



Rating Rationale

Adani Power Ltd.

October 25, 2017

Brickwork Ratings withdraws the ratings NCD of Rs. 300 Crore of Adani Power Ltd (APL or the 'Company') and reaffirms the ratings of the other outstanding NCDs and Bank loan facilities.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based: NCD	300	300	Long Term	BWR AA-(SO) Outlook: Stable	Withdrawn

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

Brickwork Ratings has **withdrawn the rating¹** of BWR AA-(SO) (Outlook: Stable) for the NCD of Rs. 300 Crore (Rupees Three Hundred Crore Only) of Adani Power Ltd. as the NCDs have been entirely paid off, and No Dues Certificates from the Debenture Trustee and Investor have been received.

Details of other outstanding NCD ratings of Adani Power which are reaffirmed are as follows:

Instruments	Amount	Issue Date	Coupon	Maturity	ISIN	Present Rating
NCD (Tenor – Upto 16 month)	₹ 275 Cr	January 2017	Zero Coupon with redemption premium	30/04/2018	INE814H07174	BWR AA-(SO) Reaffirmed
NCD (Tenor – 42 Months and 18 Days)	₹ 1200 Cr	14/10/2015	Zero Coupon With redemption premium	30/04/2019	₹ 400 Crs- INE814H07042 ₹ 400 Crs- INE814H07059 ₹ 400 Crs- INE814H07067	BWR AA- (SO) (Stable) Reaffirmed



NCD (Tenor – 48 Months)	₹ 330 Cr	10/05/2016	Zero Coupon With redemption premium	04/05/2020	INE814H07133	BWR AA- (SO) (Stable) Reaffirmed
NCD (Tenor – 32 Months and 1 Day)	₹ 350 Cr	01/09/2016	Zero Coupon With redemption premium	01/05/2019	INE814H08016	BWR AA- (SO) (Stable) Reaffirmed
NCD (Tenor – 43 Months and 1 Day)	₹ 400 Cr	14/09/2016	Zero Coupon With redemption premium	16/04/2020	INE814H08024	BWR AA- (SO) (Stable) Reaffirmed

Details of outstanding Bank Loan rating is as follows:

Instruments	Amount	Present Rating	Assigned/ Reaffirmed	Issue Date	Rating History
Fund Based – Long Term Loan	₹ 6480 Cr	BWR BB (Stable)	Reaffirmed	June 2017	BWR BBB (SO) (October 2016)

Analytical Approach:

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

BWR relied on unaudited financial results of Adani Power Ltd. For Q1FY18, audited financials till FY17, 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 in case of NCD issues.

Key Rating Drivers - NCDs

All the above mentioned NCDs are secured 2.00 times by the pledge of the shares of listed entities of Adani Group – Adani Ports and Special Economic Zone Ltd. Adani Enterprise Ltd and Adani Transmission Ltd, in different proportions for different NCDs.

The rating also factors the resourcefulness of the promoters of the Company, and financial flexibility of the group.

The rating is however constrained by the current challenging environment faced by Power sector, issues relating to the financial position of the issuer and reliance on promoters’ funds for refinancing. The rating also factors potential liquidation of the underlying securities to meet the payment obligations arising from these NCD issues. High market volatility in the pricing of the underlying equity shares is another aspect that is factored.



Key Rating Drivers – BLR

The rating factors, *inter alia*, the strength and continuous support of the promoters of APL in the form of consistent infusion of equity in the Company since past three years. The rating also factors ring fenced cash flows as per Trust and Retention Agreement for APL (phase IV of the project loans only), operational nature of the project with long term Power Purchase Agreement (PPA) with Haryana Discoms for ~72% capacity, and Fuel Supply Agreement (FSA) for 6.405 MTPA with subsidiaries of Coal India Ltd., completion of restructuring under 5/25 scheme and resourcefulness of the promoter of the Company.

The ratings, however, continue to remain constrained due to the tariff structure for other operating units of APL which have higher dependence on imported coal, losses, reduction in Networth and increasing gearing.

Rating Outlook: Stable

Outlook may be revised based on the decision of Central Electric Regulatory Authority (CERC), wherein APL has filed a petition for claiming compensatory tariff on domestic coal related issues.

About the Company

APL, being chaired by Gautam Adani, is an Adani Group company, incorporated in August 1996 & presently listed in BSE / NSE. It is a power project development company & is operating & maintain multiple power projects in India. Adani Power along with its subsidiaries is currently has an operational capacity of 10480 MW, comprising of 4620 MW at Mundra in Gujarat, 330 MW at Tiroda in Maharashtra, 1320 MW at Kawai in Rajasthan, 1200 MW at Udupi in Karnataka & 40 MW solar plant in Bitta in Gujarat.

Company Financial Performance

For 1QFY18, on consolidated basis, APL made the net loss of Rs. 453.85 Cr (P.Y Rs. 232.63 Cr) on total income of Rs. 5648 Cr (P.Y Rs.5386 Cr).



For 1QFY18, on standalone basis, APL made the net loss of Rs. 515.85 Cr (P.Y Rs. 206.70 Cr) on total income of Rs. 2818.70 Cr (P.Y Rs.2809.73 Cr).

Rs. Cr	Consolidated		Standalone	
	FY17	FY16	FY17	FY16
Total Income	23203	25734	11753	13398
PBDIT	3691	9004	1993	4049
PAT	-6174	551	-6054	97
Networth	3000	7468	4673	9024
Debt to Equity (Times)	18	7.1	5.8	3
Current Ratio (Times)	0.53	0.62	0.23	0.4

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating *	2016	2015	2014
1.	NCD	Long Term	300	BWR AA-(SO) (February 2017) Withdrawn (Oct 2017)		-	-
2.	Bank Loan	Long Term	6417.57	BWR BB (SO) (Stable) *(June 22, 2017)	BBB (SO) (Stable)	Rating details	Rating details
3.	Bank Loan.	Long Term	6417.57	BBB (SO) (Credit Watch with Developing Implications) *(June 13, 2017)	BBB (SO) (Stable)	Rating details	Rating details
4.	NCD	Short Term	270	Withdrawn	BWR A1+(SO) (Dec 2016)	-	-
5.	NCD	Long Term	350	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable) (Dec 2016)	-	-
6.	NCD	Long Term	400	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable) (Dec 2016)	-	-
7.	NCD	Long Term	330	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable) (Dec 2016)	-	-

8	NCD	Long Term	1200	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable) (Dec 2016)	BWR AA-(SO) (Stable) (Oct 2015)	-
9	Term Loan	Long Term	6480	BWR BBB(SO) (Outlook: Stable)	BWR BBB(SO) (Outlook: Stable) (Dec 2016)	-	-
10	NCD	Long Term	1000	-	BWR AA-(SO) (Stable) (Withdrawn) (Nov 2016)	BWR AA-(SO) (Stable) (March 2015)	-
11	NCD	Short Term	1000	-	BWR A1+(SO) (Withdrawn) (March 2016)	BWR A1+(SO) (May 2015)	-
12	NCD	Long Term	1000	-	-	BWR A+SO (Stable) (Withdrawn) (May 2015)	BWR A+SO) (Stable) (Dec 2014)
13	NCD	Long Term	1000	-	-	BWR A+SO (Stable) (Withdrawn) (Feb 2015)	BWR A+SO) (Stable) (Dec 2014)

Status of non-cooperation with previous CRA (if applicable)-Reason and comments

Any other information

Hyperlink/Reference to applicable Criteria

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



- [Structured Obligation Ratings](#)

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 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.

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