



Rating Rationale

Adani Properties Pvt. Ltd.

4 Oct 2018

Brickwork Ratings assigns Rating to the NCD issue of Rs.750 Crore, withdraws the rating of NCD issue of Rs.150 Cr and reaffirms the rating of other instruments / bank loan facilities of Adani Properties Pvt. Ltd.

Particulars

Instrument	Amount (Rs. Crs)	Tenor	Rating Assigned*
NCD	750 (Rs. Seven Hundred Fifty Crore Only)	Long Term	BWR AA- (SO) [Pronounced as BWR Double A Minus (Structured Obligation)] Outlook - Stable

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

SO refers to Structured Obligation which indicates credit enhancement derived from the security cover of 2x by the pledge of listed equity shares of Adani Ports and Special Economic Zone Ltd. (APSEZ), Adani Transmission Ltd. (ATL) and Adani Enterprise Ltd. (AEL).

Other Outstanding Ratings of APPL which are withdrawn as the same was not placed the company:

Instrument s	Amt	Issue Date	Coupon	Maturity	ISIN	Existing Rating (August 2018)	Current Rating
NCD	Rs.150 Cr	Not Issued	-	-	-	BWR AA-(SO) (Stable)	Withdrawal



**Other outstanding ratings of Adani Properties Pvt. Ltd. which are reaffirmed are:
NCD**

Instruments	Amount	Issue Date	Coupon	Maturity	ISIN	Existing Rating (August 2018)	Current Rating
NCD	Rs.400 Cr	16-Jul-2018	Zero Coupon with redemption premium	16-Jul-2021	INE382G07042	BWR AA-(SO) (Stable)	BWR AA-(SO) (Stable)

Bank Loan

Instruments	Amount	Present Rating	Assigned/ Reaffirmed	Issue Date	Rating History (August 2018)
Fund Based – Short Term Loan	₹ 1050 Cr	BWR A1	Reaffirmed	Mar 2018	BWR A1 Reaffirmed

Rationale / Description of Key rating drivers / Rating Sensitivities:

BWR has essentially relied upon the draft term sheet outlining the structure of the deal, audited financial results upto FY17 and provisional financials of FY18 of the issuer - Adani Properties Pvt. Ltd. (APPL), audited financial results of FY17 and FY18 of APSEZ, ATL and AEL, whose equity shares are provided as security, and information and clarifications provided by the issuer.

The rating factors, *inter alia*, the strength of underlying security in the form of pledge of listed equity shares of APSEZ, ATL and AEL, structure of the NCD, resourcefulness of the promoters of the Company, and financial flexibility of the group.

However, the rating is constrained by moderate fundamentals of the issuer, reliance on promoter funds, refinance or, alternatively, liquidation of the securities - to meet the payment obligations arising from the NCD, market volatility in the price of equity shares of APSEZ, ATL and AEL shares, and the overall high debt levels of the Adani Group.

Structure of the NCDs: The Company has proposed to raise the NCD of Rs.750 Cr maturing in April 2021. The NCDs are secured 2.0x by the pledge of listed equity shares of APSEZ, ATL and AEL.

As per the draft term sheet of the transaction, NCD will require a top-up if the cover falls below 1.8x times on three consecutive trading days. The Company is required to deposit all amounts payable under the facility (including principal and interest) 15 days prior to maturity. This



addresses the liquidity aspects to an extent, should there be a need to invoke the sale of collateral. Other covenants are standard terms that are common for issues of this nature.

As per the draft term sheet, the company is expected to utilize the proceeds of the NCDs towards refinancing of existing debt, investment in equity / onward lending to group companies, and for general corporate purpose.

Background - APPL

APPL, belonging to the Adani Group of companies, was incorporated in May 1995. APPL is mainly engaged in the business of let-out and/or lease of immovable properties and wholesale trading of commodities. APPL is a part of promoter and promoter group of all the listed entities of Adani Group and holds strategic investments in Adani Enterprise Ltd., Adani Ports and SEZ Ltd., Adani Power Ltd., Adani Green Energy Ltd & Adani Transmission Ltd through LLPs. APPL has also invested in unlisted group companies which are mainly engaged in real estate, and financial services businesses.

Mr. Karan Adani (Son of Mr. Gautam Adani) and Mr. Pranav Adani (nephew of Mr. Gautam Adani) are members of the Board of Directors of APPL. They are supported by highly qualified and professional management team. Brief financial details are given below:

Financial Performance of the Issuer - APPL

Rs. Cr	FY16	FY17
	Audited	Audited
Total Operating Income	288.38	367.27
OPBDIT	76.10	200.1
Total Debt	1177.7	1938.87
Networth	6330.31	3419.17
Total Debt to Equity	0.19	0.57

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

Sl. No.	Instrument/Facility	Current Rating (Year 2018)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	Date in 2017	Date in 2016	Date in 2015
1.	Proposed NCD	Long Term	750	BWR AA- (SO) (Stable)			
2.	NCD	Long Term	150	Withdrawn			
3.	NCD	Long Term	400	BWR AA- (Stable)			
4	Bank Loan	Short Term	1050	BWR A1	-	-	-
Total			2200				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Structured Obligation](#)
- [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 Investors queries can be sent to 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

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