

RATING RATIONALE

14 Nov 2022

Adani Properties Pvt. Ltd.

Brickwork Ratings reaffirms the rating of the NCD issues aggregating Rs.1575 Cr and withdraws the rating of NCD of Rs.225 Cr on redemption and bank loan of Rs.423 Cr on repayment of Adani Properties Pvt. Ltd. (APPL or the “Company”)

Particulars

Facility	Amt Rated (Rs in Crores)		Tenor	Previous Rating*	Present Rating *
	Previous	Present		March 31, 2022	
NCD**(1)	225	-	Long Term	BWR AA- (CE) (Stable)	Withdrawn on Redemption
NCD**(1)	1125	1125	Long Term	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable) (Reaffirmation)
NCD**(2)	450	450	Long Term	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable) (Reaffirmation)
Bank Loan**(3)	423	-		BWR AA- (CE) (Stable)	Withdrawn on full repayment
Unsupported Rating	-	-	Long Term	BWR A (Stable) / A1	BWR A (Stable) / A1 (Reaffirmation)
	2223	1575	(Rupees One Thousand Five Hundred and Seventy Five Crore Only)		

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

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

- (1) CE rating is based on the pledge of shares of Adani Ports and Special Economic Zone Ltd. (APSEZ), Adani Transmission Ltd. (ATL) and Adani Green Energy Ltd. (AGEL) with a security cover of 2.23x.
- (2) CE rating is based on the pledge of shares of Adani Ports and Special Economic Zone Ltd. (APSEZ), Adani Transmission Ltd. (ATL) and Adani Enterprises Ltd. (AEL) with a security cover of 2.2x.
- (3) CE rating is based on the pledge of shares of Adani Transmission Ltd. (ATL) and Adani Ports and Special Economic Zone Ltd. (APSEZ) with a security cover of 1.5x.

RATING ACTION AND OUTLOOK:

1. Reaffirmation of the rating of the existing NCD issues of Rs. 1125 Cr & Rs. 450 Cr..
2. Withdrawal of the rating of BWR AA- (CE) (Stable) of the NCD issue of Rs.225 Cr on redemption and bank loan of Rs.423 Cr on full repayment. The necessary Redemption Certificates and Repayment documents have been furnished to BWR by the Company, APPL.
3. Reaffirmation of the Standalone unsupported Rating of BWR A (Stable) / A1.



The rating factors the strategic importance of Adani Properties Pvt. Ltd. (APPL) to the Adani Group for being ultimate holder of sizeable investments in listed entities of the group, 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, consistent improvement in performance of key business verticals and the significant role played by APPL in supporting the planned achievement of the group’s vision.

Reaffirmation of the rating of the NCDs which are secured by the pledge of shares factors strength of the underlying securities which is the listed equity shares of Adani Ports and Special Economic Zone Ltd. (APSEZ), Adani Transmission Ltd. (ATL), Adani Green Energy Ltd. (AGEL) and Adani Enterprises Ltd. (AEL) and adequacy of promoter holding in each of these listed entities.

The “Stable” outlook indicates low-likelihood of rating change in the medium term considering the past trends and current activity level of the Company.

Adequacy of Credit Enhancement:

The CE ratings for NCDs and bank loan is based on the pledge of shares of Adani Ports and Special Economic Zone Ltd. (APSEZ), Adani Transmission Ltd. (ATL), Adani Enterprises Ltd. (AEL) and Adani Green Energy Ltd. (AGEL) with a security cover of 2.2x and 1.5x, respectively with T- structure of payment mechanism. For NCDs, scheduled interest and installment payment is required to be made at T-15 days.

As of 30th September, 2022, the percentage of promoter pledge in APSEZ is at 17.8%, ATL at 6.4% and AEL at 2.7%. Further, the group has adequate liquidity as on 31st October, 2022 which is sufficient to timely servicing of the debt obligations. The management has confirmed that they are committed to keep share pledge indebtedness below 5% of the market capitalization of promoter holdings at all points of time. As on 30th September, 2022, share pledge indebtedness of the group was approximately 1.4% of the total market capitalization of promoter’s stake in eight listed entities of the group. Based on the above facts, the security available is considered adequate for the credit enhancement.

