

Ref: SIPL/2021-22/0026

13th July, 2021

To
The Manager (Listing)
Corporate Relationship Dept.
BSE Limited
P J Tower,
Dalal Street,
Mumbai - 400 001

The Manager (Listing)
National Stock Exchange of India Limited
"Exchange Plaza",
Plot No C/1, G Block
BandraKurla Complex, Bandra (E)
Mumbai - 400 051

Company Code: 539346 (BSE)

NSE Symbol: SADBHIN (NSE)

Dear Sir/ madam,

Sub: Credit Rating

Pursuant to Regulation 30 and 51(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that on 12th July, 2021, India Ratings and Research Private Limited (India Rating) has revised the credit rating of the Company to IND BBB+/Negative/IND A2:

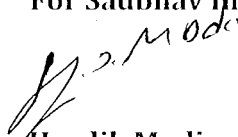
Facilities	Amount (Rs. Crores)	Revised Rating	Previous Rating	Rating Action
Non-Convertible Debenture	350.00	Withdrawn	IND A- (CE)/Negative	Withdrawn(paid in full)
Non-fund-based limits	300.00	IND BBB+/Negative/ IND A2	INDA- /Negative/IND A2+	Downgraded

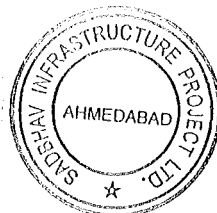
India Ratings revision is to reflect similar rating action on Sadbhav Infrastructure Project Limited's parent Company Sadbhav Engineering Limited. Rating announcement by India Rating is attached herewith for your reference and record.

You are requested to take the same on record.

Thanking You,
Yours Faithfully,

For Sadbhav Infrastructure Project Limited


Hardik Modi
Company Secretary



Encl: a/a

Sadbhav Infrastructure Project Limited

Regd Office: "Sadbhav House", Opp. Law Garden Police Chowki, Ellisbridge, Ahmedabad – 380006

T : +91 79 26463384 F : +91 79 26400210 E : investor@sadbhavinfra.co.in Web: www.sadbhavinfra.co.in CIN: L45202GJ2007PLC049808

India Ratings Downgrades Sadbhav Infrastructure Project to 'IND BBB+'; Outlook Negative

12

JUL 2021

By [Harsha Rekapalli](#)

India Ratings and Research (Ind-Ra) has downgraded Sadbhav Infrastructure Project Limited's (SIPL) Long-Term Issuer Rating to 'IND BBB+' from 'IND A-'. The Outlook is Negative. The instrument-wise rating actions are given below:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Non-convertible debentures (NCDs) £	-	-	-	INR 2,000	IND BBB+/Negative	Downgraded
NCDs £	-	-	-	INR 1,900	IND BBB+/Negative	Assigned
NCDs#	-	-	-	INR3,500	WD	Withdrawn (paid in full)
Non-fund-based limits	-	-	-	INR3,000	IND BBB+/Negative /IND A2	Downgraded
Unsupported rating	-	-	-	-	WD	Withdrawn (paid in full)

£ Details in Annexure

Analytical Approach: Ind-Ra continues to take a consolidated view of SIPL and its 69.7% parent, Sadbhav Engineering Limited (SEL; 'IND A-/Negative), collectively known as Sadbhav, due to the strong legal and operational linkages between them. Ind-Ra has also adjusted the financials for the equity required to be infused by SEL in its under-construction hybrid annuity model (HAM) projects, along with the shortfall support envisaged for the operational build-operate-transfer (BOT) and HAM assets. Ind-Ra has not consolidated the debt of the projects, wherever it is on a non-recourse basis. The agency has consolidated the debt of SEL's step-down subsidiary Sadbhav

Nainital Highway Private Limited (wholly-owned by SIPL) as its debt is backed by an unconditional and irrevocable corporate guarantee of SEL. SIPL announced a scheme of merger with SEL in 3QFY20. The merger is likely to be completed by 1HFYE22, subject to the receipt of various statutory and regulatory approvals.

The downgrade follows a similar rating action on SIPL's parent, SEL.

KEY RATING DRIVERS

Strong Linkages with Parent: SEL has been extending financial support to SIPL by way of a corporate guarantee (unconditional, irrevocable and absolute) for the debt facilities of SIPL. Furthermore, SEL had been extending short-term loans/advances to SIPL (FY20 outstanding loans from SEL: INR3.5 billion, FY19: INR6.3 billion), which were utilised by the latter towards the equity commitments of the under-construction HAM projects as well as to meet the shortfalls faced by operational BOT projects. Moreover, SIPL's operations are well-integrated with those of SEL as the latter acts as the contractor for the special purpose vehicles of SIPL's HAM projects. Also, the companies have common directors on their boards.

