

Reliance Infrastructure Limited

November 26, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	2,489.60	CARE B; Stable (Single B Outlook : Stable)	Removed from Credit Watch with Developing Implications and assigned Stable Outlook
Short-term Bank Facilities	700.00	CARE A4 (A Four);	Removed from Credit Watch with Developing Implications
	3,189.60 (Rupees Three Thousand One Hundred Eighty Nine crore and Sixty Lakhs only)		
Long-term Non- Convertible Debenture -1	295.00	CARE B; Stable (Single B Outlook : Stable)	Removed from Credit Watch with Developing Implications and assigned Stable Outlook
Long-term Non- Convertible Debenture-2	600.00	CARE B; Stable (Single B Outlook : Stable)	Removed from Credit Watch with Developing Implications and assigned Stable Outlook
Long-term Non- Convertible Debenture-3	-	-	Withdrawn

Details of instruments/facilities in Annexure-1

The ratings on the bank facilities/instruments of Reliance Infrastructure Ltd (R-Infra) have been put on '**Credit Watch with Developing Implications**' in view of announcement by R-Infra entering into a definitive agreement with Adani Transmission Limited for 100% sale of its integrated Mumbai power business. The rating has been removed from 'Credit Watch with Developing Implications' on account of completion of sale of R-Infra's integrated Mumbai power business and receipt of updates from the company with regards to the expected receipt of money from arbitration awards and regulatory assets.

Detailed Rationale & Key Rating Drivers

The ratings on the bank facilities/instruments of R-Infra continues to be tempered by exposure to group/associate entities in the form of loans and advances extended by R-Infra, delay in the receipt of money from arbitration awards and regulatory assets which has impacted the financial profile and liquidity profile of R-Infra.

The ratings factor in the substantial increase in the order book position in the EPC (Engineering Procurement and Construction) business thereby providing revenue visibility in the near term.

Timely receipt of money from the arbitration awards and regulatory assets and realization of funds extended to group companies (loans and advances and investments) are key rating sensitivities.

CARE has withdrawn the rating assigned to the NCD issues of Rs.365 crore of R-Infra with immediate effect, as the company has repaid the aforementioned NCD issues in full and there is no amount outstanding under the issue as on date.

Detailed description of the key rating drivers

Key Rating Weaknesses

Continued support extended to group/associate companies impacting the coverage indicators: Financial support extended to group companies/associates in the form of loans & advances continued to remain high at around Rs.13,558 crore as on March 31, 2018 which has impacted the liquidity profile and financial risk profile of R-Infra. Timely and complete recovery of the same is a key rating sensitivity.

Delay in receipt of arbitration award and regulatory assets: R-Infra had won Delhi Metro arbitration award against DMRC (Delhi Metro Rail Corporation) worth Rs. 5,300 crore including interest of which R-Infra received Rs.306 crore as immediate relief to ensure than no account of lenders of DAMEPL (Delhi Airport Metro Express Private Limited) turns

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

NPA. Hon'ble Delhi HC has directed DMRC to service entire debt of DAMEPL worth Rs. 1,618 crore. The timely receipt of DMRC award is a key rating monitorable. Also, the company had claims with regards to regulatory assets form the power business and arbitration money expected from the road projects, Mumbai Metro project and EPC business.

Key Rating Strengths

Improved revenue visibility in EPC business segment: During FY18, The EPC business segment contributed around 15.52% of the total revenues and 18.83% of the total PBIT (allocable Income/Expenses among segments) of R-Infra. However, as on September 30, 2018, R-Infra has an order book position exceeding Rs.27,800 crore as on September 30, 2018. The improvement in the order book position provides revenue visibility in the EPC segment in the near term.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for placing rating on credit watch](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology - Infrastructure Sector Ratings](#)

[Financial ratios – Non-Financial Sector](#)

[Policy on Withdrawal of ratings](#)

About the Company

Reliance Infrastructure Limited (R-Infra) is the flagship company of the Reliance ADAG (controlled by Mr. Anil D Ambani). Reliance Infrastructure Ltd. is into developing projects through various Special Purpose Vehicles (SPVs) in sectors such as Power, Roads and Metro Rail in the Infrastructure space and the Defence sector.

