational and financial commitments, should there be a need. As on March 31, 2022, the company had unsecured loans from promoters to the tune of Rs.

22.8 crore, part of which was taken for funding the operational and financial requirements in FY2021 and FY2022, when demand was impacted by the pandemic.

Credit challenges

Modest scale of operations; however, likely improvement in revenues to pre-Covid levels in FY2023 – The company reported meagre revenues of Rs 9.0 crore in FY2022 (according to unaudited financials) and Rs 3.5 crore in FY2021, as against pre-Covid revenues of Rs 29.9 crore (in FY2020) as pandemic related lockdowns impacted the overall footfalls in FY2021 and FY2022. The company registered operating losses of Rs 5.0 crore and Rs 1.5 crore respectively in FY2021 and FY2022 (according to unaudited financials) due to weak operating leverage, despite various cost rationalisation measures. However, footfalls have picked up significantly in Q1 FY2023. The company reported revenues of Rs 13.2 crore with 1,27,000 footfalls in Q1 FY2023, almost close to its pre-Covid revenues of Rs 14.0 crore with 1,65,889 footfalls in Q1 FY2020. The demand recovery is expected to sustain going forward, and this in turn is likely to aid business profits and accruals. ICRA expects the company's revenues to return to pre-Covid levels in FY2023.

Asset and geographical concentration risks with dependence on a single property in Mysore – Dependence on a single operational property in Mysore exposes the company to region-specific risks. BIPL's revenues are also vulnerable to general economic slowdowns, spending pattern of travellers and exogenous shocks.

Liquidity position: Adequate

BIPL has undrawn working capital lines of Rs. 11.4 crore as on June 30, 2022. As against this, the company does not have any principal payment obligations going forward, supported by the absence of long-term bank loans in its books. It had only promoter loans of Rs. 22.8 crore as on March 31, 2022, without scheduled repayments. Further, the company has only maintenance capex of Rs. 1.0 crore per year, going forward. Also, the company is looking at selling its unused land in Mangalore in the near term and is in advanced stages for the same. This will support BIPL's cash flows. While the business is expected to be self-sufficient in terms of cash flows with likely recovery in demand over the next few months, the promoters are committed to extend timely and adequate support to meet the company's operational and financial commitments, should there be a need.

Rating sensitivities

Positive factors – ICRA may upgrade the company's ratings if there is sustained improvement in its revenues leading to improvement in its profit margins, debt protection metrics and liquidity position.

Negative factors – Negative pressure on BIPL's ratings could arise from slower-than-anticipated recovery in footfalls and accruals, significant rise in external debt or weakening of liquidity position.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	[Corporate Credit Rating Methodology](#)
Parent/Group Support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in 1985, BIPL was involved in the investing business in Mysore. Subsequently in 1999, it ventured into operations of an amusement park with the establishment of GRS Fantasy Park. The amusement-cum water park is a tourist destination in Mysore. In March 2019, the company opened a new snow park – GRS Snow Park, which offers an experience of real ice and snow games. The company also started Up Down museum in April 2020, within the park. The park is built on 28.0 acres of land with a total of 57 rides (35 wet rides and 22 dry rides). While 70% of the revenues are from the amusement park (dry rides), water park (wet rides), snow park and the up down museum, the company also generates the remaining revenues from the three refreshment points/restaurants located within the park and retail sales from merchandise stores located within the park.

Key financial indicators

Standalone	FY2021	FY2022 (unaudited)
Operating income	3.5	9.0
PAT	-5.5	-3.7
OPBDIT/OI (%)	-143.3%	-16.6%
PAT/OI (%)	-157.2%	-41.8%
Total outside liabilities/Tangible net worth (times)	5.0	12.1
Total Debt/OPBDIT (times)	-6.0	-23.8
Interest coverage (times)	-4.3	-1.2

Note: Amounts in Rs. crore; Source: Company and ICRA Research; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA

Acuite in its press release dated February 23, 2018 has moved the rating of Acuite B to issuer not cooperating category. The rating continued to be in issuer not cooperating as per the latest press release dated November 10, 2021. Acuite has arrived at the rating based on the best available information and cautions lenders and investors regarding the use of the information on which the indicative rating is based.

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as on March 31, 2022 (Rs. crore)	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020
					July 28, 2022	July 07, 2021	Nov 12, 2020	Jul 11, 2019
1	Fund-based facilities (CC)	Long-term	11.50	-	[ICRA]BB-(Stable)	[ICRA]BB-(Negative)	[ICRA]BB (Negative)	[ICRA]BB (Stable)
2	Term Loan	Long-term	-	-	-	[ICRA]BB-(Negative)	-	-
3	Unallocated	Long-term/Short-Term	-	-	-	[ICRA]BB-(Negative)/[ICRA]A4; withdrawn	[ICRA]BB (Negative) / [ICRA]A4+	[ICRA]BB (Stable) / [ICRA]A4+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Fund Based – CC	Simple

The complexity indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here]

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	CC	NA	8.4%	NA	11.50	[ICRA]BB-(Stable)

Source: *BIPL*

Annexure-2: List of entities considered for consolidated analysis – Not applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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