

Press Release

Abhibus Services India Private Limited

July 01, 2019

Rating Downgraded



Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	ACUITE D (Downgraded)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE D (read as ACUITE D)**' from 'ACUITE BB-' (read as ACUITE double B minus) to the Rs. 15.00 crore bank facilities of Abhibus Services India Private Limited (ASIPL).

The downgrade is on account of continuous overdrawal in their overdraft facility exceeding 90 days at a stretch.

Abhibus Services India Private Limited (ASIPL) is a Hyderabad based company incorporated in the year 2008, and is promoted by Mr. Sudhakar Reddy Chirra. It manages bus seat inventory and provides end-to-end software solutions including e-ticketing systems, fleet management solutions, vehicle tracking systems, bus passenger information systems. Abhibus derives around 80 per cent of its revenues from Andhra Pradesh and Telangana region. The company has tie ups with various state road transport corporations namely Andhra Pradesh, Telangana, Maharashtra, Karnataka, Rajasthan, Gujarat and Haryana. Further it has tie ups with around 600 operators. The ticket booking penetration through its website is about 22,000 per day.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of ASIPL to arrive at the rating.

Key Rating Drivers:

Strengths

Experienced management

Mr. Sudhakar Reddy is the founder and Chief Executive Officer of the company. He holds a bachelor degree in Electronics and Communications, and have prior experience in GE Technology. The company management is supported by professional team lead by Mr. Biju Mathews, Chief Operating Officer, and Mr Lenin Koduru, Chief Technology Officer. Mr Biju Mathews who joined Abhibus in 2012, has more than a decade experience in B2B media industry; Mr Lenin Koduru is responsible for developing and deploying the technology.

Weaknesses

Continuous overdrawal

ASIPL is continuously overdrawing its overdraft facility exceeding more than 90 days at a stretch since December 2018. This is mainly on account of continuous losses during the period from 2017 to 2019 (Prov.).

Weak financial risk profile

The financial risk profile of the company is weak marked by negative net worth, negative gearing and negative debt protection metrics. The net worth of the company stood at negative Rs.50.36 crore in FY2019 (Prov.) as compared to negative Rs.43.07 crore in FY2018, mainly on account of continuous losses during the

period under study. This continuous loss is mainly account of discount and cash back offers allowed to the customers for ticket booking. The gearing of the company stood at negative 1.14 times in FY2019 (Prov.) as compared to negative 1.16 times in FY2018. The total debt of Rs.57.61 crore consist short term debt from bank of Rs.28.54 crore and unsecured loan from promoters of Rs.29.07 crore as on 31st March 2019 (Prov.). The interest coverage ratio (ICR) of the company stood negative at 0.04 times in FY2019 (Prov.) as compared to negative 1.57 times in FY2018. The debt service coverage ratio (DSCR) of the company stood negative at 0.04 times in FY2019 (Prov.) as compared to 1.57 times in FY2018. The net cash accruals against the total debt (NCA/TD) stand low at negative 0.13 times in FY2019 (Prov.) as compared to negative 0.34 times in FY2018.

Liquidity Position

The company has weak liquidity marked by negative net cash accruals of Rs.7.29 crore in FY2019 (Prov.) as compared to negative Rs.16.89 crore in FY2018. The liquidity of the company is also reflected by continuous overdrawning in short term bank facility at a stretch exceeding 90 days.

About the Rated Entity - Key Financials

	Unit	FY19 (Prov.)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	51.18	51.87	45.35
EBITDA	Rs. Cr.	(1.40)	(11.81)	(22.58)
PAT	Rs. Cr.	(7.29)	(17.86)	(24.33)
EBITDA Margin	(%)	(2.73)	(22.77)	(49.78)
PAT Margin	(%)	(14.25)	(34.43)	(53.64)
ROCE	(%)	(4.06)	(118.82)	(348.35)
Total Debt/Tangible Net Worth	Times	(1.14)	(1.16)	(1.46)
PBDIT/Interest	Times	(0.04)	(1.57)	(6.88)
Total Debt/PBDIT	Times	(203.20)	(4.83)	(1.92)
Gross Current Assets (Days)	Days	87	58	70

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Service Entities - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
17 th May 2018	Overdraft	Long Term	15.00	ACUITE BB-/Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE D/Stable (Downgraded)

Contacts:

Analytical	Rating Desk
<p>Pooja Ghosh Head- Corporate and Infrastructure Sector Tel: 033-66201203 pooja.ghosh@acuite.in</p> <p>Abhishek Dey Rating Analyst Tel: 033-66201208 abhishek.dey@acuiteratings.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in</p>

About Acuité Ratings & Research:

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