

Energy Infrastructure Trust — 30 Jan 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	Reaffirmed at CARE AAA (No notches moved)
Outlook (Current vs Prev)	Stable vs Stable
Key Drivers of Change	<ol style="list-style-type: none"> RIL Contractual Floor: 20-year Pipeline Usage Agreement (PUA) with RIL (AAA rated) ensures fixed Capacity Commitment Payments (CCPs), insulating EIT from volume/tariff volatility. Operational Scale-up: Gas volumes surged 40% YoY from 23.68 MMSCMD (FY23) to 33.11 MMSCMD (FY24), reaching 35.52 MMSCMD in H1FY25 due to KG-D6 production ramp-up. Monopoly Asset: Sole 1,480 km pipeline connecting East Coast (KG-D6 basin) to West Coast industrial hubs; critical national infrastructure. Strong Liquidity: Cash/bank balance of ₹1,330 Cr (Sept '24) against consolidated debt of ₹6,452 Cr.
Rated Instruments	<ul style="list-style-type: none"> Issuer Rating: ₹0.00 Cr
Key Observations	<ul style="list-style-type: none"> (+) Counterparty Strength: Primary cash flow dependent on RIL's credit profile. (+) Structural Safety: 90-day buffer between receipt of RIL payments and NCD interest due dates. (+) Upside Participation: Free usage entitlement for RIL exhausted; EIT now receiving upside revenue shares as of Q4FY24. (-) Refinancing Risk: 95% of NCDs are bullet repayments due in 3-5 years; requires proactive market access. (-) Lack of DSRA: No formal Debt Service Reserve Account, though mitigated by timing of cash flows. (-) Regulatory Risk: PNGRB unified tariff shifts; however, PUA ensures RIL covers any revenue deficit for debt servicing.
Investor Impact	<ul style="list-style-type: none"> Growth: High headroom (Utilization at ~42% of 85 MMSCMD capacity); growth tied to KG-D6 gas production. Margins: PBILD margin remains high/stable (FY24: ~59%) due to structured CCPs. Leverage: Gearing stable at 1.31x; Interest coverage healthy at 3.58x (FY24). Dilution Risk: Low; RIL has an "enforcement option" to buy NCDs or inject funds if payment delays occur, protecting equity holders from default.
Agency / Cross Analysis	<p>Same Agency: Reaffirmed. Key improvements vs previous review include the transition of NCDs from "Provisional" to final status and a significant jump in H1FY25 volumes. Financial risk profile remains identical despite higher volumes because the PUA acts as a "synthetic ceiling/floor" for cash flows.</p> <p>Conclusion: Improvement in underlying asset utilization, though credit rating remains "capped" by RIL's credit quality and the refinancing structure.</p>
Final Inference	<p>Real improvement in asset-level utility (higher gas volumes) but credit-wise, it remains a Proxy for RIL Credit Risk. The key risk is the 2028-29 refinancing wall of 95% of debt, which requires favorable credit markets to maintain the "AAA" status.</p>