

BROOKFIELD INDIA INFRASTRUCTURE MANAGER PRIVATE LIMITED

(FORMERLY KNOWN AS WIP (INDIA) PRIVATE LIMITED)

CIN: U67190MH2010PTC202800

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April 30, 2022

To,

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai - 400 001
Maharashtra, India

Sub: Intimation with respect to reaffirmation of Issuer Rating obtained by India Infrastructure Trust

Ref: India Infrastructure Trust (Scrip Code: 542543)

Dear Sir/Madam,

Pursuant to Regulation 23 of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time and SEBI Circular no. CIR/IMD/DF/127/2016 dated November 29, 2016, we wish to inform you that CRISIL Ratings Limited has reaffirmed its "CCR AAA/Stable" (pronounced as CCR Triple A rating with Stable outlook) rating to India Infrastructure Trust on April 29, 2022. This rating indicates highest degree of strength with regard to honouring debt obligations.

We are enclosing herewith the credit rating letter issued by the rating agency for your information.

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,

For India Infrastructure Trust

Brookfield India Infrastructure Manager Private Limited

(formerly known as WIP (India) Private Limited),

(acting in its capacity as the Investment Manager of India Infrastructure Trust)

P.P. Desai

Pratik Desai

Compliance Officer of India Infrastructure Trust



CC: Axis Trustee Services Limited

("Trustee of the Trust")

Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg, Worli,
Mumbai - 400 025, Maharashtra, India

Encl: a/a

Ratings

CRISIL Ratings Limited (A subsidiary of CRISIL Limited)



Rating Rationale

April 29, 2022 | Mumbai

India Infrastructure Trust

Rating Reaffirmed

Rating Action

Corporate Credit Rating	CCR AAA/Stable (Reaffirmed)
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1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its 'CCR AAA/Stable' corporate credit rating of India Infrastructure Trust (India Infra; an infrastructure investment trust [InvIT]). India Infra owns the entire stake in Pipeline Infrastructure Ltd. (PIL; rated 'CRISIL AAA/Stable'), a special purpose vehicle (SPV), which took over the East West Pipeline (EWP) from Reliance Industries Holdings Pvt Ltd. on a going concern basis in 2019.

The rating reflects EWP's strategic location, expectation of stable cash-flows backed by a long-term contract with Reliance Industries Ltd (RIL; rated 'CRISIL AAA/Stable/CRISIL A1+') and a comfortable financial risk profile. These strengths are partially offset by exposure to refinancing and operation and maintenance (O&M) risks.

EWP, a 1,480-kilometre (km) cross-country pipeline, is the sole pipeline connecting the gas-producing eastern coast to the western coast of India. It also connects key industrial clusters and is connected to the GAIL's trunk and other pipelines.

PIL has entered into a pipeline usage agreement (PUA) with RIL whereby the latter has contracted a certain capacity of the pipeline for 20 years. The arrangement will ensure steady cash flows to PIL in case the actual revenue is lower, either on account of lower gas volume or tariff. RIL is entitled to use the unutilised capacity payments made under the PUA in future. RIL will also participate in upside sharing if the actual volumes are higher than the contracted capacity.

The financial risk profile remains robust, with debt-to-value within 49%, and a comfortable debt service coverage ratio (DSCR). The rating also takes into consideration presence of a waterfall mechanism and debt service reserve account (DSRA) equivalent to three months of debt obligations.

Analytical Approach

For arriving at the rating, CRISIL Ratings has combined the business and financial risk profiles of India Infra with its underlying SPV i.e. PIL. This is because the InvIT has direct control over PIL and will retain the entire equity shares of the SPV until full redemption of the external NCDs. Furthermore, the SPV must mandatorily distribute 90% of its net distributable cash (post servicing of debt) to the InvIT, leading to highly fungible cash flows. Also, the borrowing of the InvIT will remain within 49% of the value of the InvIT assets.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- **Strategic location of the EWP**

The EWP is the sole pipeline connecting the gas producing eastern coast to the western coast of India, extending from Kakinada in Andhra Pradesh to Bharuch in Gujarat. It supplies gas to key industrial clusters, and to customers in the fertiliser, power, iron and steel, petrochemicals and refining sectors. The pipeline is also connected to those of other operators such as GAIL and Gujarat State Petronet Ltd for onward delivery of gas to other parts of India.

- **Stable cash flows from the EWP**

Overall cash flows benefit from the presence of a 20-year contract with RIL for contracted capacity payments (CCPs) and the strong credit risk profile of the counterparty. The EWP is critical for RIL given the significant investments being undertaken for ramping up the gas volumes in the Krishna-Godavari (KG)-D6 fields. The arrangement will smoothen out the cash flows in case the actual gas volume is lower, or tariff rates reduced.

