

Rating Rationale

Adani Rail Infra Pvt. Ltd.

12 Nov 2018

Brickwork Ratings affirms the Rating of the NCD Issue of Rs.800 Cr of Adani Rail Infra Pvt. Ltd. (which previously had a 'Provisional' rating) and cancels the rating of NCD of Rs.400 Cr, as the same is not novated.

Particulars

Instrument s	Issue Amount Rs Cr	Revised Amt s	ISIN	Tenure	Issue Date	Previous Maturity Date	Previous Rating (August 2018)	Rating based on current review
NCD	400	400	INE814H07059	42 months	14/10/2015	30/04/2019	Provisional BWR AA- (SO) (Stable)	BWR AA- (SO) (pronounced as BWR Double A Minus) (Structured Obligation) Outlook: Stable Affirmation
NCD	400	400	INE814H07067	42 months	14/10/2015	30/04/2019	Provisional BWR AA- (SO) (Stable)	BWR AA- (SO) (pronounced as BWR Double A Minus) (Structured Obligation) Outlook: Stable Affirmation
NCD	400	-	INE814H07042	42 months	14/10/2015	30/04/2019	Provisional BWR AA- (SO) (Stable)	Cancelled
Total	1200		800 (Rupees Eight Hundred Crore Only)					

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

As per rating rationale dated **August 10, 2018**, Provisional rating was assigned to the NCDs aggregating Rs.1200 Cr of ARIPL based on the draft deed of Novation. These NCDs were transferred from another Adani group entity by the deed of Novation which was yet to be executed at that time.

The Novation deed is since executed on October 10, 2018 and based on the same the provisional rating is confirmed. Out of the NCD of Rs.1200 Cr which were to be issued in three different tranches of Rs.400 Cr each, one tranche of Rs.400 Cr has been repaid by the

previous issuer before the approval for transfer was received. Hence, rating for this tranche of Rs.400 Cr is cancelled

Other outstanding NCD ratings of Adani Rail Infra Pvt. Ltd reaffirmed are:

Instrument	Amount	Issue Date	Coupon	Maturity	ISIN	Existing Rating (Sep 25, 2018)	Current Rating
NCD*	₹ 480 Cr	18-Jul-2018	Zero Coupon with redemption premium	16-Apr-2020	INE00U207010	BWR AA-(SO) (Stable)	Reaffirmation of existing rating BWR AA- (SO) (Outlook: Stable)
NCD*	₹ 390 Cr	1-Aug-2018	Zero Coupon with redemption premium	7-Apr-2019	INE00U207028	BWR A1+ (SO)	Reaffirmation of existing rating BWR A1+ (SO)
NCD*	₹ 300 Cr	6-Aug-2018	Zero Coupon with redemption premium	27-Apr-2020	INE00U207036	BWR A+(SO) (Stable)	Reaffirmation of existing rating BWR A+ (SO) (Outlook: Stable)
NCD*	₹ 650 Cr	23-Aug-2018	Zero Coupon with redemption premium	27-Apr-2020	INE00U207044	BWR A+(SO) (Stable)	Reaffirmation of existing rating BWR A+ (SO) (Outlook: Stable)
NCD*	₹ 1000 Cr	28-Sep-2018	Zero Coupon with redemption premium	20-Apr-2023	INE00U207051	BWR AA-(SO) (Stable)	Reaffirmation of existing rating BWR AA- (SO) (Outlook: Stable)

*SO refers to Structured Obligation in the form of credit enhancement derived from the security of the pledged equity shares of listed Adani Group Companies.

Outstanding Bank Loan Rating which is reaffirmed, is as follows:

Facility*	Previous Limits	Limits (Crs)	Tenure	Previous Rating (June 20 2018)	Rating based on current review (Reaffirmation)
Bank Term Loan	435.00	435.00	Long Term	BWR AA-(SO) (Pronounced as Double A Minus) Outlook - Stable	BWR AA-(SO) (Pronounced as Double A Minus) Outlook - Stable

SO refers to Structured Obligation which indicates credit enhancement derived from the security cover of 1.5x by the pledge of listed equity shares.

Rationale / Description of Key rating drivers / Rating Sensitivities:

For description about the structure of the NCD of Rs.1200 Cr, kindly refer to [BWR rating rationale dated August 10, 2018.](#)

Background - ARIPL

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). It also raises funds and lends to/invests in group companies.

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.

Financial Performance of the Issuer - ARIPL

Rs. Crore	FY18 (Provisional)	FY17 (Audited)	FY16 (Audited)
Revenue	138.17	142.48	23.98
Operating profit	55.28	49.37	9.07
PAT	-5.97	0.13	-0.01
Total Debt	648.00	629.88	253.62
TNW	52.52	58.49	58.36
Gearing	12.3	10.8	4.3

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.	NCD	Long Term	1000	BWR AA- (SO) (Stable)			
2.	NCD	Long Term	800	BWR AA- (SO) (Stable)			
2.	NCD	Short Term	390	BWR A1+ (SO)			
3.	NCD	Long Term	480	BWR AA- (SO) (Stable)			
4.	NCD	Long Term	300	BWR A+ (SO) (Stable)			
5.	NCD	Long Term	625	BWR A+ (SO) (Stable)			
6.	Term Loan	Long Term	435	BWR AA-(SO) (Stable)			
	Total		4030 (Four Thousand and Thirty Crore Only)				



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

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

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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