

APRIL 08, 2015

CARE ASSIGNS 'CARE BBB+ (SO)' RATINGS TO BANK FACILITIES OF ESSEL MUMBAI WTR PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	75	CARE BBB+ (SO) [Triple B Plus (Structured Obligation)]	Assigned
Total Facilities@	75		

@backed by unconditional and irrevocable corporate guarantee provided by Essel Infraprojects Limited (rated CARE BBB+/A3+)

Rating Rationale

The above ratings are based on the credit enhancement in the form of unconditional and irrevocable corporate guarantee provided by Essel Infraprojects Limited (rated CARE BBB+/ A3+) for the bank facilities of Essel Mumbai WTR Private Limited.

The ratings of Essel Infraprojects Limited (EIL) take into account prepayment of short-term debt through refinancing from longer tenure debt, thereby reducing the liquidity risk and continued infusion of funds in a timely manner by the promoters to support the business operations. The ratings also continue to derive strength from the strong parentage (Essel group), which has a presence in broadcasting, distribution, programming and packaging with Zee Entertainment Enterprises (ZEEL, rated 'CARE AA' and 'CARE A1+') as its flagship company, moderate experience in the infrastructure segment and the ability to execute projects ahead of its estimated schedules.

However, the ratings are constrained by significant investment commitments towards various infrastructure projects and moderate financial leverage (including off balance sheet support in the form of corporate guarantee and/or shortfall undertaking extended to various subsidiaries) and lower-than-estimated performance of some of the completed projects of its special purpose vehicles (SPVs).

The ability of EIL's promoters to timely infuses/raise adequate funds to meet time-bound funding commitments forms the key rating sensitivity.

Background

Incorporated in May 2011, Essel Mumbai WTR Private Limited (EMWPL) is promoted (50% subsidiary) by Essel Infraprojects Limited- (EIL) rated CARE BBB+/A3+ and (45% subsidiary) by Chatrapati Infrastructure Projects Private Limited. EMPWL is an EPC Contractor primarily for execution of projects awarded to Essel KIPL.

About Guarantor (EIL)

Essel Infraprojects Ltd (EIL) was incorporated in July 1987 by the name 'Essel's Amusement Parks (India) Limited' which was subsequently changed to 'Essel Infraprojects Limited' in February 2007. Promoted by Mr Subhash Chandra, EIL is the infrastructure arm of the Essel group with interests in road projects, urban infrastructure, power, water management and solid waste management. The flagship company of the group is Zee Entertainment Enterprises Ltd (ZEEL) (rated 'CARE AA' and 'CARE A1+').

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

The funding requirements of EIL (both equity/unsecured loan) are majorly met by the promoter group companies. During FY14 (refers to the period April 01 to March 31), EIL raised Rs.274 crore by issue of compulsorily convertible debentures (CCD) to the holding company and has further infused Rs.221 crore (quasi equity) till October 31, 2014.

For FY14, EIL reported a total income of Rs.273.58 crore when compared with Rs.252.44 crore in FY14. It posted a PAT of Rs.39.56 crore for FY14 when compared with PAT of Rs.7.78 crore in FY13. For H1FY15, EIL posted a total income of Rs.188.60 crore (Rs.52.58 crore for H1FY14) and PBT of Rs.28.28 crore (Rs.7.56 crore for H1FY14).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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