Energy Infrastructure Trust — Rating update 2d Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	CARE AAA; Stable → CARE AAA; Stable (Reaffirmed, 0 notches moved)
Outlook (Current vs Previous)	Stable vs Stable
Key Drivers of Change	1. **RIL PUA (20 Years):** Long-term agreement with Reliance Industries (AAA) provides fixed capacity payments, insulating PIL from volume/tariff volatility. 2. **Strategic Asset:** Sole pipeline (1,483 km) connecting KG-D6 basin to West India; critical infrastructure for RIL and CGD players. 3. **Tariff Revision:** PNGRB hiked tariffs from □71.66 to □74.67/MMBTU (Jan 2026), driving 13% YoY revenue growth in Q1FY27 (□1,090 Cr). 4. **Strong Coverage:** Debt/EV at 46% is well within the 70% threshold; Interest coverage remains robust at 5.69x (FY26).
Rated Instruments	Issuer Rating: □0.00 Cr, CARE AAA; Stable *(Note: Consolidated debt stands at 6,452 Cr as of March 2026)*
Key Observations	1. **Volume Recovery:** Volumes grew from 34.45 MMSCMD (FY26) to 38 MMSCMD (Q1FY27) due to higher KG-D6 production. 2. **Refinancing Risk:** □1,000 Cr NCD due March 2027; refinancing initiated 6 months early with term sheets received. 3. **Liquidity:** Strong cash/liquid balance of □1,050 Cr (Sept 2026) vs bullet repayment structures. 4. **Waterfall Mechanism:** Debt servicing has priority over distributions; 90-day buffer between RIL cash inflow and debt outflow. 5. **O&M Support:** RIL funds any excess O&M or System Used Gas (SUG) costs, protecting margins. 6. **Sponsor Sell-down:** Brookfield (Rapid Holdings 2) reduced stake from 75% to 28.24%, but remains the Investment Manager.
Investor Impact	**Growth:** Upside sharing possible if third-party volumes exceed PUA levels; utilization (44%) has significant headroom. **Margins:** EBITDA margins are highly resilient (~77% in FY26) due to RIL's O&M cost funding. **Leverage:** Low Debt/EV (46%) allows for future debt-funded acquisitions without equity dilution. **Risk:** High concentration risk on RIL; any deterioration in RIL's credit profile would immediately impact EIT.
Agency / Cross Analysis	**Same Agency:** Reaffirmed AAA. The focus shifted to monitoring the refinancing of the □1,000 Cr tranche due in 2027 and the impact of the new Unified Tariff structure. **Financial Alignment:** Revenue fell slightly in FY26 (□3,817 Cr vs □3,893 Cr) due to timing but rebounded 13% in Q1FY27. **Conclusion: Improvement.** Rising gas production in KG-D6 and tariff hikes have strengthened the fundamental cash flow profile.
Final Inference	A "bond-like" equity play with high cash flow certainty. The AAA rating is anchored by the RIL backstop and Brookfield's management, effectively making the equity a play on Indian gas volume growth with downside protection.