

Rating Rationale

Adani Infra (India) Ltd.

9 Feb 2018

Brickwork Ratings assigns Rating for the NCD of Rs.1000 Cr of Adani Infra (India) Ltd.

Particulars

Facility	Amount (Rs. Crs)	Tenor	Rating Assigned*
NCD	1000	Long Term	BWR AA-(SO) (Pronounced as Double A Minus (Structured Obligation)) (Outlook:Stable)
Total	Rs. 1000 Cr (Rupees One Thousand Crore Only)		

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

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

Instruments	Amount	Issue Date	Coupon	Maturity	ISIN	Existing Rating (Oct 2017)	Current Rating
NCD	₹ 1000 Cr	05-Feb-2018	Zero Coupon with redemption premium	20-Apr-2020	INE701Q07075	BWR AA- (SO) (Stable) (Jan 17, 2017)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
NCD	₹ 500 Cr	01-Feb-2018	Zero Coupon with redemption premium	20-Apr-2020	INE701Q07067	BWR AA- (SO) (Stable) (Jan 12, 2017)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
NCD	₹ 250 Cr	12-Oct-2017	Zero Coupon with redemption premium	3-Apr-2020	INE701Q07059	BWR AA- (SO) (Stable) (Oct 2017)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
NCD	₹ 170 Cr	28-Sep-2017	Zero Coupon with	20-Apr-2020	INE701Q07034	BWR AA- (SO) (Stable) (Sep 2017)	Reaffirmation of existing rating BWR AA-(SO)

			redemption premium				(Outlook: Stable)
NCD	₹ 170 Cr	28-Sep-2017	Zero Coupon with redemption premium	20-Apr-2020	INE701Q07042	BWR AA- (SO) (Stable) (Sep 2017)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
NCD	₹ 300 Cr	21-July-2017	Zero Coupon with redemption premium	21-July-2021	INE701Q07026	BWR AA- (SO) (Stable) (July 2017)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable)
Total	₹ 2390 Cr	Two Thousand Three Hundred and Ninety Crores only					

Rationale / Description of Key rating drivers / Rating Sensitivities:

BWR has essentially relied upon the draft term sheet outlining the structure of the NCD, audited financial results upto FY17 of the issuer Adani Infra (India) Ltd. (AIIL) as well as audited financials of the listed companies, Adani Ports & Special Economic Zone Ltd (APSEZ), Adani Enterprise Ltd. (AEL) and Adani Transmission Ltd (ATL), whose equity shares are provided as security, and information and clarification provided by the issuer.

The rating factors, *inter alia*, the strength of underlying security in the form of pledge of listed equity shares of Adani Ports & Special Economic Zone Ltd, Adani Enterprise Ltd. and Adani Transmission Ltd, structure of the proposed NCD, resourcefulness of the promoters of the Company, and financial flexibility of the group.

However, the rating is constrained by moderate fundamentals of the issuer, reliance on promoter funds, refinance or, alternatively, liquidation of the securities - to meet the payment obligations arising from the proposed debts, market volatility in the price of equity shares of Adani Ports & Special Economic Zone Ltd, Adani Enterprise Ltd. and Adani Transmission Ltd, increasing debt level of the group and the current challenging environment faced by the economy, in general.

Analytical Approach:

This is a ‘Structured Obligation’ rating, indicating the credit enhancement derived from the pledge of listed shares, and overall structure of the instrument.

Brief Terms of the NCD of Rs.1000 Cr:

The Company has proposed to raise this structured NCD upto ₹1000 Crs maturing on April 20, 2020. There is a Put/Call option at the end of 1 year and 7 days from the date of allotment.



The NCDs are backed by way of pledge of equity shares of Adani Ports & Special Economic Zone Ltd(1.4 times), Adani Enterprises Ltd (0.3 times) and Adani Transmission Ltd (0.3 times) – overall a cover of 2 times. The pledger is SB Adani Family Trust, a promoter entity.

The Facility will require a top-up within 2 days if the cover remains below 1.75 times for 3 consecutive trading days. The Company is required to deposit all amounts payable under the facility (including principal and the redemption premium) 15 days prior to maturity. Other covenants are standard terms that are common for issues of this nature.

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 'Positive' in case the revenues and profits of underlying companies whose shares are pledged show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

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 intends to use the proceeds of the NCD towards Refinancing, onward lending to group companies and General corporate purposes.

Company Financial Performance

As per FY17 audited financials, AIIL reported net profit of Rs.5.86 Crs on net sales of Rs. 413.54 Crore as compared to net profit of Rs. 13.06 Crore on net sales of Rs. 953.60 Crore in FY16. The company's networth stood at Rs.81.14 Crore as on March 31, 2017.

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	2016	2015
1.	NCD	Long Term	1000	BWR AA-(SO) (Stable)			
2.	NCD	Long Term	1000	BWR AA-(SO) (Stable)	-		
3.	NCD	Long Term	500	BWR AA-(SO) (Stable)	-		
4.	NCD	Long Term	170	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable)	-	-
5.	NCD	Long Term	170	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable)	-	-
6.	NCD	Long Term	250	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable)		
7.	NCD	Long Term	300	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable)	-	-
Total			3390	Three Thousand Three Hundred and Ninety Crores only			

Status of non cooperation with Previous CRA : Non Applicable

Any other information: Non Applicable



Hyperlink/Reference to applicable Criteria

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

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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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