

Press Release

10 March, 2017

Ibus Network And Infrastructure Private Limited

Rating Assigned

Total Bank Facilities Rated *	Rs. 15.00 Cr.
Long Term Rating	SMERA BB -/ Outlook: Stable

Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-**' (read as **SMERA BB minus**) on the Rs. 15.00 crore bank facilities of Ibus Network And Infrastructure Private Limited. The outlook is '**Stable**'.

Ibus Network and Infrastructure Private Limited (INIPL), incorporated in 2010, is a Bangalore-based company that offers network connectivity services in malls, hospitals, hotels and high rise buildings. The company resolves connectivity concerns by creating and offering a shared infrastructure to telcos thereby reducing call drops, data connectivity issues. Additionally, the company is in the process of setting up Wifi networks and carrying out digital marketing activities for existing sites.

Key Rating Drivers

Strengths

- **Experienced management**

The company was promoted by Mr. Ram Sellaratnam, Mr. Subhas Vasudevan, Mr. Sunil Menon and others who possess extensive experience in information technology and telecom sectors.

- **Execution of projects across 25 sites**

The company has already executed projects at 25 sites with total area of 1.28 cr sq feet. Plans are underway to execute work on an area of 0.70 cr sq feet across 12 upcoming sites. Generation of revenue from the upcoming sites is expected from January 2017. Additionally, the company has 7.85 crore sq feet of projects in the pipeline which are likely to get executed by FY2019.

- **Agreements with major telcos**

The company has entered into a 10 year agreement with five major telecom companies (Vodafone, Idea, Airtel, Tata, Reliance) for a minimum of 5 years (lock in period) ensuring steady cash flows through fixed rentals and reimbursements.

Weaknesses

- **Limited track record**

The rating is constrained by the limited track record of operations of four years.

- **Modest scale of business**

INIPL has modest scale of business with revenue of Rs.2.21 cr in FY2016. Revenue is expected to increase with completion of projects in the pipeline.

• Operating level losses

During FY2016, the company incurred operating losses of Rs.1.35 cr mainly on account of increase in legal/professional charges. Also, for the eight months ended November 2017, the company incurred operating losses of Rs.0.88 cr.

• Implementation and stabilisation risk

INIPL is exposed to implementation and stabilisation risk with projects in the pipeline,

Analytical Approach

For arriving at the ratings, SMERA has considered the standalone business and financial risk profiles of INIPL.

Outlook: Stable

SMERA believes that INIPL will maintain a stable outlook and benefit from the experience of its promoters over the medium term. The outlook may be revised to 'Positive' in case the company executes the projects on time thereby scaling up its operations significantly while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of delay in project execution thereby achieving lower than envisaged sales or decline in profitability.

About the Rated Entity - Key Financials

For FY2016, INIPL reported net loss of Rs.1.51 cr on total operating income of Rs.2.21 cr as compared with net loss of Rs.0.02 cr on total operating income of Rs.1.65 cr in FY2015.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	15.00	SMERA BB -/ Stable

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ABOUT SMERA

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