

SEPTEMBER 25, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF RELIANCE GAS TRANSPORTATION INFRASTRUCTURE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	4,226.47 (reduced from Rs 5,161 crore)	CARE AAA (Triple A)	Reaffirmed
Non-Convertible Debentures	1,000.00	CARE AAA (Triple A)	Reaffirmed
Non-Convertible Debentures	2,500.00	CARE AAA (Triple A)	Reaffirmed
Total Facilities	7,726.47		

Rating Rationale

The rating continues to factor in the financial strength and resourcefulness of the promoter company - Reliance Industries Holding Pvt Ltd (RIHPL), continued financial support extended by the group companies, financial flexibility arising out of cash flow fungibility between RGTIL, Reliance Ports And Terminals Ltd (RPTL), Reliance Utilities And Power Pvt Ltd (RUPPL) and the experienced management of the company. The rating also derives comfort from the importance of RGTIL's East West Pipeline in the upstream operations of Reliance Industries Ltd. (RIL) (for transporting natural gas from the Krishna Godavari (KG) basin to various parts of the country) and favourable demand-supply scenario. The rating also takes into account dependence of revenue primarily on quantum of gas produced from KG basin and tariff mechanism for gas transportation as determined by the regulator.

The financial strength and resourcefulness of the promoter (RIHPL) is largely on account of its holding (directly as well as indirectly) at least 37 crore equity shares of RIL having significant market value (~ Rs 31,100 crore as on September 01, 2015).

Continued financial support from the group and timely approval of the revised gas transportation tariff based on re-assessment of the pipeline's capacity and its optimal utilisation are the key rating sensitivities.

Background

Incorporated in June 1999, Reliance Gas Transportation Infrastructure Ltd. (RGTIL) (CIN No: U60300GJ1999PLC040064) has implemented a 1,386 kilometers long East West Gas Pipeline (EWPL) from Kakinada, Andhra Pradesh (AP) to Bharuch, Gujarat. The pipeline is designed to transport 85 million metric standard cubic meters per day (MMSCMD) of natural gas at designed entry point pressure of 72 barg. It connects the on-shore terminal of Krishna Godavari – D6 (KG-D6) field of Reliance Industries Limited (RIL, CARE AAA/A1+) to Bharuch (Gujarat), with various spurs and interconnects on the way, to cater to the requirements of several customers across the breadth of the country. The pipeline traverses through the states of AP, Karnataka, Maharashtra and Gujarat.

RGTIL is a 100% subsidiary of Reliance Utilities Pvt. Ltd. (RUPL), which in turn is a subsidiary of Reliance Ports and Terminals Ltd. (RPTL, rated CARE AAA). Reliance Industries Holding Pvt. Ltd. (RIHPL) is the holding company of RPTL and thus, the ultimate holding company of RGTIL.

The pipeline has significant operational synergies with the upstream activities of RIL. The current primary gas source for EWPL is the gas discoveries made in the KG-D6 block. The KG-D6 block is located 30 to 50 km offshore of the east coast of India and operated by RIL. RIL has set up an onshore Terminal at Gadimoga near Kakinada in the state of AP, which is connected to the EWPL for onward onshore transportation of gas.

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

The gas discoveries by ONGC Limited (ONGC) and GSPC Limited (GSPC) in the neighbouring blocks of KG-D6 could also be potential sources of gas for the pipeline in the near future.

Presently, RGTIL transports natural gas and Regasified Liquefied Natural Gas (RLNG) for various customers in the fertilizer industry, power sector and also for RIL. RGTIL charges its customers as per the tariff fixed by Petroleum and Natural Gas Regulatory Board (PNGRB) based on specified tariff regulations.

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

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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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CIN - L67190MH1993PLC071691