

## RATING RATIONALE

31 March 2022

### Adani Properties Pvt. Ltd.

**Brickwork Ratings reaffirms the rating of the NCD issues aggregating Rs.1800 Cr and bank loan of Rs.423 Cr and withdraws the rating of the NCDs aggregating Rs.400 Cr on redemption of Adani Properties Pvt. Ltd. (APPL or the “Company”)**

#### Particulars

Facility	Amt Rated (Rs in Crores)		Tenor	Previous Rating*	Present Rating *
	Previous	Present		March 25, 2021	
NCD** (1)	225	<b>225</b>	Long Term	BWR AA- (CE) (Stable)	<b>BWR AA- (CE) (Stable) (Reaffirmation)</b>
NCD**(1)	1125	<b>1125</b>	Long Term	BWR AA- (CE) (Stable)	<b>BWR AA- (CE) (Stable) (Réaffirmation)</b>
NCD**(2)	450	<b>450</b>	Long Term	BWR AA- (CE) (Stable)	<b>BWR AA- (CE) (Stable) (Réaffirmation)</b>
NCD**	250	-	Long term	BWR AA- (CE) (Stable)	<b>Withdrawal on Redemption</b>
NCD**	150	-		BWR AA- (CE) (Stable)	<b>Withdrawal on Redemption</b>
Bank Loan**(3)	670.5	<b>423</b>		BWR AA- (CE) (Stable)	<b>BWR AA- (CE) (Stable) (Reaffirmation)</b>
Unsupported Rating	-	-	Long Term	BWR A (Stable) / A1	<b>BWR A (Stable) / A1 (Reaffirmation)</b>
	<b>2870.5</b>	<b>2223</b>	<b>(Rupees Two Thousand Two Hundred and Twenty Three Crore 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 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 the 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 the 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 the security cover of 1.5x.

#### RATING ACTION AND OUTLOOK:

1. Reaffirmation of the rating of the existing NCD issues and bank loan facilities.
2. Withdrawal of the rating of BWR AA- (CE) (Stable) of the NCD issues aggregating Rs.400 Cr on redemption. The redemptions have been made out of the cash flows generated by entering into strategic partnerships and asset monetization programmes.



The necessary Redemption Certificates 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 and bank loans 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 instalment payment is required to be made at T-15 days and for bank loan it is T-2 days.

As on February 28, 2022, the percentage of promoter pledge in APSEZ at 14.9%, ATL at 7.19%, AEL at 4.16% and AGEL at 1.04%. Further, the group has adequate liquidity as on date which is sufficient to timely servicing of the debt obligations. As on date, share pledge indebtedness of the group is approximately 1.5% of the total market capitalization of promoter's stake in six listed entities of the group. The management has confirmed that they are committed to keep share pledge indebtedness below 5% at all points of time. Taking all things into consideration, the security available is considered adequate for the credit enhancement.

**KEY RATING DRIVERS**

**Credit Strengths-:**

**Part of the Reputed Group:** APPL is the promoter holding Company 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 Transport & Logistics (including Port Development & Operations, Development of Industrial Clusters & Special Economic Zones & Logistics) and Energy & Utility (including thermal and renewable power generation, transmission & distribution, city gas distribution) and other business interests like Solar Manufacturing, Real Estate, Coal Trading & Mining, Roads, Power Trading and Edible Oil Refining & Agro based infrastructure development. 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:** The Group has a demonstrated track-record of successfully tapping global as well as domestic market 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.

**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.139480 Cr based on the market price of the listed equity shares on February 28, 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 overall 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 stabilised 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 ATGL, AGEL, and AEML by entering into strategic equity partnerships with international players like Total SA of France 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 September 30, 2021 the company had cash and cash equivalent of Rs. 4245 Cr. Further, the company holds investments in liquid securities of the group. This being the 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, it 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 (Rs.7500 Cr) which is as 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 Limited (ATL) is the transmission and distribution business arm of the Adani Group, one of India's largest business conglomerates. ATL is the country's largest private transmission company with a cumulative transmission network of ~18,300 ckm, out of which ~13,700 ckm is operational and ~4,600 ckm is at various stages of construction. ATL also operates a distribution business serving about 3 million+ customers in Mumbai.

CMP of its shares is Rs. 2448.75 (52 weeks H/L is Rs. 2464.3 and Rs. 821.05 respectively). As on date, promoters are holding 74.92% of shares of which 7.19 % 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. 743.25 (52 weeks H/L is Rs. 901 and Rs. 638 respectively). As on date, promoters are holding 63.83% of shares of which 14.9% are pledged.

**Adani Enterprises Ltd. (AEL):**

AEL, incorporated in the year 1993, is the flagship company of the Adani group.

AEL, on a standalone basis, has mainly integrated resources management (IRM) / coal trading, power trading and mining services businesses.

AEL, on a consolidated basis, has diversified businesses, which include solar cell and module manufacturing, agro-processing (including sale of branded edible oil), commodities trading, bunkering (fueling) of ships and shipping. AEL, is currently incubating new businesses including airports, road development, water treatment plant, data centres, etc.

CMP of its shares is Rs. 1867.00 (52 weeks H/L is Rs. 1908.5 and Rs. 977 respectively). As on date, promoters are holding 74.92% of shares of which 4.16% 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 61.27% stake. The promoter stake also includes a 20% equity stake held by Total.

CMP of its shares is Rs. 1921.25 (52 weeks H/L is Rs. 2125 and Rs. 874.8 respectively).