R-Infra through its SPV/Associates has presence in the power businesses. Also, R-Infra Ltd through its SPVs has executed a portfolio of infrastructure projects such as a metro rail project in Mumbai on build, own, operate and transfer (BOOT) basis; eleven road projects with total length of about 1,000 kms on build, operate and transfer (BOT) basis. Reliance Infrastructure Ltd. also provides Engineering, Procurement and Construction (EPC) services for developing power and road projects.

The Company has entered into the defence sector. The Maharashtra Government has allotted land at Mihan near Nagpur for the development of smart city for the defence sector known as Dhirubhai Ambani Aerospace Park (DAAP). Reliance Infrastructure Ltd. associate Reliance Naval and Engineering Ltd. (RNEL), houses dry dock facility to build warships and other naval vessels.

Following table shows the brief financials of R-Infra (standalone):

Brief Financials (Rs. crore)	FY17 (Audited)	FY18 (Audited)
Income from operations	11514.01	10881.68
PBILDT	4687.67	4669.33
PAT	1288.41	1664.37
Overall gearing (times)	0.75	0.56
Interest coverage (times)	1.77	1.59

* The financials are reclassified a per CARE standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact

Name: Ratnam Raju Nakka

Tel: 022-67548 578

Email: ratnam.nakka@careratings.com

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

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

Annexure-1: Details of Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	April 30, 2028	2489.60	CARE B; Stable
Fund-based - ST-Term loan	-	-	-	700.00	CARE A4
Debentures-Non Convertible Debentures	March 28, 2018	11.50%	March 24, 2020	295.00	CARE B; Stable
Debentures-Non Convertible Debentures	-	-	-	-	Withdrawn
Debentures-Non Convertible Debentures	June 15, 2013	11.50%	January 21, 2022	600.00	CARE B; Stable

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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Debentures-Non Convertible Debentures	LT	365.00	CARE B (Under Credit watch with Developing Implications)	1)CARE BBB+ (Under Credit watch with Developing Implications) (27-Jul-18)	1)CARE A- (Under Credit watch with Developing Implications) (02-Jan-18) 2)CARE A- (Under Credit watch with Negative Implications) (02-Sep-17) 3)CARE A+ (Under Credit	1)CARE A+ (Under Credit Watch) (25-Oct-16)	1)CARE A+ (Under Credit Watch) (08-Mar-16) 2)CARE A+ (Under Credit Watch) (01-Feb-16)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
						watch with Developing Implications) (14-Apr-17)		
2.	Debentures-Non Convertible Debentures	LT	1200.00	CARE B (Under Credit watch with Developing Implications)	1)CARE BBB+ (Under Credit watch with Developing Implications) (27-Jul-18)	1)CARE A- (Under Credit watch with Developing Implications) (02-Jan-18) 2)CARE A- (Under Credit watch with Negative Implications) (02-Sep-17) 3)CARE A+ (Under Credit watch with Developing Implications) (14-Apr-17)	1)CARE A+ (Under Credit Watch) (25-Oct-16)	1)CARE A+ (Under Credit Watch) (08-Mar-16) 2)CARE A+ (Under Credit Watch) (01-Feb-16)
3.	Commercial Paper-CP/STD	ST	-	-	-	1)Withdrawn (02-Sep-17) 2)CARE A1+ (Under Credit watch with Developing Implications) (14-Apr-17)	1)CARE A1+ (Under Credit Watch) (25-Oct-16)	1)CARE A1+ (Under Credit Watch) (08-Mar-16) 2)CARE A1+ (Under Credit Watch) (01-Feb-16)
4.	Fund-based - LT-Term Loan	LT	3700.00	CARE B (Under Credit watch with Developing Implications)	1)CARE BBB+ (Under Credit watch with Developing Implications) (27-Jul-18)	1)CARE A- (Under Credit watch with Developing Implications) (02-Jan-18) 2)CARE A- (Under Credit watch with Negative Implications) (02-Sep-17) 3)CARE A+ (Under Credit Watch) (14-Apr-17)	1)CARE A+ (Under Credit Watch) (25-Oct-16)	1)CARE A+ (Under Credit Watch) (08-Mar-16) 2)CARE A+ (Under Credit Watch) (01-Feb-16)
5.	Fund-based - ST-	ST	1500.00	CARE A4	1)CARE A2	1)CARE A2+	1)CARE	1)CARE