KEY RATING DRIVERS

Credit Strengths:-

Part of the Reputed Group: APPL is a part of the Adani Group. The Adani Group is one of India’s leading business houses with revenues of over USD 13 billion, employing over 10,000 people and exploring diverse interests in various infrastructure-related areas like Transport & Logistics (including Port Development & Operations, Development of Industrial Clusters & Special Economic Zones & Logistics), Energy & Utility (including thermal and renewable power generation, transmission & distribution, city gas distribution) and other strategic business interests like Solar Manufacturing, Integrated Resource Management & Mining Services, managing airports, Roads and Real Estate. The biggest source of competitive advantage for the Adani Group is experienced and highly qualified professionals including technocrats of repute. The team has demonstrated capabilities in conceptualization and implementation of large projects, excellent records of establishing benchmarks in the industry. The group has a rich and extensive experience of execution, implementation and operating large infrastructure projects.



Financial Flexibility of the Group: The Group has a demonstrated track-record of successfully tapping global as well as domestic markets for raising debt as well as equity capital across various businesses. Over the last 18 months, the Group has raised around USD 5.3 billion from global debt capital markets and around USD 1.9 billion of equity by entering into 3 strategic equity partnerships with international players like Total SA of France and Qatar Investment Authority. Further, the Group received equity investments of Rs.15000 Cr from International Holding Company, Abu Dhabi for stake sale in Adani Enterprises Ltd., Adani Transmission Ltd. And Adani Green Energy Ltd.

Strategic Importance of APPL to the Group: APPL, incorporated in May 1995, is Group's holding company which holds Group's strategic investments in most of the listed businesses as well as for the unlisted business like real estate, financial services and trading. Value of APPL's holding in the listed entities was Rs.213480 Cr based on the market price of the listed equity shares on August 31, 2022.

Credit Risks-:

Insufficient cash flows for debt servicing: APPL only acts as a holding company without any operations of its own. Rated debts raised in APPL have been used for refinancing as well to extend loans to Group companies. Repayment of these loans is expected to be done through support from one or more of these Group companies or refinancing or strategic equity raise by the holding companies.

Increasing debt levels of the Adani Group: Overall debt level of the Adani Group has been increasing on account of new business initiatives as well organic and inorganic growth undertaken across stabilized businesses by the Group, given the significantly capital intensive infrastructure nature and long gestation period of most of these businesses. However, at an overall Group level, the debt is adequately covered through committed cash-flows across the strong businesses. For the equity requirements of new businesses and support requirements for existing businesses, the promoters largely rely on dividends from strong businesses and raising of additional funds through undertaking strategic equity sales across businesses. Over the last few months, the Group has undertaken some strategic equity raise through dilution of its shareholding in various assets like Adani Transmission Ltd., Adani Enterprises Ltd. Adani Green Energy and Adani Total Gas Ltd. by entering into strategic equity partnerships with international players like Total SA of France, International Holding Company, Abu Dhabi and Qatar Investment Authority.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

Unsupported rating of APPL is based taking into account consolidated financials taking Group support. The rating of the four NCDs and one bank loan covered in this rationale are 'CE' ratings, based on the security cover of the in the form of listed equity shares of the group companies.

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.

RATING SENSITIVITIES

Positive: Reduction of debt levels of the group and decrease in the promoter pledge in listed entities with reduction of share pledge indebtedness will be credit positive.

Negative: Increase in leverage with increase in debt will be credit negative. Increase in promoter pledge in any listed entity by more than 50% will be credit negative.

LIQUIDITY POSITION (ADEQUATE):

As on March 31, 2022, APPL had cash and cash equivalent of Rs.235.94 Cr on standalone basis and Rs.993.4 Cr on consolidated basis. Further, the company holds investments in liquid securities of the group. This being an investment arm of the group, servicing of debt is done by the cash flows of the operating entities. Further, APPL, being an integral part of the Group, has access to support from the Group on a need basis in addition to equity infusions in a timely manner. Further, the company has confirmed in an email that at any point in time the group maintains the liquidity of USD 1 bn (approximately Rs.8000 Cr) which is as per the group's risk management policy. This is sufficient to pay upcoming maturities.

COMPANY PROFILE

Adani Properties Pvt. Ltd.

APPL, an investment company of the Adani Group, was incorporated in May 1995. It is mainly engaged in the business of let-out and/or lease of immovable properties and wholesale trading of commodities, and is also a part of promoter group company that holds strategic investments in listed entities of Adani Group (Adani Enterprise Ltd., Adani Ports and SEZ Ltd., Adani Power Ltd., Adani Green Energy Ltd & Adani Transmission Ltd) through various LLPs. APPL also holds investments in various other businesses like real estate and financial services.

Pranav Vinod Adani and Jeet Gautam Adani are on the Board of APPL. They are supported by a highly qualified and professional management team.

