



Rating Rationale

Adani Infra (India) Ltd.

18 Jan 2018

Brickwork Ratings assigns Rating for the NCD of Rs.500 Cr of Adani Infra (India) Ltd.

Particulars

Facility	Amount (Rs. Crs)	Tenor	Rating Assigned*
NCD	500	Long Term	BWR AA-(SO) (Pronounced as Double A Minus (Structured Obligation)) (Outlook:Stable)
Total	Rs. 500 Cr (Rupees Five Hundred 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	Current Rating
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) (Pronounced as Double A Minus (Structured Obligation))
NCD	₹ 170 Cr	28-Sep-2017	Zero Coupon with redemption premium	20-Apr-2020	INE701Q07034	BWR AA- (SO) (Stable) (Sep 2017)	Reaffirmation of existing rating BWR AA-(SO) (Outlook: Stable) (Pronounced as Double A Minus (Structured Obligation))
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) (Pronounced as Double A Minus (Structured Obligation))



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) (Pronounced as Double A Minus (Structured Obligation)
Total	890.00	Eight 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.500 Cr:

The Company has proposed to raise this structured NCD upto ₹500 Crs maturing on April 20, 2020. There is a Put/Call option at the end of 21 months 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.



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	500	BWR AA- (SO) (Stable)			
1.	NCD	Long Term	170	BWR AA-(SO) (Stable) Reaffirmed	BWR AA-(SO) (Stable)	-	-
2.	NCD	Long Term	170	BWR AA-(SO) (Stable) Reaffirmed	BWR AA-(SO) (Stable)	-	-
3.	NCD	Long Term	250	BWR AA-(SO) (Stable) Reaffirmed	BWR AA-(SO) (Stable)		
4.	NCD	Long Term	300	BWR AA-(SO) (Stable) Reaffirmed	BWR AA-(SO) (Stable)	-	-
Total			1390	One Thousand Three Hundred and Ninety Crores 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

Analytical Contacts	Media
MSR Manjunatha Head – Ratings Administration analyst@brickworkratings.com	media@brickworkratings.com Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.