Moderate cash flows continue to be generated from the gas volumes transported. While PIL transported 11.99 million metric standard cubic metric per day (mmscmd) of gas in fiscal 2021 which was impacted by covid-19 led lockdown, volumes improved to 21.44 mmscmd over the nine months through fiscal 2022. Over the medium term, a further ramp up could be expected, with increase in output expected from the investments undertaken by RIL and the other operators for extracting gas from the KG basin. Furthermore, volumes are also supported by the pipeline being used by the other operators, such as Oil and Natural Gas Corporation, and for transporting re-gasified liquefied natural gas.

- **Comfortable financial risk profile**

India Infra has a comfortable financial risk profile marked by stable cash accruals, healthy debt to value ratio, strong DSCR and presence of a 3-month DSRA. The debt-to-value at the consolidated India Infra level is also limited to 49% (though it can be increased to 70% subject to fulfilment of certain prescribed conditions), thereby restricting the debt that can be availed by PIL. Healthy cash generation by PIL will ensure a comfortable DSCR. The rating is also supported by financial covenants with minimum interest coverage of 2.0 times for the PIL NCDs.

India Infra also has a well-defined waterfall payment structure, wherein a preference for payment of interest on external debentures is to be given before payments are made to the India Infra shareholder debt, investment manager, and unitholders. This lends additional support to the financial risk profile. Further, PIL will receive cash flows from RIL at the beginning of the quarter, whereas interest repayment at PIL is scheduled at the end of each quarter, providing a cushion of three months.

The investors are also protected in case of delay in payments by RIL. In such a scenario, India Infra will exercise an enforcement option, which will require RIL to purchase the NCDs for the enforcement amount or infuse funds into PIL. The proceeds will be used to redeem the external NCDs. The enforcement option will be consummated on the 158th day from the beginning of the quarter where payment from RIL has been missed.

Weaknesses:

• Moderate refinancing risks

The debt has a bullet payment at the end of a five-year tenure and exposes the company to moderate refinancing risk. However, a 15-year tenure for underlying assets extending beyond the repayment tenure should help comfortably refinance the bullet repayment. Furthermore, India Infra's investment manager has to furnish a firm commitment letter for refinancing the outstanding NCDs a month before their maturity.

PIL is expected to prudently refinance the maturing debt and continue to maintain its healthy DSCR over the medium term.

• Moderate O&M risks

O&M for the pipeline is undertaken by a contractor, which is a 50:50 joint venture (JV) between the RIL group and the InvIT sponsor. O&M expenses form a significant proportion of the revenue. The expenses incurred is a variable cost and is directly correlated with the quantum of gas transported through the pipeline. Any escalation in expenses will be further funded by RIL, except for system usage gas, which will have to be funded out of the SPV's revenue.

Liquidity: Superior

Stable cash flows are expected to amply cover debt obligation over the medium term, leading to a healthy DSCR (more than 2 times, after excluding sub-ordinated debt from the shareholders) over the tenure of debt (five years). Furthermore, the long life of underlying assets, extending well beyond the debt tenure, should aid in refinancing bullet repayments at favourable terms. The three-month DSRA being maintained also supports liquidity.

Outlook: Stable

CRISIL Ratings believes India Infra will benefit from the long-term pipeline usage agreement executed with a strong counterparty over the medium term. An improvement in the volume of gas transported is also expected.

Rating Sensitivity factors

Downward factors

- Significant delay in receipt of quarterly payments from RIL
- Decline in the DSCR to less than 2 times
- Change in the credit risk profile of RIL

About the Company

India Infra is promoted by an indirect subsidiary of Brookfield Asset Management (BAM): Rapid Holdings 2 Pte Ltd (sponsor). It has acquired the entire stake in PIL. WIP (India) Pvt Ltd is the Investment Manager. O&M contractor is a 50:50 JV of the sponsor and Reliance Group. IDBI Trusteeship Services Ltd is the debenture trustee.

Key Financial Indicators

As on/for the period ended March 31		2021	2020
Revenue	Rs crore	1800	2414
Profit after tax (PAT)	Rs crore	-427	-209
PAT margin	%	-23.7%	-8.6%
Adjusted debt/adjusted networkth	Times	1.09	0.87
Interest coverage	Times	1.72	1.90

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of	Date of	Coupon	Maturity	Issue size	Complexity	Rating assigned
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	instrument	allotment	rate (%)	date	(Rs crore)	Level	with outlook
NA	NA	NA	NA	NA	NA	NA	NA

Annexure – List of entities consolidated

Name of Entities consolidated	Extent of consolidation	Rationale for consolidation
PIL	Fully consolidated	Strong business and financial linkages

Annexure - Rating History for last 3 Years

Instrument	Current			2022 (History)		2021		2020		2019		Start of 2019
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Corporate Credit Rating	LT	0.0	CCR AAA/Stable		--	03-11-21	CCR AAA/Stable		--		--	--
Non Convertible Debentures	LT		--		--		--		--	09-07-19	Withdrawn	--
			--		--		--		--	18-03-19	CRISIL AAA/Stable	--
			--		--		--		--	14-03-19	Provisional CRISIL AAA/Stable	--

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
CRISILs rating criteria for REITs and InVITs
CRISILs Criteria for Consolidation

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About CRISIL Limited

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