



Rating Rationale

Adani Infrastructure Management Services Ltd.

30 Jan 2019

Brickwork Ratings assigns Rating to the bank loan of Rs.200 Crore of Adani Infrastructure Management Services Ltd. (AIMSL)

Particulars

Facility	Amount (Rs. Crs)	Tenor	Rating Assigned*
Term Loan	200	Long Term	BWR AA- (SO) [Pronounced as BWR Double A Minus (Structured Obligation)] Outlook - Stable

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

***SO refers to 'Structured Obligation' rating, which indicates credit enhancement derived from the security cover of 1.5x by the pledge of listed equity shares of Adani Transmission Ltd. (ATL).**

BWR has essentially relied upon the, audited financial results upto FY18 of the issuer Adani Infrastructure Management Services Ltd., terms of sanction letters from the bank, as well as audited financials of the listed company - Adani Transmission Ltd (ATL), whose equity shares are provided as a collateral security, and information and clarifications provided by the issuer.

Rationale for Bank Loan Rating:

Term loan from bank have been assigned Structured Obligation ratings based on the specific credit enhancement derived from the underlying security in the form of pledge of equity shares of Adani Transmission Ltd.

The rating factors, *inter alia*, the strength of underlying security viz., listed equity shares of ATL, 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 loan, market volatility in the price of equity shares of ATL shares, and the overall high debt levels of the Adani Group.

Structure of Term Loan:

The facility rated is a long term bank loan for the purpose of refinancing. The facility has a quarterly repayment starting June 2019 and the same is ballooning over 12 quarters ending June 2022. Interest is to be serviced on a monthly basis. The facility is primarily secured by a charge on loans and advances of the borrower with minimum 1.0x cover of facility amount besides collateral security of 1.5x by the pledge of shares of Adani Transmission Ltd. (BWR AA+), with a T-2 days funding structure for both principal as well as interest payments. Promoter shareholders of ATL will be pledging the shares. Top-up will be required when the cover falls below 1.3x.

Rating Outlook: Stable

BWR believes the Adani Infrastructure Management Services 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 ATL and market value of shares pledged,

Background - AIMSL

Adani infrastructure Management Services Ltd. (AIMSL), incorporated in July 2017, is a 100% subsidiary of Adani Properties Pvt. Ltd. The company is incorporated to provide **Operation and Maintenance services** to Infrastructure Development Companies like - Generation, Transmission and Distribution of Thermal and Renewable Power and Roads and Ports Developer.

Mr. Vneet S Jaain, Mr. Anil Kumar Gupta and Mr. Jigar Thakkar are the members of the Board of Directors of AIMSL. They are professionals working for Adani group. They are supported by highly qualified and professional management team. Brief financial details are given below:

Financial Performance of the Issuer - AIMSL

Rs. Cr	FY18
Total Operating Income	49.5
Operating Profit	6.10
Net profit	4.25
Tangible Networkth	4.33
Total Debt	0



Current Ratio	1.49
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Adani Transmission Ltd.:

Adani Transmission Ltd. (ATL – BWR AA+ (Stable)) is involved in setting up and operating power transmission lines through its subsidiary companies. Mr. Gautam Adani is the Chairman and Mr. Anil Sardana is Managing Director and Chief Executive Officer of the company. CMP of its shares is Rs. 210 (52 weeks H/L is Rs. 256 and Rs. 115 respectively).

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

Sl. No.	Instrument/Facility	Current Rating (Year 2019)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2018	2017	2016
1.	Bank Loan	Long Term	200	BWR AA- (SO) (Stable)			
Total			200				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Structured Obligation](#)
- [Short term Debt](#)

For any other criteria obtain hyperlinks from website



Analytical Contacts	Media		
<p><u>MSR Manjunatha</u> Head – Ratings Administration analyst@brickworkratings.com</p>	<p>media@brickworkratings.com</p> <tr> <td colspan="2" data-bbox="808 457 1443 495">Relationship Contact</td> </tr> <p>bd@brickworkratings.com</p>	Relationship Contact	
Relationship Contact			
Phone: 1-860-425-2742			

For print and digital media

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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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