

Reliance Infrastructure Limited

June 25, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ⁶	Rating Action
Fund-based – Long Term - Term Loan	1654.38	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating revised from CARE B; Stable (Issuer not cooperating*)
Fund-based – Short Term - Term Loan	600.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating revised from CARE A4 (Issuer not cooperating*)
Total	2254.38		
Non-Convertible Debentures	295.00	CARE C; ISSUER NOT COOPERATING* (Single C ISSUER NOT COOPERATING*)	Rating revised from CARE B; Stable (Issuer not cooperating*)
Non-Convertible Debentures	600.00	CARE C; ISSUER NOT COOPERATING* (Single C ISSUER NOT COOPERATING*)	Rating revised from CARE B; Stable (Issuer not cooperating*)

Details of instruments/facilities in Annexure-1

**Based on best available information*

The revision in the rating assigned to the long term and short term bank facilities of Reliance Infrastructure Limited (R-Infra) takes into account the on-going delays in debt servicing. Further, the revision in long term rating assigned to the non-convertible debenture (NCDs) issues factor in the deterioration in the credit risk profile of the company owing to losses reported by the company for FY19 (April 01, 2018 to March 31, 2019).

The rating continues to remain in the 'Issuer Not Cooperating' category due to non-submission of monthly 'No Default Statement' (NDS) by the company.

CARE has been consistently following up with the company for obtaining the monthly 'No Default Statement'. Thus, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

The rating on the bank facilities will now be denoted as CARE D; Issuer Not Cooperating* while that for the NCDs will be denoted as CARE C; Issuer Not Cooperating*.

User of this rating (including investors, lenders and public at large) are hence requested to exercise caution while using the above rating(s).

Detailed Rationale & Key Rating Drivers

Delays in debt servicing

The revision in the ratings assigned to bank facilities takes in to account ongoing delays in debt servicing. However, the company has been timely servicing the interest payments on NCDs. Further, the rating revision factors in the deterioration in the credit risk profile of the company owing to losses reported by the company as on March 31, 2019.

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

*Issuer did not cooperate; Based on best available information

At the time of last rating on January 09, 2019 the following were the rating strengths and weaknesses: (updated for the information available from Stock Exchange):

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 stood at Rs.6,064.79 crore as on March 31, 2019 (as against 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.678.42 crore as immediate relief to ensure than no account of lenders of DAMEPL (Delhi Airport Metro Express Private Limited) turns 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

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

[Criteria for Short Term Instruments](#)

[Rating Methodology - Infrastructure Sector Ratings](#)

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

[Policy in respect of Non-cooperation by issuer](#)

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 Defense 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 km 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 defense sector. The Maharashtra Government has allotted land at Mihan near Nagpur for the development of smart city for the defense 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.

R-Infra (Standalone)

Brief Financials (Rs. crore)	FY18 (A)#	FY19 (A)
Total operating income	3,216.3	3,581.4
PBILDT	2,078.8	2,396.1
PAT	1,664.4	-913.4
Overall gearing (times)	0.55	0.35
Interest coverage (times)	1.34	1.98

A: Audited / # Restated

Status of non-cooperation with previous CRA:

India Ratings & Research (PR dated June 21, 2019) - The issuer did not participate in the rating exercise despite continuous requests and follow-ups by the agency. Thus, the rating is based on the best available information. Therefore, investors and other users are advised to take appropriate caution while using the rating. The rating will now appear as 'IND D (ISSUER NOT COOPERATING)' on the agency's website.

Brickwork Ratings (PR dated February 15, 2019) - BWR has moved the rating of Reliance Infrastructure Ltd. (R-Infra) to the "Issuer Not Cooperating; BWR C" category from "BWR C" due to non-submission of required information for the review even after consistent follow up with the company.

Any other information: Not applicable

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

Annexure-1: Details of Instruments/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	-	-	-	1654.38	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - ST-Term loan	-	-	-	600.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information
Debentures-Non Convertible Debentures	March 28, 2018	11.50%	June 28, 2019	295.00	CARE C; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Debentures-Non Convertible Debentures	June 15, 2013	11.50%	January 21, 2022	600.00	CARE C; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable; ISSUER NOT COOPERATING* on the basis of best available information

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (26-Nov-18) 2)CARE B (Under Credit watch with Developing Implications) (31-Jul-18) 3)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)
2.	Debentures-Non Convertible Debentures	LT	600.00	CARE C; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (09-Jan-19) 2)CARE B; Stable (26-Nov-18) 3)CARE B (Under Credit watch with Developing Implications) (31-Jul-18) 4)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)
3.	Commercial Paper-CP/STD	ST	-	-	-	-	1)Withdrawn (02-Sep-17) 2)CARE A1+ (Under Credit watch with Developing	1)CARE A1+ (Under Credit Watch) (25-

							Implications) (14-Apr-17)	Oct-16)
4.	Fund-based - LT-Term Loan	LT	1654.38	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (09-Jan-19) 2)CARE B; Stable (26-Nov-18) 3)CARE B (Under Credit watch with Developing Implications) (31-Jul-18) 4)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)
5.	Fund-based - ST-Term loan	ST	600.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (09-Jan-19) 2)CARE A4 (26-Nov-18) 3)CARE A4 (Under Credit watch with Developing Implications) (31-Jul-18) 4)CARE A2 (Under Credit watch with Developing Implications) (27-Jul-18)	1)CARE A2+ (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)	1)CARE A1+ (Under Credit Watch) (25- Oct-16)
6.	Debentures- Non Convertible Debentures	LT	295.00	CARE C; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (09-Jan-19) 2)CARE B; Stable (26-Nov-18) 3)CARE B (Under Credit watch with Developing Implications) (31-Jul-18) 4)CARE BBB+ (Under Credit	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)

						watch with Developing Implications) (27-Jul-18)	watch with Developing Implications) (14-Apr-17)	
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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.

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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.

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