

## Sadbhav Infrastructure Project Limited

July 28, 2021

### Ratings

Instrument	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Non-Convertible Debentures-III	-	-	Withdrawn
Long-term Non-Convertible Debentures-IV	-	-	Withdrawn
Long-term Non-Convertible Debentures-V	-	-	Withdrawn

*Details of Instruments in Annexure – 1*

### Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE has withdrawn the rating assigned to the NCD issues of Sadbhav Infrastructure Projects Limited (SIPL) with immediate effect, as the company has repaid the aforementioned NCD issues in full and there is no amount outstanding under the issues as on date.

**Analytical approach:** Not Applicable

### Applicable Criteria

[Policy on Withdrawal of ratings](#)

### About the Company

Sadbhav Engineering Limited (SEL) had floated a 100% subsidiary, SIPL, in January 2007, as a holding company for its BOT projects. During FY11, SEL diluted 22.22% of its stake through the issue of fresh equity of Rs.300 crore and compulsory convertible cumulative preference shares (CCCPS) of Rs.100 crore to private equity (PE) investors. Proceeds of PE were utilized by SIPL for fulfilling its equity commitment in BOT projects. During September 2015, SIPL raised Rs.425 crore through Initial Public Offer (IPO) of its equity shares.

On July 1, 2019, SIPL has announced that they have executed Share Purchase Agreements with IndInfravit Trust (IndInfravit) for selling their entire equity stake in their nine operational build operate transfer (BOT) special purpose vehicles (SPV) (seven toll and two annuity based projects). The transaction has been executed considering the enterprise value of Rs.6,610 crore. SIPL has sold its entire stake in eight operational BOT SPV's while the stake sale is awaited in one operational SPV. Post the transaction, SIPL has a portfolio of 13 BOT projects (four operational toll road projects, nine under construction HAM projects of which two HAM projects have received PCOD on partial length).

Further, as per the stock exchange announcement dated October 19, 2019, SIPL would be merged with SEL with effect from April 1, 2019 subject to various statutory and regulatory approvals including the approval of NCLT. In consideration of the merger, SEL shall issue one equity share of SEL against three equity shares of SIPL to every shareholder of SIPL.

SIPL has entered into the Debenture Trust Deed with Allianz Global Investors and AMP Capital to raise ₹ 700 crores out of which a sum of ₹550 crores has already been raised on April 15, 2020. Furthermore, SIPL also completed sale of 7% units of IndInfravit Trust to Canadian pension plan (CPP) for a total consideration of Rs.441 crore in first week of May 2021. The above funds raised has mainly been used towards repayment of existing debt obligations of the group and funding under-construction HAM assets of the group.

(Rs. Crore)

Brief Financials - (Standalone)	FY19 (A)	FY20 (A)	FY21 (Pub)
Total Operating Income	368	258	204
PBILDT	284	152	113
PAT	57	377	22
Overall Gearing	1.08	0.42	0.52
Interest Coverage (times)	1.62	0.71	0.89

A: Audited; Pub: Published

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure – 2

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

**Covenants of rated instruments:** Detailed explanation of covenants of the rated instruments is given in Annexure-3

**Complexity level of various facilities rated for this company:** Annexure-4

**Annexure-1: Details of Instruments**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures-III	INE764L07116, INE764L07124, INE764L07157, INE764L07165	September 21, 2016	10.30%	April 26, 2022	0.00	Withdrawn
Debentures-Non Convertible Debentures-IV	INE764L07173	April 23, 2018	10.20%	April 23, 2023	0.00	Withdrawn
Debentures-Non Convertible Debentures-V	INE764L07181	June 06, 2018	10.20%	June 06, 2023	0.00	Withdrawn