Underlying Securities :

Adani Transmission Ltd. (ATL):

Adani Transmission Ltd (ATL), incorporated in 2015, is the flagship company of Adani Group in the power transmission and distribution sectors. ATL is a holding company created to house the power transmission and distribution business of Adani Group. Through its SPVs and subsidiaries, ATL owns, operates and maintains 18,875 Circuit KMs (14,279 CKM is operational and 4,596 CKM is at various stages of construction) of transmission lines ranging from 220 KV to 765 KV. During 2018, the company also ventured into the power distribution business by acquiring Mumbai's generation, transmission and distribution business, which is housed under Adani Electricity Mumbai Ltd..

CMP of its shares is Rs. 3329 (52 weeks H/L is Rs. 4236.75 and Rs. 1,870.55 respectively). As on 30th September, 2022, promoters are holding 73.9% of shares of which 6.39 % are pledged.

Adani Ports and Special Economic Zone Ltd (APSEZ):

Adani Ports and Special Economic Zone Ltd (APSEZ), a part of the globally diversified Adani Group has evolved from a port company to a Ports & Logistics Platform. It is the largest port developer and operator in India with 12 strategically located ports and terminals — Mundra, Dahej, Tuna and Hazira in Gujarat, Dhamra in Odisha, Mormugao in Goa, Gangavaram, Visakhapatnam and Krishnapatnam in Andhra Pradesh, Dighi in Maharashtra and Kattupalli and Ennore in Chennai — representing 24% of the country's total port capacity, handling vast amounts of cargo from both coastal areas and the hinterland. The company is also developing a transshipment port at Vizhinjam, Kerala.

CMP of its shares is Rs. 851.6 (52 weeks H/L is Rs. 987.85 and Rs. 651.95 respectively). As on 30th September, 2022, promoters are holding 64.56% of shares of which 17.08% are pledged.



Adani Enterprises Ltd. (AEL):

Incorporated in 1993, AEL is a part of the Adani Group, promoted by Mr. Gautam Adani.

On a standalone basis, the Company is primarily engaged in Integrated Resource Management (IRM) i.e coal trading and logistic services, Mining services business and power trading business. AEL has diverse interests through its direct and step-down subsidiaries. On a consolidated basis AEL has evolved into a diversified company engaged in other businesses including Green Hydrogen business including Solar PV cell and module manufacturing business, agro-processing (including sale of edible oil under the brand name 'Fortune') & storage, commodities trading and oil & gas exploration. AEL is also entering new businesses like road development projects, water treatment plants, data centres and airports.

CMP of its shares is Rs. 3953.35 (52 weeks H/L is Rs. 4013.7 and Rs. 1485.65 respectively). As on 30th September, 2022, the promoters are holding 72.63% of shares of which 2.66% are pledged.

Adani Green Energy Ltd. (AGEL):

Founded in 2015, AGEL is a part of Adani Group. AGEL has around 20.0GW renewable energy portfolio across the country with 5.5GW operational and remaining under-construction. AGEL is a listed company with promoters holding a 60.75% stake. The promoter stake also includes a 20% equity stake held by Total.

CMP of its shares is Rs. 2207.00 (52 weeks H/L is Rs. 3050 and Rs. 1203.5 respectively). As on 30th September, 2022, the promoters are holding 60.75% of shares of which 4.3% are pledged.

KEY FINANCIAL INDICATORS (in INR Crs) –

Borrower - APPL

Rs. Cr	Standalone		Consolidated	
	FY21	FY22	FY21	FY22
	Audited	Provisional	Audited	Provisional
Total Operating income	6319	2368	11144	5769
EBITDA	5208	1103	6708	2237
PAT	4503	262	4763	190
Total debt	8682	8464	28618	28220
Loan from Promoters	5173	5218	12529	12500
Net Debt	3509	3245	16088	15720
Net worth	8650	8912	41293	70997
Net Debt to Equity	0.41	0.4	0.39	0.22

Underlying Security – ATL

Rs. Cr	Consolidated	
	FY21	FY22
	Audited	Audited
Total Operating income	10459	11861
EBITDA	4483	4810
PAT	1290	1236
Tangible Networth	8187	8640
Total Debt	26961	29815
Gearing	3.3	3.5

Underlying Security – APSEZ

Rs. Cr	Consolidated	
	FY21	FY22
	Audited	Audited
Total Operating Income	14520	18089
EBITDA	10669	11034
Net Profit	5049	4795
Total Debt	20574	21409
Tangible Net Worth	34401	45453
Gearing	1.7	2.1

Underlying Security – AEL

Rs. Crore	Consolidated	
	FY21	FY22
	Audited	Audited
Total Income	40291	70433
EBITDA	3259	4726
Net Profit	1046	788
Total Debt	16001	41024
Tangible Net Worth	13108	12471
Gearing	1.2	3.3
Current Ratio	1	1

