Energy Infrastructure Trust — 21 May 2024 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**CARE AAA; Stable** (Reaffirmed); NCD rating Withdrawn (unutilised).
Outlook	**Stable** (Current) vs **Stable** (Previous).
Key Drivers of Change	1. **RIL PUA (20-year):** Contracted capacity payments from Reliance (AAA) insulate PIL from volume/tariff volatility. 2. **Improved Coverage:** Interest coverage rose from 3.44x (FY23) to 4.22x (H1FY24), strengthening the safety net for distributions. 3. **Strategic Moat:** 1,480 km pipeline is the *sole* link for KG-D6 gas to West India industrial hubs. 4. **O&M De-risking:** RIL funds any O&M cost overruns via zero-interest debentures, protecting PIL's bottom line.
Rated Instruments	1. Issuer Rating: ₹0.00 Cr
Key Observations	**Strengths:** 1. 100% stake in PIL with 85 MMSCMD capacity. 2. Waterfall mechanism ensures debt priority, but strong 4.22x coverage secures equity surplus. 3. 90-day buffer between RIL payments and debt due dates. 4. Backed by Brookfield (Sponsor). **Risks:** 1. **Refinancing Risk:** 95% of debt (₹6,452 Cr) requires bullet refinancing by 2028. 2. **No DSRA:** Absence of a debt service reserve account. 3. **Regulatory Change:** Shift to "Unified Tariff Structure" creates revenue-invoicing gaps, though PUA mitigates net impact.
Investor Impact	**Yield Stability:** High; PUA ensures steady cash flows for InvIT distributions regardless of gas volume. **Dilution Risk:** Low; strong internal accruals and RIL-backed O&M support reduce the need for secondary equity raises. **Margins:** Extremely high/stable PBILDT (74%+ margin) due to fixed-payment nature of the PUA.
Agency / Cross Analysis	**Same Agency:** Reaffirmed AAA. Key change is the withdrawal of the proposed NCD rating as the trust did not raise those funds. Financial performance (EBITDA/Interest Coverage) shows an upward trend compared to the previous review, reinforcing the Stable outlook despite refinancing concentration. **Conclusion: Improvement.**
Final Inference	**Real Improvement:** Not just a status-quo rating; improving coverage (4.22x) and RIL's rising KG-D6 production provide a massive valuation cushion. The "AAA" is essentially a derivative of RIL's credit, making the InvIT a high-safety proxy for RIL's gas infrastructure.