Liquidity Indicator - Stretched; Proceeds from NCD Issuances & Invt Unit Sales at SIPL level Exhausted: At FYE21, SEL and SIPL had unencumbered cash balances of INR0.08 billion (FYE20: INR0.18 billion) and INR0.01 billion (INR0.31 billion), respectively. The average utilisation of SEL's fund-based limits was high at 95% for the 12 months ended June 2021. Ind-Ra had previously expected the liquidity profile of the entity to improve significantly following the NCD issuances worth INR5.5 billion at SIPL's level and the sales of 7% of IndInfravit Trust's units for INR4.4 billion in 1QFY22. However, the proceeds have largely been utilised towards the prepayment of long-term debt facilities, while the working capital facilities remain highly utilised. SIPL is likely to receive INR2.67 billion once the stake sale of Ahmedabad Ring Road Infrastructure Limited to IndInfravit Trust is concluded, though the transfer of asset has been pending for more than five months following the receipt of approval from the Ahmedabad Urban Development Authority. The agency has been informed that the company is in the final stages of monetising a few of its assets, which would result in cash inflows that would be used to deleverage the balance sheet. Given that SEL is likely to service a repayment obligation of INR1,480 million over the rest of FY22, any delay in the receipt of the cash flows could result in further deterioration in the liquidity profile and would be negative for the ratings. The figures for FY21 are provisional in nature.

RATING SENSITIVITIES

Positive: An upgrade of SEL's credit rating could lead to a positive rating action.

Negative: A downgrade of SEL's credit rating and/or weakening of SIPL's linkages with SEL could lead to a negative rating action.

COMPANY PROFILE

SIPL was incorporated as an asset holding company by SEL for its road and other infrastructure BOT projects in 2007. SIPL announced a scheme of merger with SEL in 3QFY20, subject to various statutory and regulatory approvals including approval of National Company Law Tribunal.

STANDALONE FINANCIAL SUMMARY

Particulars (SIPL)	FY21	FY20	FY19
Revenue (INR billion)	1.93	1.82	2.95
Operating EBITDA (INR billion)	1.03	0.75	2.11
EBITDA margins (%)	53.5	41.5	71.5
Interest coverage (x)	0.8	0.6	1.2
Net leverage (x)	4.7	5.7	3.3
Source: SIPL, Ind-Ra			

CONSOLIDATED FINANCIAL SUMMARY

Particulars	FY21#	FY20#	FY19#
Revenue (INR billion)	18.2	24.3	38.4
Operating EBITDA (INR billion)	3.1	3.5	6.4
EBITDA margins (%)	17.3	14.6	16.6
Total debt (INR billion)	17.1	16.7	25.0
Interest coverage (x)	1.2	1.1	2.2
Net leverage (x)	5.4	4.6	2.9
Source: Sadbhav, Ind-Ra			
#Based on Ind-Ra's principles of consolidation			

RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook	
	Rating Type	Rated Limits (million)	Rating	22 March 2021	23 September 2020
Issuer rating	Long-term	-	IND BBB+/Negative	IND A-/Negative	IND A-/Stable
NCDs	Long-term	INR3,900	IND BBB+/Negative	IND A-/Negative	
Non-fund-based limits	Long-term/Short-term	INR3,000	IND BBB+/Negative/IND A2	IND A-/Negative/IND A2+	IND A-/Stable/IND A2+
NCDs	Long-term	INR 3,500	WD	IND A-(CE)/Negative	IND A-(CE)/Stable
Unsupported Rating	-	-	WD	IND A-/Negative	IND A-/Stable

ANNEXURE

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
NCDs	INE764L07116	21 September 2016	3.0	15 April 2021	INR500	WD
NCDs	INE764L07124	21 September 2016	3.0	15 April 2022	INR500	WD
NCDs	INE764L07157	20 March 2017	Zero	25 June 2021	INR250	WD
NCDs	INE764L07165	20 March 2017	Zero	27 June 2022	INR250	WD
NCDs	INE764L07173	23 April 2018	Zero	23 April 2023	INR892	WD
NCDs	INE764L07181	06 June 2018	Zero	06 June 2023	INR1,108	WD
NCDs	INE764L07199	15 April 2021	11.5	15 April 2025	INR 3,900	IND BBB+/Negative

COMPLEXITY LEVEL OF INSTRUMENTS

Instrument Type	Instrument Description	Complexity Indicator
Bond	NCDs	Low
Bank guarantee	Bank guarantee	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

ABOUT INDIA RATINGS AND RESEARCH

About India Ratings and Research: India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

DISCLAIMER

ALL CREDIT RATINGS ASSIGNED BY INDIA RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.INDIARATINGS.CO.IN/RATING-DEFINITIONS](https://www.indiaratings.co.in/rating-definitions). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE WWW.INDIARATINGS.CO.IN. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. INDIA RATINGS' CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

Applicable Criteria

[Corporate Rating Methodology](#)
[Parent and Subsidiary Rating Linkage](#)

Analyst Names

Primary Analyst

Harsha Rekapalli

Associate Director

India Ratings and Research Pvt Ltd 36 Urban Center, Level 4, Road no.36, Jubilee Hills

Hyderabad - 500 033

+91 40 67661922

Secondary Analyst

Karun Tiwari

Senior Analyst
0124 6687272

Committee Chairperson

Prashant Tarwadi

Director
+91 22 40001772

Media Relation

Ankur Dahiya

Manager – Corporate Communication
+91 22 40356121
