

Baliga Investments Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Rating/Outlook
Mortgage Loan	11.50	SMERA B/Stable (Assigned)
Overdraft Against Fixed Deposit	6.50	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B' (read as SMERA B)** to the Rs.18.00 crore bank facilities of Baliga Investments Private Limited (BIPL). The outlook is '**Stable**'.

The rating is constrained by the small scale of operations, weak financial risk profile and high advances extended to its subsidiary. However, the rating draws comfort from the company's established track record of operations and experienced management.

The Mysore-based BIPL, incorporated in 1985 commenced operations in 1999. The company runs an amusement cum water-park - 'GRS Fantasy Park' at Mysore. The scale of operations is small with operating income of Rs.16.28 crore for FY2015-16 as against Rs.14.74 crore in the previous year. The financial risk profile is weak marked by low net worth of Rs.2.58 crore and high gearing of 20.94 times as on March 31, 2016 and low interest coverage ratio of 1.41 times for FY2015-16. The company has also extended advances to its subsidiary 'GRS Engineering Private Limited' to the tune of Rs.13.92 crore, around five times its tangible network and made investment in land of Rs.26.21 crore – about 10 times its tangible network as on March 31, 2016.

However, the company was promoted by Mr. B Subraya Baliga, Mrs. M Pushpalatha, Mr. M Yogesh Dange and others with around two decades of experience in the hospitality sector.

Rating Sensitivity Factors

- Scaling up of operations while maintaining adequate profit margins
- Improvement in gearing

Outlook - Stable

SMERA believes that BIPL will maintain a stable outlook over the medium term on account of its established position and experienced management. The outlook may be revised to 'Positive' in case of higher than expected revenue with sustainable profitability and improvement in the capital structure. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its financial risk profile.

About the Company

BIPL, incorporated in 1985 is a Mysore-based company that runs 'GRS Fantasy Park', an amusement cum water-park in Mysore. The operations commenced in 1999. The company was promoted by Mr. B Subraya Baliga, Mrs. M Pushpalatha, Mr. M Yogesh Dange and others who possess experience of around two decades in the hospitality sector.

In FY2015-16, BIPL reported profit after tax (PAT) of Rs.0.24 crore on operating income of Rs.16.28 crore, as compared to PAT of Rs.1.03 crore on operating income of Rs.14.74 crore in the previous year.

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.