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IRB gets 'IND AAA' rating for InvIT fund

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Mumbai, Jan 18: IRB has been assigned a long term senior debt rating of IND AAA with a stable outlook for its InvIT Fund. The rating reflects IRB InvIT's strong ability to meet its external financial obligations, including that of the entities under it. Post issuance, IRB InvIT's consolidated external debt would be ₹7,704.55 million on 31 March 2017. The rating on IRB InvIT is a reflection of the combined credit quality of the underlying assets. This is not a rating of the units of IRB InvIT. The ratings should not be construed as the rating for the existing outstanding debt of each special purpose vehicle (SPV).

Ind-Ra expects significant deleveraging (77.5% of the ₹35.13 billion debt on December 31, 2016) of the operational toll road projects post receipt

of subscription proceeds, resulting in robust coverage metrics and favourable gearing.

The overall operational track record of the combined portfolio and highly fungible cash flows of InvIT structure bolster the overall credit profile. IRB InvIT's cash flows show considerable resilience to stress cases, reflecting ample cushion for timely debt servicing in potential downside scenarios. The debt infused by IRB InvIT in the SPVs shall be subordinate to the external debt and IRB InvIT shall not have a right to call an event of default under any project documents and/or any financial documents until the external debt is fully paid off.

IRB Infrastructure Developers Limited (IRBIDL, 'IND A-' / Rating Watch Positive) has floated an infrastructure investment trust and intends to house six operational SPVs under it.