



RATING RATIONALE

11 January 2022

Adani Infrastructure Management Services Ltd.

Brickwork Ratings reviews the ratings of the Bank Loan Facilities aggregating Rs. 587.45 Crores of Adani Infrastructure Management Services Ltd. (AIMSL or the ‘Company’)

Particulars

Borrowing Type	Previous Amt (Rs. Cr)	Present Amt (Rs. Cr)	Tenure	Previous Rating (December 2020)	Present Rating (Reaffirmation)
Term Loan I ⁽¹⁾	576.00	473.45	Long Term	BWR AA- (CE) (Stable) ⁽¹⁾	BWR AA- (CE) (Stable) ⁽¹⁾
Term Loan II ⁽²⁾	164.00	114.00	Long Term	BWR AA- (CE) (Stable) ⁽²⁾	BWR AA- (CE) (Stable) ⁽²⁾
Total	740.00	587.45	Rupees Five Hundred Eighty Seven Crore and Forty Five Lakhs Only		

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

** Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I

- (1) CE rating is based on the pledge of shares of Adani Transmission Ltd. (ATL - BWR AA+ (Stable)) with the security cover of 1.5x along with Corporate Guarantee from Adani Properties Pvt. Ltd. (APPL – BWR A (Stable)/ A1)
- (2) CE rating is based on the pledge of shares of Adani Transmission Ltd. (ATL - BWR AA+ (Stable)) and Adani Ports and Special Economic Zone Ltd. (APSEZ – Shadow rating of BWR AA+ (Stable) with the security cover of 1.5x.

The standalone unsupported rating of Adani Infrastructure Management Services Ltd. (AIMSL) is reaffirmed at BWR BBB- (Stable).

RATING ACTION AND OUTLOOK: BWR reaffirms the rating of the bank term loans of Adani Infrastructure Management Services Ltd. (AIMSL).

The standalone unsupported rating factors, inter alia, 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, gradual ramp-up of Operation and Maintenance (O & M) Services activity by AIMSL to various companies (both group companies and others) engaged in the infrastructure businesses including but not limited to thermal and renewable power generation, transmission and distribution and O&M of other infrastructure businesses.

For the bank term loans, the rating factors strength of the underlying securities which is the listed equity shares of Adani Ports and Special Economic Zone Ltd. (APSEZ) and Adani Transmission Ltd. (ATL) and adequacy of promoter holding in each of these listed entities.

The rating is however constrained by the fact that the Company also acts as an investment arm of the Group wherein the debt raised by AIMSL is extended as loans to Group companies, cash-flows from operational activities (O & M) is relatively low compared the



debt servicing liability of the Company on a standalone basis and it derives cash flow from Group companies.

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 rating is based on the pledge of shares of Adani Ports and Special Economic Zone Ltd. (APSEZ) and Adani Transmission Ltd. (ATL) with a security cover of 1.5x. As on date, the percentage of promoter pledge in APSEZ at 15.28% and ATL at 7.22%. Further, the group has adequate liquidity as on date which is sufficient to timely servicing of the debt obligations. The management has confirmed that they are planning to reduce the share pledge debt level substantially by CY2022. 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: AIMS L is a part 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 of the Group: 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: AIMS L is 100% subsidiary of Adani Properties Pvt. Ltd. (APPL – BWR A1). APPL, incorporated in May 1995, is one of Group’s holding companies which holds sizeable investments in all listed as well as unlisted business of the Group. Value of APPL’s holding in the listed entities was Rs. 111,402 Cr based on the market price of the listed equity shares on December 31, 2021 .

Importance of AIMS L’s line of activity to the group: AIMS L was incorporated to provide Operation and Maintenance services to various companies in the Infrastructure Businesses including but not limited to thermal and renewable power generation, transmission and distribution. All the above businesses are part of the Group. Though as of now, the Company is dealing with only group companies, AIMS L has plans to target business outside of the



Group as well considering strong credentials for providing operations & management services. .