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
	Term loan			(Under Credit watch with Developing Implications)	(Under Credit watch with Developing Implications) (27-Jul-18)	(Under Credit watch with Developing Implications) (02-Jan-18) 2)CARE A2+ (Under Credit watch with Negative Implications) (02-Sep-17) 3)CARE A1+ (Under Credit watch with Developing Implications) (14-Apr-17)	A1+ (Under Credit Watch) (25-Oct-16)	A1+ (Under Credit Watch) (08-Mar-16) 2)CARE A1+ (Under Credit Watch) (01-Feb-16)
6.	Debentures-Non Convertible Debentures	LT	800.00	CARE B (Under Credit watch with Developing Implications)	1)CARE BBB+ (Under Credit watch with Developing Implications) (27-Jul-18)	1)CARE A- (Under Credit watch with Developing Implications) (02-Jan-18) 2)CARE A- (Under Credit watch with Negative Implications) (02-Sep-17) 3)CARE A+ (Under Credit watch with Developing Implications) (14-Apr-17)	1)CARE A+ (Under Credit Watch) (25-Oct-16)	1)CARE A+ (Under Credit Watch) (08-Mar-16) 2)CARE A+ (Under Credit Watch) (01-Feb-16)

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi
 Cell: + 91 98190 09839
 E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
 Cell: + 91 98196 98985
 E-mail: ankur.sachdeva@careratings.com

Ms. Rashmi Narvankar
 Cell: + 91 99675 70636
 E-mail: rashmi.narvankar@careratings.com

Mr. Saikat Roy
 Cell: + 91 98209 98779
 E-mail: saikat.roy@careratings.com

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD

Mr. Deepak Prajapati
 32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-9099028864
 Tel: +91-79-4026 5656
 E-mail: deepak.prajapati@careratings.com

JAIPUR

Mr. Nikhil Soni
 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 95490 33222
 Tel: +91-141-402 0213 / 14
 E-mail: nikhil.soni@careratings.com

BENGALURU

Mr. V Pradeep Kumar
 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91 98407 54521
 Tel: +91-80-4115 0445, 4165 4529
 Email: pradeep.kumar@careratings.com

KOLKATA

Ms. Priti Agarwal
 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

CHANDIGARH

Mr. Anand Jha
 SCF No. 54-55,
 First Floor, Phase 11,
 Sector 65, Mohali - 160062
 Chandigarh
 Cell: +91 85111-53511/99251-42264
 Tel: +91- 0172-490-4000/01
 Email: anand.jha@careratings.com

NEW DELHI

Ms. Swati Agrawal
 13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

CHENNAI

Mr. V Pradeep Kumar
 Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

PUNE

Mr. Pratim Banerjee
 9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-98361 07331
 Tel: +91-20- 4000 9000
 E-mail: pratim.banerjee@careratings.com

COIMBATORE

Mr. V Pradeep Kumar
 T-3, 3rd Floor, Manchester Square
 Puliakulam Road, Coimbatore - 641 037.
 Tel: +91-422-4332399 / 4502399
 Email: pradeep.kumar@careratings.com

CIN - L67190MH1993PLC071691

HYDERABAD

Mr. Ramesh Bob
 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Cell : + 91 90520 00521
 Tel: +91-40-4010 2030
 E-mail: ramesh.bob@careratings.com