



## Rating Rationale

Adani Rail Infra Pvt. Ltd.

11 April 2018

Brickwork Ratings assigns Rating to the Term Loan of Rs. 500 Crore of Adani Rail Infra Pvt. Ltd.

### Particulars

Facility	Amount (Rs. Crs)	Tenor	Rating Assigned*
Long Term Loan	500 (Rs. Five Hundred Crore Only)	Long Term	BWR AA- (SO) (Pronounced as Double A Minus (Structured Obligation)) Outlook - Stable

\*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 upon the draft term sheet outlining the structure of the deal, audited financial results upto FY17 of the issuer - Adani Rail Infra Pvt. Ltd. (ARIPL) as well as audited financials of Adani Transmission Ltd (ATL) / APSEZ, 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 Adani Transmission Ltd / APSEZ, structure of the proposed term loan, 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 proposed term loan, market volatility in the price of equity shares of Adani Transmission Ltd / APSEZ, and the overall high debt of Adani group.

### Analytical Approach:

The Company has proposed to raise a term loan of ₹ 500 Crs with the tenor of 13 months. The loan is secured 1.5x by the pledge of equity shares of Adani Transmission Ltd. /APSEZ.



The Facility will require a top-up within 3 working days if the cover falls below 1.3 times on any business day. 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.

### Background

Adani Rail Infra Pvt. Ltd. (ARIPL), incorporated in July 2005, is 100% owned by S B Adani Family Trust through its nominees. It is into the business of commodity trading. It is the holding company of “Sarguja Rail Corridor Pvt. Ltd. – Rated BWR BBB- (Stable).

Sarguja Rail Corridor Private Limited (SRCPL), a wholly-owned subsidiary of Adani Rail Infra Private Limited (ARIPL), is implementing a project envisaging construction of ~ 70 Km Private Siding from boundary of Parsa East & Kanta Basan coal blocks (“PE & KB mines”), located in Hasdeo Arand Coalfield in Surguja district of Chhattisgarh, to the nearest Indian Railway (“IR”) line at Surajpur station in Chattisgarh at a cost of Rs. 1982 Cr. The project has been commissioned in March 2018.

### Company Financial Performance

Rs. Crore	FY17	FY16
Revenue	142.48	23.98
Operating profit	49.37	9.07
PAT	0.13	-0.01
Total Debt	629.88	253.62
TNW	58.49	58.36
Gearing	10.8	4.3

Total debt consists of only short term borrowings which are inter-corporate deposits. Currently the company has no external debt. The Term Loan which the company has now raised will be used towards infusion into group companies as ICDs etc.

### 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.	Term Loan	Long Term	500	BWR AA-(SO)			



				(Stable)			
	<b>Total</b>		<b>500 (Rupees Five Hundred Crore Only)</b>				

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Structured Obligation](#)

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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