Underlying Security – AGEL

AGEL - Consolidated (Rs. Cr)	FY21	FY22
	Audited	Audited
Total Income	3599	5577
EBITDA	2710	3954
Net Profit	182	489
Total Debt	23874	52188
Net Worth	2051	2531
Gearing	11.6	20.6
Current Ratio	0.6	0.5

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspended)

Sl. No.	Instrument/Facility	2022				Rating History							
		Type	Amount			2021	2020				2019		
		(Long Term/Short Term)	(Rs Crs)	19-Oct-22	31-Mar-22	23-Mar-21	13-Nov-20	27-Oct-20	17-Jul-20	10-Jul-20	5-Jun-20	28-Nov-19	30-Jan-19
1	Proposed NCD	Long Term				Withdrawn	BWR Provisional AA- (CE) (Stable)	BWR Provisional AA- (CE) (Stable)					
2	NCD	Long Term				Withdrawn	BWR AA- (CE) (Stable)	BWR Provisional AA- (CE) (Stable)					
3	NCD	Long Term			Withdrawn	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)				
4	NCD	Long Ter		Withdrawn	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)			
5	NCD	Long Term	1125	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)			
6	NCD	Long Term	450	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	
7	Bank Loan	Long Term		Withdrawn	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)
8	NCD	Long Term			Withdrawn	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)
9	NCD	Long Term									Withdrawn	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)
10	NCD	Long Term									Withdrawn	BWR AA- (CE) (Stable)	BWR AA- (CE) (Stable)
11	Bank Loan	Short Term									Withdrawn	BWR A1	BWR A1
Total			1575	Rupees One Thousand Five Hundred Seventy Five Crore Only									

COMPLEXITY LEVELS OF THE INSTRUMENTS - Complex

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [Approach to Financial Ratios](#)
- [General Criteria on Credit Enhancement](#)
- [Ratings Based on Group Support](#)
- [BWR's policy on withdrawal of ratings](#)

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APPL

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	900 (Fully Repaid)	-	-

Annexure II Details of the NCDs rated by BWR

Instruments	ISIN	Amt (Rs. Cr)	Issue Date	Maturity	Coupon
NCD	INE382G07091	1125	21-Jul-20	21-Aug-23	Zero Coupon with premium Redemption
NCD*	INE382G07083	225	21-Jul-20	22-Aug-22	Zero Coupon with premium Redemption
NCD	INE382G07075	450	30-Sep-19	25-Apr-23	Zero Coupon with premium Redemption

*Redeemed

Annexure III – Entities Consolidated

Sr No	Name of the Company	% Ownership	Extent of Consolidation (Full/Partial)	Rationale for consolidation (Subsidiary, JV, Associate, etc)
1	Adani Properties Pvt Ltd (APPL)		Full	Holding
2	Delhi Golf Link Properties Pvt. Ltd.(DGLPPL)	100% by APPL	Full	Subsidiary
3	Mah-Hill Properties Pvt. Ltd.(MHPPL)	100% by APPL	Full	Subsidiary
4	Shankheshwar Infracon Pvt. Ltd.(SIPL)	100% by APPL	Full	Subsidiary
5	Adani Infrastructure Management Services Limited(AIMSL)	100% by APPL	Full	Subsidiary
6	Adani Ventures LLP (AVLLP)	99.99% by APPL	Full	Subsidiary
7	Adani Trading Services LLP(ATSLLP)	99.99% by APPL	Full	Subsidiary
8	Adani Tradeline LLP(ATLLP)	98% by APPL	Full	Subsidiary
9	Adani Infra (India) Limited (AAIL)	100% by APPL	Full	Subsidiary
10	Adani Infrastructure and Developers Pvt. Ltd.(AIDPL)	100% by APPL	Full	Subsidiary
11	Sunanda Agritrade Private Limited (SAPL)	100% by APPL	Full	Subsidiary
12	Vishakaha Solar Films Private Limited(VSFPL)	50% by APPL	Partial	Joint Venture
13	Vishakaha Renewables Private Limited(VRPL)	50% by APPL	Partial	Joint Venture
14	Vishakaha Metal Private Limited(VMPL)	40% by APPL	Partial	Joint Venture
15	Adani Sportline Pvt Limited	100% by APPL	Full	Subsidiary
16	Adani Rail Pte Ltd (ARPL)	100% by APPL	Full	Subsidiary
17	Aditya Estate Pvt Ltd	100% by APPL w.e.f 07/07/2020	Full	Subsidiary
18	Marmik Pedestal Private Limited	100% by APPL w.e.f 25/08/2020	Full	Subsidiary



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