

**Sadbhav Infrastructure Project Limited**  
**September 22, 2020**

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Non-Convertible Debenture Issue	-	-	<b>Withdrawn</b>

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CARE has withdrawn the rating assigned to the NCD issue of Sadbhav Infrastructure Projects Limited (SIPL) with immediate effect, as the company has repaid the aforementioned NCD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

During FY20, SIPL executed share purchase agreement with IndInfravit Trust (IndInfravit) and sold its entire stake in eight operational build operate transfer (BOT) special purpose vehicles (SPV) for the enterprise value of Rs.6,610 crore, 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). SIPL also has 10% stake in Indinfravit Trust in the form of listed units valuing Rs.720 crore which has lock-in period till February 2021.

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.

Brief Financials (Rs. crore) – Standalone	FY19 (A)	FY20 (A)
Total operating income	368	258
PBILDT	284	152
PAT	57	377
Overall gearing (times)	1.08	0.42
Interest coverage (times)	1.62	0.71

A – Audited;

**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 definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**Annexure-1: Details of Instruments/Facilities**

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-II	INE764L07082	January 09, 2015	11.75%	April 13, 2020	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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Bonds	LT	-	-	-	-	1)Withdrawn (18-Sep-18)	1)CARE A+ (SO); Stable (08-Jan-18)
2.	Debentures-Non Convertible Debentures - I	LT	-	-	-	1)Withdrawn (07-Jan-20) 2)CARE A (CE) (Under Credit watch with Developing Implications) (30-Oct-19) 3)CARE A (CE) (Under Credit watch with Developing Implications) (10-Jul-19)	1)CARE A (SO); Stable (20-Feb-19) 2)CARE A+ (SO); Stable (18-Sep-18)	1)CARE A+ (SO); Stable (08-Jan-18)
3.	Debentures-Non Convertible Debentures - II	LT	-	-	-	1)CARE A- (CE); Stable (25-Mar-20) 2)CARE A (CE) (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A (CE) (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A (CE) (Under Credit watch with Developing Implications) (10-Jul-19)	1)CARE A (SO); Stable (20-Feb-19) 2)CARE A+ (SO); Stable (18-Sep-18)	1)CARE A+ (SO); Stable (08-Jan-18)

4.	Debentures- Non Convertible Debentures - III	LT	150.00	CARE A- (CE); Stable	-	1)CARE A- (CE); Stable (25-Mar-20) 2)CARE A (CE) (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A (CE) (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A (CE) (Under Credit watch with Developing Implications) (10-Jul-19)	1)CARE A (SO); Stable (20-Feb-19) 2)CARE A+ (SO); Stable (18-Sep-18)	1)CARE A+ (SO); Stable (08-Jan- 18)
5.	Fund- based/Non- fund-based- LT/ST	LT/ST	400.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (25-Mar-20) 2)CARE A- / CARE A2+ (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A- / CARE A2+ (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A- / CARE A2+ (Under Credit watch with Developing Implications) (10-Jul-19) 5)CARE A-; Stable / CARE A2+ (04-Apr-19)	-	1)CARE A-; Stable / CARE A2+ (28- Nov-17)
6.	Debentures- Non Convertible Debentures - IV	LT	89.20	CARE A- (CE); Stable	-	1)CARE A- (CE); Stable (25-Mar-20) 2)CARE A (CE) (Under Credit watch with Developing Implications)	1)CARE A (SO); Stable (20-Mar-19) 2)CARE A+ (SO); Stable (18-Sep-18)	-

						(07-Jan-20) 3)CARE A (CE) (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A (CE) (Under Credit watch with Developing Implications) (10-Jul-19)	3)Provisional CARE A+ (SO); Stable (16-Apr-18)	
7.	Debentures-Non Convertible Debentures - V	LT	111.80	CARE A- (CE); Stable	-	1)CARE A- (CE); Stable (25-Mar-20) 2)CARE A (CE) (Under Credit watch with Developing Implications) (07-Jan-20) 3)CARE A (CE) (Under Credit watch with Developing Implications) (30-Oct-19) 4)CARE A (CE) (Under Credit watch with Developing Implications) (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: Complexity level of various instruments rated for this company**

Name of the Instrument – Non Convertible Debentures	Detailed explanation
<b>A. Financial covenants</b>	
1. SIPL's Total Debt/ Equity not exceeding 0.8 times	All financial covenants are met.
2. SIPL's Total Debt not to exceed Rs.1,000 crore	
3.SEL's Total Debt/Equity not to exceed 1.25 times	
4. No loss on PAT basis in SEL on an annual basis	
5. SEL's Total Debt / EBITDA not to exceed 3.5 times	
<b>B. Non-financial covenants</b>	
1.Unconditional and irrevocable corporate guarantee from SEL	SEL has provided unconditional and irrevocable corporate guarantee for NCDs of SIPL.
2. SIPL/SEL's networth to remain positive during tenor of issue	
3. Prior approval of investor for any transaction of merger, de-merger, consolidation, re-organization or scheme of arrangement, etc.	
4. Not to undertake any new business if equity commitment for single project is more than Rs.500 crore	
5. Prescribed cash flow to be followed in case of stake sale in step-down subsidiaries	

**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
2.	Fund-based/Non-fund-based-LT/ST Bank facilities	Simple

**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.

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