



## Rating Rationale

Adani Infrastructure and Developers Pvt. Ltd.

April 11, 2017

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**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs.350 Crore of Adani Infrastructure and Developers Pvt. Ltd. (AIDPL).**

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### Particulars

Facility*	Limits (₹ Crs)	Tenure	Rating based on current review
<b>Term Loan</b>	350.00	<b>Long term</b>	<b>BWR BBB+(SO)</b> <i>(Pronounced as BWR Triple B Plus (Structured Obligation))</i> <b>Outlook - Stable</b>

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

### **Rationale / Description of Key rating drivers / Rating Sensitivities:**

BWR has essentially relied on audited financials of AIDPL up to FY16, projected cash flows of the project “Inspire” (being developed by its subsidiary) till FY19, publicly available information and information/clarifications provided by the company.

The rating reflects the ownership of Adani group, and its experienced management handling real estate business. Further, the project “Inspire” which is being handled by AIDPL’s subsidiary – ADPL, is well located (BKC, Mumbai) and 90% complete, and as such there is no material Project execution risk. The project is substantially funded by promoter contribution, through Compulsorily Convertible Debentures with 0% coupon. Gearing (including the current loans) is quite low. Adani Group has capability to market and realise funds as demonstrated by their established market position in executing various real estate projects in Ahmedabad and Mumbai.

These rating strengths are partially offset by the structure of the escrow mechanism which is dependent on ADPL’s marketing ability; currently demand for high-end commercial space in Mumbai is somewhat subdued. Further, the escrow is also required to service another loan being raised by the project owning company, amounting to Rs. 250 Cr. First major repayment from the escrow is due within the next six months.



### **Rating Outlook: Stable**

BWR believes that Adani Infrastructure and Developers Pvt. 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 marketing velocity, revenues, and realisations in respect of the Inspire project show sustained improvement. The rating outlook may be revised to 'Negative' if the marketing is slower, and inflows to the escrow are lower than expected figures.

### **About the Company**

Incorporated in 2006, Adani Infrastructure and Developers Pvt. Ltd. (AIDPL) is 100% subsidiary of Adani Properties Pvt. Ltd., which is in-turn held by the Adani family. It is engaged in real estate business and is also the holding company for various real estate Special Purpose Vehicles (SPVs) of the Adani Group. At a consolidated level, AIDPL is presently implementing nine real estate projects at Ahmedabad (five projects), Mumbai (three) and Gurgaon (one) with more than 12 million square feet of space under development and estimated project cost of approx. Rs.7,200 crore. Out of nine ongoing projects, two are in joint venture (JV) with other experienced developers.

### **Project Details:**

Adani Developers Pvt. Ltd. (ADPL), an SPV of AIDPL, is responsible for development of the project – Inspire. ADPL has purchased development rights equivalent to 9.93 lacs sq ft of FSI at a cost of Rs. 1192 Crs on a portion of Land admeasuring 23K sq mts in Bandra Kurla Complex. It is an SRA project located at Bandra Kurla Complex. Housing Development and Infrastructure Ltd.(HDIL) is responsible for SRA scheme. Cost of development rights has been funded by CCD of Rs. 1192 Cr in ADPL. This development rights have been acquired from HDIL. The Said FSI translates into 1.6 mio sq ft of Saleable Area. The property will be utilised for construction of commercial project named “Inspire”. It has a total of 10 floors of premium office space. Currently the company has received permission for construction of commercial property with saleable area of approx.8 Lakh sq.ft. The company has started construction of phase I of “Inspire” and it is almost 90% complete. It will be ready for occupation by July 2017. The

balance of the 8 lakh sq.ft. out of the total 1.6 mio. Sq.st. will be utilised for construction of phase II.

### Company Financial Performance

AIDPL is the holding company of all the real estate SPVs of Adani group which execute different real estate projects. As on March 2016, the company reported net profit of Rs.8.35 Crore on revenue of Rs.72.64 Crore as compared to net profit of Rs. 16.96 Crore on revenue of Rs.94.26 Crore in FY15. As on March 31, 2016, AIDPL’s networth was Rs. 38.59 Crore.

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	Date in 2016	Date in 2015	Date in 2014
1.	Term Loan	Long Term	350	BWR BBB+ (SO) (Stable)		-	-

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

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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.

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