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

**Borrower - APPL**

Rs. Cr	Standalone		Consolidated	
	FY20	FY21	FY20	FY21
	Audited	Audited	Audited	Audited
Total Operating income	1573	6319	4263	11144
EBITDA	1158	5208	1607	6708
PAT	702	4503	-125	4763
Total debt	8646	8682	21088	28618
Loan from Promoters	5188	5173	10015	12529
Net Debt	3458	3509	11073	16088
Net worth	4147	8650	12060	41293
Net Debt to Equity	0.83	0.41	1.7	0.39

### Underlying Security – ATL

Rs. Cr	Consolidated			
	FY20	FY21	1HFY21	1HFY22
	Audited	Audited	Unaudited	Unaudited
Total Operating income	11681	9926.33	4602	5371
EBITDA	4503.88	3950.36	2119	2360
PAT	706	1288	570	722
Tangible Networkth	7974	8405	7827	9140
Total Debt	23526	25775	21782	28752
Gearing	3	3	3	3

### Underlying Security – APSEZ

	FY20	FY21	1HFY21	1HFY22
Total Operating Income	13734	14519	6173	9005
<b>EBITDA</b>	7801	10254	4186	5742
Net Profit	3785	5049	2151	2235
Total Debt	29462	34401	34367	44996
Tangible Networkth	20577	22493	22840	21421
<b>Gearing</b>	1.4	1.5	1.5	2.1

### Underlying Security – AEL

Adani Enterprises Ltd.	Consolidated			
Rs. Crore	FY20	FY21	1HFY21	1HFY22
Total Income	44086	40291	14814	26328
EBITDA	2968	3312	1252	2210
Net Profit	1138	1046	370	460
Total Debt	12419	16001	12419	32190
Tangible Net Worth	14212	13612	13594	11112
Gearing	0.7	1.2	0.9	2.9
Current Ratio	1	1	1.01	0.8

### Underlying Security – AGEL

AGEL - Consolidated (Rs. Cr)	FY20	FY21	1HFY21	1HFY22
Total Income	2629	3599	1597	2490
EBITDA	1530	2710	1280	1792
Net Profit	-68	182	40	319
Total Debt	14492	23874		42940
Net Worth	2310	2126		2472
Gearing	6.3	11.2		17.4
Current Ratio	0.8	0.6		0.7

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NA

**RATING HISTORY**

Sl. No.	Instrument/Facility	2022			Rating History							
		Type	Amount		2021	2020					2019	
		(Long Term/Short Term)	(Rs Crs)	Mar-22	March 23, 2021	13-Nov-20	27-Oct-20	17-Jul-20	10-Jul-20	Jun-20	Nov-19	Jan-19
1	Proposed NCD	Long Term	1140		Withdrawn	BWR Provisional AA-(CE) (Stable)	BWR Provisional AA-(CE) (Stable)					
2	NCD	Long Term	2840		Withdrawn	BWR AA-(CE) (Stable)	BWR Provisional AA-(CE) (Stable)					
3	NCD	Long Term	150	Withdrawn	BWR AA-(CE) (Stable)	BWR AA-(CE) (Stable)	BWR AA-(CE) (Stable)	BWR AA-(CE) (Stable)				
4	NCD	Long Term	1350		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	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)	
6	Bank Loan	Long Term	423		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	NCD	Long Term	250	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)
8	NCD	Long Term	750							Withdrawn	BWR AA-(CE) (Stable)	BWR AA-(CE) (Stable)
9	NCD	Long Term	400							Withdrawn	BWR AA-(CE) (Stable)	BWR AA-(CE) (Stable)
10	Bank Loan	Short Term	1050							Withdrawn	BWR A1	BWR A1
Total			2223									

**COMPLEXITY LEVELS OF THE INSTRUMENTS - Complex**

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 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 (Current Outstanding – Rs.423 Cr)	-	900 (Current Outstanding – Rs.423 Cr)

#### 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*	INE382G07109	150	21-Jul-20	23-Aug-21	Zero Coupon with premium Redemption
NCD*	INE382G07067	250	31-Dec-18	31-Dec-21	Zero Coupon with premium Redemption
NCD	INE382G07075	450	30-Sep-19	25-Apr-23	Zero Coupon with premium Redemption

\*Redeemed

### Annexure III – Entities Consolidated

S r n o	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	Shankheshwar Buildwell Pvt. Ltd.(SBPL)	100% by APPL upto 30.03.21	upto cessation date	Subsidiary Cease during year
6	Adani Infrastructure Management Services Limited(AIMSL)	100% by APPL	Full	Subsidiary
7	Adani Ventures LLP (AVLLP)	99.99% by APPL	Full	Subsidiary
8	Adani Trading Services LLP(ATSLLP)	99.99% by APPL	Full	Subsidiary
9	Adani Tradeline LLP(ATLLP)	98% by APPL	Full	Subsidiary
10	Adani Infra (India) Limited (AAIL)	100% by APPL	Full	Subsidiary
11	Adani Infrastructure and Developers Pvt. Ltd.(AIDPL)	100% by APPL	Full	Subsidiary
12	Sunanda Agritrade Private Limited (SAPL)	100% by APPL	Full	Subsidiary
13	Vishakaha Solar Films Private Limited(VSFPL)	50% by APPL	Partial	Joint Venture
14	Vishakaha Renewables Private Limited(VRPL)	50% by APPL	Partial	Joint Venture
15	Vishakaha Metal Private Limited(VMPL)	40% by APPL	Partial	Joint Venture
16	Adani Sportline Pvt Limited	100% by APPL	Full	Subsidiary
17	Adani Rail Pte Ltd (ARPL)	100% by APPL	Full	Subsidiary
18	Aditya Estate Pvt Ltd	100% by APPL w.e.f 07/07/2020	Full	Subsidiary
19	Marmik Pedestal Private Limited	100% by APPL w.e.f 25/08/2020	Full	Subsidiary
20	Sulochana Pedestal Private Limited	100% by APPL upto 31.03.21	upto cessation date	Subsidiary Cease during year



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