



## RATING RATIONALE

5 Dec 2022

### Adani Infrastructure Management Services Ltd.

**Brickwork Ratings withdraws the ratings of the Bank Loan Facilities aggregating Rs. 587.45 Crores of Adani Infrastructure Management Services Ltd. (AIMSL or the ‘Company’)**

#### Particulars

Borrowing Type	Previous Amt (Rs. Cr)	Present Amt (Rs. Cr)	Tenure	Previous Rating (January 2022)	Present Rating
Term Loan I <sup>(1)</sup>	473.45	<b>473.45</b>	Long Term	BWR AA- (CE) (Stable) <sup>(1)</sup>	<b>BWR BBB- (Stable) and Withdrawn <sup>(1)</sup> (Downgrade and Withdrawn)</b>
Term Loan II <sup>(2)</sup>	114.00	-	Long Term	BWR AA- (CE) (Stable) <sup>(2)</sup>	<b>Withdrawn on full repayment</b>
<b>Total</b>	587.45	<b>473.45</b>	<b>Rupees Four Seventy Three Crore and Forty Five Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I

- (1) Change in analytical approach from CE to standalone based on RBI circular dated April 22, 2022 and subsequent clarification dated July 26, 2022. CE rating was based on the pledge of shares of Adani Transmission Ltd. with the security cover of 1.5x.
- (2) CE rating is based on the pledge of shares of Adani Transmission Ltd. (ATL) and Adani Ports and Special Economic Zone Ltd. (APSEZ) with the security cover of 1.5x.
- (3) BWR withdraws the unsupported rating of BWR BBB- (Stable) of AIMSL

#### RATING ACTION AND OUTLOOK:

Term Loan I - BWR has revised the analytical approach while reviewing the rating of Term I from Credit Enhancement (CE) to standalone and has assigned the rating of BWR BBB- (Stable). BWR has simultaneously withdrawn the same on the basis of request from the Company for withdrawal of the rating and No Objection Certificate from the lender.

The standalone rating for term loan I factors, inter alia, strong parentage being part of the Adani Group which enjoys high financial flexibility in domestic as well as international markets, demonstrated track record of the Group which is a global integrated infrastructure player with businesses in key industry verticals – transport & logistics, and energy & utility, gradual ramp-up of Operation and Maintenance (O & M) Services activity by AIMSL to various companies (both group companies and others) engaged in the infrastructure businesses including but not limited to thermal and renewable power generation, transmission and distribution and O&M of other infrastructure businesses.

The rating is however constrained by the fact that the Company acts as an investment arm of the Group wherein the debt raised by AIMSL is extended as loans to Group companies, cash-flows from operational activities (O & M) of AIMSL is relatively low compared the



debt servicing requirements of the Company on a standalone basis and repayment is done from the cash flow from Group companies.

**Term Loan II:** BWR withdraws the rating of term loan II as the loan is repaid in full and No Dues Certificate is available from the lender.

### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

Change in Analytical approach from CE to Standalone for the outstanding term loan I of Rs.473.45 Cr. Standalone rating of AIMSLS is after taking into account Group support.

For arriving at the ratings, BWR has factored group support for servicing the rated facilities, for reasons mentioned above. Please refer to the applicable rating criteria at the end.

### **LIQUIDITY POSITION (ADEQUATE):**

As on March 31, 2022 the company had cash and cash equivalent of Rs.19.13 Cr with no liquid investments and no working capital limits. This is considered to be adequate as the company does not have any borrowings for its own operational purpose. The borrowings are done for advancing to other operating companies of the group and hence repayment is expected out of the cash flows of the group companies.

The group as a policy maintains the liquidity of approximately USD 1 bn (approximately Rs.8000 Cr) at all point in time.

### **COMPANY PROFILE**

Adani Infrastructure Management Services Ltd (AIMSL) was incorporated on 9<sup>th</sup> June 2017' with an aim to undertake the O&M services of majority of infrastructure businesses of Adani Group as well as outside the Group.

AIMSL is a wholly owned subsidiary of Adani Properties Pvt. Ltd. (APPL). Mr. Jeet Adani (son of Gautam Adani) and Mr. Pranav Adani (Nephew of Gautam Adani) are on the board of APPL.

### **KEY FINANCIAL INDICATORS (in INR Crs) –**

#### **Borrower - AIMSLS**

<b>Rs. Cr</b>	<b>FY21</b>	<b>FY22</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	531.3	593.7
Operating Profit	29.7	32.9
Net profit	20.8	28.4
Tangible Networth	51.9	860.0
Total Debt	1013.8	1294.5
Current Ratio	0.46	1.16

During FY22, AIMSLS issued Rs.1196.44 Cr of CCDs, of which Rs.780.63 Cr was classified as equity and balance was classified as debt component. The CCDs are issued @4.35438% (6 months labor + 400 bps). The CCDs can be converted at any time after the period of 5 years from the date of issue but not on or before 10 years from the date of allotment.

This led substantial increase in Tangible Net Worth

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NA**

**RATING HISTORY (including Suspended / Withdrawn Ratings)**

Instrument / Facility	Current Rating (2022)			2021	Rating History				
	Tenure	Amt	Rating		2020		2019		
	(Long Term/ Short Term)	(₹ Cr)	1-Dec-22	11-Jan-22					
						31-Dec-20	8-Jun-20	27-May-19	30-Jan-19
Bank Term Loan - I	Long Term	473.45	BWR BBB-(Stable) and Withdrawn (Downgrade and Withdrawn)	BWR AA-(CE) (Stable)	No Change	BWR AA-(CE) (Stable)	BWR BBB+(CE) (Stable)	BWR BBB+(CE) (Stable)	
Bank Term Loan - II	Long Term		Withdrawn	BWR AA-(CE) (Stable)		BWR AA-(CE) (Stable)	BWR AA-(CE) (Stable)	BWR AA-(CE) (Stable)	BWR AA-(CE) (Stable)
<b>Total</b>		<b>473.45</b>							

**COMPLEXITY LEVELS OF THE INSTRUMENTS - Simple**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- [Approach to Financial Ratios](#)
- [General Criteria](#)
- [Criteria on Credit Enhancement](#)
- [Criteria on rating based on Group Support](#)
- [BWR's policy for withdrawal of rating](#)

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[Adani Infrastructure Management Services Ltd.]

## ANNEXURE I

### Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1.	Yes Bank Ltd	Term Loan I	473.45	-	473.45
2.	Yes Bank Ltd.*	Term Loan II	-	-	-
<b>TOTAL</b>					<b>473.45</b>

**Total Rupees Four Hundred Seventy Three Crore and Forty Five Lakhs Only.**

**\*Repaid in full**

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