



## Rating Rationale

Adani Transmission (Rajasthan) Ltd.

May 5, 2017

**Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 170 Crore Adani Transmission (Rajasthan) Ltd.**

### Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
<b><u>Fund Based</u></b> <b>Term Loan</b>	<b>120</b>	<b>Long Term</b>	<b>BWR A-</b> <b>Outlook: Stable</b>
<b><u>Non-Fund Based</u></b> <b>Letter of Credit</b>	<b>30</b>	<b>Long Term</b>	<b>BWR A-</b> <b>Outlook: Stable</b>
<b>LER</b>	<b>10</b>		
<b>Bank Guarantee</b>	<b>10</b>		
<b>Total</b>	<b>Rs. 170 Crores (Rupees One Hundred and Seventy Crores Only.)</b>		

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

BWR has essentially relied on audited financials of Adani Transmission Ltd. (ATL) for FY15 and FY16, projected financials of Adani Transmission (Rajasthan) Ltd. (ATRL), sanction terms and conditions of the facilities, publicly available information and other information and clarifications provided by the company.

### Analytical Approach

The rating factors strength of Adani Group and ATRL being a wholly owned subsidiary of Adani Transmission Ltd., strong execution capability of ATL in transmission business, promoter support from ATL, expected steady cash flows post project implementation with pre-decided tariff structure as per the transmission agreement with Rajasthan Rajya Vidyut Prasaran Nigam



Ltd. (RRVNL), current status of the project and ATL's expanding scale of network in Rajasthan.

The rating is however, constrained by very nascent stage of project, and as such timely implementation and execution of the project and achieving COD by September 2018 without cost overrun is critical. Timely receipt of payment towards transmission charges from RRVNL is a key rating sensitivity.

### **Rating Outlook: Stable**

BWR believes the Adani Transmission (Rajasthan) Ltd.'s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. ATRL is in the initial stage of implementation of the ongoing transmission project. As such if there is any material time or cost overrun in relation to this project, the rating outlook may be revised to 'Negative'.

### **Adani Transmission (Rajasthan) Ltd.**

Adani Transmission Rajasthan Ltd (ATRL) is a 100% subsidiary of Adani Transmission Ltd (ATL), which is owned by the promoters of Adani Group of Companies. Mr. Gautam Adani is the majority share-holder of ATL.

ATRL proposes to set up a 139km 400 Kv Double Circuit twin ACSR Moose Transmission line from Suratgarh Thermal Power Station (operated by Rajasthan Rajya Vidyut Prasaran Nigam Ltd.) to Bikaner for evacuation of power from 2 X 660 MW Units 7 and 8 of supercritical thermal power plant at Suratgarh with design capacity to transfer electrical power equivalent to 1066 MW. The Transmission line shall be passing by Khara, Bamanwali, Hausera, Lunkaransar villages under the jurisdiction of Bikaner.

The Transmission Agreement for 400kV Suratgarh – Bikaner Transmission Line PPP Project was signed between RRVNL and Adani Transmission (Rajasthan) Limited, on 09th May 2016.



The estimated Project Cost of Rs. 160 Cr is proposed to be funded in Debt: Equity proportion of 75:25. Of the Rs.40 Crore promoter's contribution, 25% will be Equity and Rs.30 Crore can be in the form of sub debt. As on 20th April 2017, a total of Rs 16.3 Crores has already been infused in ATRL (Rs.2.5 Crore out of Rs.10 Crore Equity and Rs13.8 Crore in the form of sub debt). Financial Closure with PTC India Financial Services Ltd. of Rs 120 Crs, has been achieved. Repayment of the loan will start from August 2019 (1 year after COD, expected in August 2018) and will be for 15 years. RBL Bank's facilities are essentially non-fund in nature, which can be met out of the funding sources organised through financial closure.

Cost incurred till April 10, 2017 – Rs 29 Crs and project is approximately 25% completed. (Foundation work > 50%, Erection > 25% and Stringing about to start). Project completion is as per the schedule timeline.

Payments to ATRL will be made by RRVPNL for the services rendered as per the amount decided in the transmission agreement. The Base Unitary charge for the year in which COD occurs has been decided as Rs. 26.86 crore and the same shall be revised annually in accordance with provisions of Article 26 of the Transmission Agreement.

**About Adani Transmission Ltd.:**

Adani Transmission Ltd. ("ATL"), incorporated in 2013, is the flagship company of Adani Group in the power transmission sector. It is held 75% by Promoter and promoter group. Mr. Gautam Adani is Chairman of the Board.

ATL is one of the largest private sector transmission companies in India and operates in the business of establishing, commissioning, operating and maintaining electric power transmission systems. It maintains around 5,500 Ckt Kms of transmission lines ranging from 400 KV to 765 KV, with a total transformation capacity of approximately 14,000 MVA. ATL has six fully operational Transmission Systems that primarily serve the Northern and Western regions of India



The transmission networks are consistently operating at more than 99.5% availability. Company is currently developing 5 new transmission lines; post completion, ATL's transmission network will increase to ~7375 ckms.

### Company Financial Performance

ATRL is the project specific SPV and COD of the project is expected in August 2018. Thus, there are no meaningful financials at this stage except for the cost incurred so far on the project and means of finance which is explained above.

### 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.	Term Loan	Long Term	120	BWR A-(Stable)	-	-	-
2.	Letter of Credit	Long Term	30	BWR A-(Stable)	-	-	-
3.	LER	Long Term	10	BWR A-(Stable)	-	-	-
4.	BG	Long Term	10	BWR A-(Stable)	-	-	-

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](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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