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Bonds	LT	-	-	-	-	-	1)Withdrawn (18-Sep-18)
2.	Debentures-Non Convertible Debentures - I	LT	-	-	-	-	1)Withdrawn (07-Jan-20) 2)CARE A (CE) (CWD) (30-Oct-19) 3)CARE A (CE) (CWD) (10-Jul-19)	1)CARE A (SO); Stable (20-Feb-19) 2)CARE A+ (SO); Stable (18-Sep-18)
3.	Debentures-Non Convertible Debentures - II	LT	-	-	-	1)Withdrawn (22-Sep-20)	1)CARE A- (CE); Stable (25-Mar-20) 2)CARE A (CE) (CWD) (07-Jan-20) 3)CARE A (CE) (CWD) (30-Oct-19) 4)CARE A (CE) (CWD) (10-Jul-19)	1)CARE A (SO); Stable (20-Feb-19) 2)CARE A+ (SO); Stable (18-Sep-18)
4.	Debentures-Non Convertible Debentures - III	LT	-	-	-	1)CARE BBB (CE) (CWN) (25-Mar-21) 2)CARE BBB+ (CE) (CWN) (23-Sep-20)	1)CARE A- (CE); Stable (25-Mar-20) 2)CARE A (CE) (CWD) (07-Jan-20) 3)CARE A (CE) (CWD) (30-Oct-19)	1)CARE A (SO); Stable (20-Feb-19) 2)CARE A+ (SO); Stable (18-Sep-18)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
							4)CARE A (CE) (CWD) (10-Jul-19)	
5.	Fund-based/Non-fund-based-LT/ST	LT/ST	400.00	CARE BBB / CARE A3+ (CWN)	-	1)CARE BBB / CARE A3+ (CWN) (25-Mar-21) 2)CARE BBB+ / CARE A3+ (CWN) (23-Sep-20)	1)CARE A-; Stable / CARE A2+ (25-Mar-20) 2)CARE A- / CARE A2+ (CWD) (07-Jan-20) 3)CARE A- / CARE A2+ (CWD) (30-Oct-19) 4)CARE A- / CARE A2+ (CWD) (10-Jul-19) 5)CARE A-; Stable / CARE A2+ (04-Apr-19)	-
6.	Debentures-Non Convertible Debentures - IV	LT	-	-	-	1)CARE BBB (CE) (CWN) (25-Mar-21) 2)CARE BBB+ (CE) (CWN) (23-Sep-20)	1)CARE A- (CE); Stable (25-Mar-20) 2)CARE A (CE) (CWD) (07-Jan-20) 3)CARE A (CE) (CWD) (30-Oct-19) 4)CARE A (CE) (CWD) (10-Jul-19)	1)CARE A (SO); Stable (20-Mar-19) 2)CARE A+ (SO); Stable (18-Sep-18) 3)Provisional CARE A+ (SO); Stable (16-Apr-18)
7.	Debentures-Non Convertible Debentures - V	LT	-	-	-	1)CARE BBB (CE) (CWN) (25-Mar-21) 2)CARE BBB+ (CE) (CWN) (23-Sep-20)	1)CARE A- (CE); Stable (25-Mar-20) 2)CARE A (CE) (CWD) (07-Jan-20) 3)CARE A (CE) (CWD) (30-Oct-19) 4)CARE A (CE) (CWD) (10-Jul-19)	1)CARE A (SO); Stable (20-Mar-19) 2)CARE A+ (SO); Stable (18-Sep-18) 3)Provisional CARE A+ (SO); Stable (16-Apr-18)

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities**

Name of the Instrument – Non Convertible Debentures	Detailed explanation
A. Financial covenants	Not Applicable
B. Non-financial covenants	Not Applicable

**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Debentures-Non Convertible Debentures	Complex

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**Contact us****Media Contact**

Mr. Mradul Mishra

Contact no. - +91-22-6837 4424

Email ID - [mradul.mishra@careratings.com](mailto:mradul.mishra@careratings.com)**Analyst Contact**

Mr. Maulesh Desai

Contact no. - 079-4026 5605

Email ID – [maulesh.desai@careratings.com](mailto:maulesh.desai@careratings.com)**Relationship Contact**

Mr. Deepak Prajapati

Contact no. - 079 – 4026 5656

Email ID – [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**