

Rating Rationale

Adani Transmission Ltd.

3 Jan, 2018

Brickwork Ratings reviews ratings for the Bank Loan Facilities of Rs. 200 Crore Adani Transmission Ltd. and revised the outlook from ‘Stable’ to ‘Credit Watch with Developing Implications’

Particulars

Facility Rated	Amount		Tenure	Rating *	
	Previous	Present		Previous (August 2017)	Present
Non-Fund Based Working Capital Limits	200	200	Short Term	BWR A1+	BWR A1+ (BWR A One Plus)
Fund Based: Cash Credit (Sublimit)	(25)	(25)	Long Term	BWR AA+ (Stable)	BWR AA+ (BWR Double A Plus) (Rating Watch with Developing Implications)
Total	200	200	Two Hundred Crores only		

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

The change in outlook follows the company’s announcement of signing of a binding Share Purchase Agreement (SPA) to acquire the Mumbai generation, transmission and distribution business of Reliance Infrastructure limited (RInfra) for a total consideration of Rs. 12,101 crore.



BWR has essentially relied on the press release published by ATL, unaudited half yearly financials for six months ended Sep'17, audited financials of Adani Transmission Ltd. (ATL) for FY16 and FY17, sanction terms and conditions of the facilities, publicly available information and other information and clarifications provided by the company.

Press Release dated Dec 21, 2017:

On December 21, 2017, the company signed the binding Share Purchase Agreement (SPA) with R-Infra to acquire Integrated Business of Generation, Transmission, Distribution and retail of power for Mumbai City for the total consideration of Rs. 12,101 Cr. A press release to this effect is released by ATL. The above transaction is expected to be concluded over the next few months subject to completion of certain regulatory and statutory approvals.

Considering this as a material event which could have an impact on the credit profile of the company, outlook has been revised to "Rating Watch with Developing Implications". Once all the terms and conditions are finalised, BWR will analyse the financial implications of the transaction on ATL and take appropriate rating action. Meanwhile, the ATL management has indicated to BWR that the transaction will be funded by an adequate mix of debt and equity commensurate with ATL's existing ratings. BWR will continue to monitor the developments in this regard and evaluate the impact of the acquisition on the credit risk profile of ATL after the clarity emerges.

ATL had a consolidated debt of Rs.9,169 Cr as on Sep 30, 2017 with the debt to equity of 3.06x.

Details of Assets Acquired:

The Mumbai generation, transmission and distribution business which is acquired by ATL from R-Infra entails ~1892 MW of power distribution along with generation facilities (500 MW thermal Coal based) and over 540 Ckt kms of transmission network. In addition to these assets, ATL has also acquired Regulatory Assets approved to the extent of Rs.1150 Cr for the period April 1, 2018 to March 31, 2019, which will be to the accounts of the seller.

The proposed transaction will mark ATL's foray into distribution space and also strengthen Adani Transmission's footprint in the power transmission sector.

With this acquisition, apart from largest distribution network, the cumulative transmission network of ATL will reach around 12000 ckt kms, out of which approximate 9540 ckts kms are under operation (including ~1000 ckt kms under process of acquisition) and approximate 2350 ckts kms under various stages of construction. The transformation capacity of ATL will also increase to 19,200 MVA from 36 substations (including 8 EHV Substations under acquisition) spread across the country.

For other details on ATL, kindly refer to Rating Rationale published on [Aug 8, 2017](#)

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	Date in 2016	Date in 2015	Date in 2014
1.	Non Fund Based Working Capital	Short Term	200	BWR A1+	-	-	-
2.	Fund Based – Cash Credit - Sublimit	Short Term	(25)	BWR AA+ (Rating Watch with Developing Implications)			
	Total		200.00	Two Hundred Crores only			

Status of non-cooperation with previous CRA (if applicable): Reason and comments N/A



Any other information: N/A

Hyperlink/Reference to Applicable Criteria

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

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, 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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