Credit Risks:-

Insufficient cashflows for debt servicing: Though AIMS L undertakes O&M activity for the group companies, cashflows generated from operations are not sufficient for servicing the debt obligations in this Company at a standalone level. Rated debt raised in AIMS L has been extended as loans to Group companies. Repayment of these loans is expected to be done through support from one or more of these Group companies.

Increasing 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 stabilized 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 AEM L by entering into strategic equity partnerships with international players like Total SA of France and Qatar Investment Authority.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

The unsupported rating of AIMS L is based on taking into account the Group support. The rating of the term loans are 'CE' ratings, based on the security cover of the in the form of listed equity shares of the group companies and Corporate Guarantee from Adani Properties Pvt. Ltd. (BWR A (Stable) / A1) for term loan I

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 and improvement in operating performance of the company with increase in operating income leading to higher cash-flows will be credit positive.

Negative: Increase in leverage with increase in debt without any corresponding improvement in cash flows will be credit negative.

LIQUIDITY POSITION (ADEQUATE):

As on September 30, 2020 the company had cash and cash equivalent of Rs.9 Cr with no liquid investments and no working capital limits. This is considered to be adequate as the company does not have any borrowings for its own operational purpose. Further, at a group level, an overall liquidity at the promoter level is adequate to service the debt obligations in a timely manner.

COMPANY PROFILE

Borrower: Adani Infrastructure Management Services Ltd (AIMSL) was incorporated on 9th June 2017' with an aim to undertake the O&M services of majority of infrastructure businesses of Adani Group as well as outside the Group.

AIMSL is a wholly owned subsidiary of Adani Properties Pvt. Ltd. (APPL). Mr. Jeet Adani (son of Gautam Adani) and Mr. Pranav Adani (Nephew of Gautam Adani) are on the board of APPL.

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. 1760.05 (52 weeks H/L is Rs. 2045 and Rs. 397.15 respectively). As on date, promoters are holding 74.92% of shares of which 7.22 % 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. 739.80 (52 weeks H/L is Rs. 901 and Rs. 489.5 respectively). As on date, promoters are holding 63.83% of shares of which 15.28 9.78% are pledged.

KEY FINANCIAL INDICATORS (in INR Crs) –

Borrower - AIMSL

Rs. Cr	FY20	FY21
	Audited	Audited
Total Operating Income	506.64	531.3
Operating Profit	29.4	29.7
Net profit	22.1	20.8
Tangible Networkth	31.9	51.9
Total Debt	1016.6	1013.8
Current Ratio	0.46	0.46

Underlying Security – ATL

Rs. Cr	Consolidated			
	FY20	FY21	1HFY21	1HFY22
	Audited	Audited		
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
EBITDA	7801	10254	4186	5742
Net Profit	3785	5049	2151	2235
Total Debt	29462	34401	34367	44996
Tangible Networkth	20577	22493	22840	21421
Gearing	1.4	1.5	1.5	2.1

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NA

RATING HISTORY (including Suspended / Withdrawn Ratings)

Instrument	Current Rating (2022)				Rating History				
	Tenure	Amnt	Rating		2021	2020		2019	
(Long Term/ Short Term)	(₹ Cr)			31-Dec-20		8-Jun-20	27-May-19	30-Jan-19	
Bank Term Loan	Long Term	473.45	AA- (CE) (Stable)	No	AA- (CE) (Stable)	BBB+ (CE) (Stable)	BBB+ (CE) (Stable)		-
Bank Term Loan	Long Term	114	AA- (CE) (Stable)	Change	AA- (CE) (Stable)	AA- (CE) (Stable)	AA- (CE) (Stable)	AA- (CE) (Stable)	
Total		587.45							

COMPLEXITY LEVELS OF THE INSTRUMENTS - Simple

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [Approach to Financial Ratios](#)
- [General Criteria](#)
- [Criteria on Credit Enhancement](#)
- [Criteria on rating based on Group Support](#)

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[Adani Infrastructure Management Services Ltd.]

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 I	473.45	-	473.45
2.	Yes Bank Ltd.	Term Loan II	114	-	114
TOTAL					587.45

Total Rupees Five hundred Eighty Seven Crore and Forty Five Lakhs Only.

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