



Rating Rationale

Adani Infra (India) Ltd.

21 May 2018

Brickwork Ratings assigns Rating to the bank loan facilities aggregating Rs. 250 Cr of Adani Infra (India) Ltd. (AAIL)

Particulars

Facility	Amount (Rs. Crs)	Tenor	Rating Assigned*
Term Loan	250 (Rupees Two Hundred and Fifty Crore Only)	Short Term	BWR A1 (SO) (Pronounced as BWR A One (Structured Obligation))

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Other Outstanding Ratings of AAIL which are reaffirmed are:

Bank Loans:

Instruments	Amount	Present Rating	Rating History (March 2018)
Fund Based – Long Term Loan	₹ 800 Cr	BWR AA- (SO) (Stable)	BWR AA- (SO) (Stable) Reaffirmed
Fund Based – Long Term Loan	₹ 200 Cr	BWR BBB- (SO) (Stable)	BWR BBB- (SO) (Stable) Reaffirmed
Fund Based – Short Term Loan	₹ 950 Cr	BWR A3+ (SO)	BWR A3+ (SO) Reaffirmed
Total	₹ 1950 Cr		

Other outstanding NCD ratings of Adani Infra (India) Ltd are:

Instrum ents	Amt	Issue Date	Coupon	Matur ity	ISIN	Existing Rating	Current Rating
NCD	₹ 175 Cr	26-Mar -2018	Zero Coupon with redemption premium	4-Apr-2019	INE701Q070 91	BWR AA-(SO) (Stable)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
NCD	₹ 1000 Cr	22-Feb -2018	Zero Coupon with redemption premium	27-Apr -2019	INE701Q070 83	BWR AA-(SO) (Stable)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
NCD	₹ 1000 Cr	5-Feb-2018	Zero Coupon with redemption premium	20-Apr -2019	INE701Q070 75	BWR AA-(SO) (Stable)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
NCD	₹ 500 Cr	1-Feb-2018	Zero Coupon with redemption premium	20-Apr -2020	INE701Q070 67	BWR AA-(SO) (Stable)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
NCD	₹ 250 Cr	12-Oct-2017	Zero Coupon with redemption premium	3-Apr-2020	INE701Q070 59	BWR AA-(SO) (Stable)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
NCD	₹ 170 Cr	28-Sep -2017	Zero Coupon with redemption premium	20-Apr -2020	INE701Q070 34	BWR AA-(SO) (Stable)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
NCD	₹ 170 Cr	28-Sep -2017	Zero Coupon with redemption premium	20-Apr -2020	INE701Q070 42	BWR AA-(SO) (Stable)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
NCD	₹ 300 Cr	21-July -2017	Zero Coupon with redemption premium	21-July -2021	INE701Q070 26	BWR AA-(SO) (Stable)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)



Total	₹ 3565 Cr
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BWR has essentially relied upon the, audited financial results upto FY17 and provisional results for 1HFY18 of the issuer Adani Infra (India) Ltd. (AIIL), sanctions letter of the bank term loan as well as audited financials of the listed companies - Adani Enterprise Ltd. (AEL) and Adani Transmission Ltd (ATL), whose equity shares are provided as security, and information and clarifications provided by the issuer.

Rationale for Bank Loan Rating:

Short Term loans from banks have been assigned Structured Obligation ratings based on the specific credit enhancement derived from the underlying security in the form of equity shares of Adani Transmission Ltd. and Adani Enterprise Ltd.

The rating factors strength of Adani Group along with the underlying structure. The rating is however, constrained by the fact that AIIL is an investment arm of Adani Group without any significant cash-flows of its own. As such, repayment is dependent on the cash-flows of the operating entities of the group and/or group support.

Analytical Approach: BWR has reviewed AIIL on a standalone basis, considering the direct as well as indirect interest it has in listed as well as unlisted companies of the Adani Group. Further, group support is also factored for servicing the rated facility, for reasons mentioned above.

Structure of Term Loan of Rs.250 Cr:

This loan has a tenor of 12 months, and repayable at maturity. It is secured 1.4x by the shares of Adani Transmission Ltd. (BWR AA+) of 0.56x and Adani Enterprise Ltd. (BWR A1+) of 0.84x, with a T-2 days funding structure.

Rating Outlook: Stable

BWR believes the Adani Infra (India). Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Negative' if the stand-alone financial risk profile of the company deteriorates, or the 'structure' based on which the credit enhancement is derived weakens. This includes, and not limited to revenues and profitability of AIIL, financial position of AEL & ATL, and market value of shares pledged,

Background

Adani Infra (India) Ltd. (AIIL), established in 2010, is a 100% subsidiary of Adani Properties Pvt. Ltd. (APPL). It is an infrastructure development company with specialization in comprehensive engineering, project management and construction (EPC) services for power generation and transmission sector, and mainly caters to requirements of the Group companies.



It is also involved in trading in various commodities. The company is managed by professionals in the Adani Group.

The company is also used as a vehicle to raise debt and bank loans against various third party securities, and in turn lend to Adani group entities.

AIII: Financial Performance

Rs. Cr	FY16	FY17
Operating Revenues	1143	646
Operating Profit	212	211
PAT	13	6
Total Debt	1550	1435
Tangible Networth	81.14	77.15
Gearing	19.1	18.6
Current Ratio	1.03	1.07

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2018)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	Oct 3, 2017	Date in 2016	Date in 2015
1.	Term Loan	Short Term	250	BWR A1 (SO) (Stable)			
2.	NCD	Long Term	175	BWR AA-(SO) (Stable)			
3.	Term Loan	Short term	950	BWR A3+(SO)			
4.	Term Loan	Short term	800	BWR AA-(SO)			
5.	Term Loan	Long Term	200	BWR BBB-(SO) (Stable)			
6.	NCD	Long Term	1000	BWR AA-(SO) (Stable)	-		

7.	NCD	Long Term	500	BWR AA-(SO) (Stable)	-		
8.	NCD	Long Term	170	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable)	-	-
9.	NCD	Long Term	170	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable)	-	-
10.	NCD	Long Term	250	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable)		
11.	NCD	Long Term	300	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable)	-	-
Total			5765 (Rupees Five Thousand Seven Hundred and Sixty Five Crore Only)				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Structured Obligation Ratings](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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