

July 05, 2013
Mumbai

CRISIL rates India's first NBFC Infrastructure Debt Fund

'CRISIL AAA/Stable' rating assigned to India Infradebt Ltd's debenture issue

In a landmark development that will enhance the availability of funds for infrastructure projects through the Indian debt markets, CRISIL has assigned its '**CRISIL AAA/Stable**' rating to the Rs.5 billion debenture issue of India Infradebt Ltd (Infradebt).

Infradebt, which received its license in February 2013, is India's first infrastructure debt fund set up as a non-banking financial company (IDF-NBFC) under guidelines issued by the Reserve Bank of India (RBI). This rating sets the stage for Infradebt to raise long-term resources to lend to completed infrastructure projects.

An IDF-NBFC is a new vehicle designed to facilitate the flow of low-cost, long-term funds from domestic and global debt investors, to capital-intensive infrastructure projects. IDF-NBFCs will provide long-term funds to operational infrastructure projects, enabling them to refinance their existing bank loans. An innovative credit enhancement mechanism will allow IDF-NBFCs to bridge the gap between the low-risk appetite of long-term debt investors and the relatively higher risks associated with infrastructure projects.

Says Mr. Pawan Agrawal, Senior Director, CRISIL Ratings, "IDF-NBFCs will benefit all stakeholders in India's infrastructure domain. The enhanced access to long-tenure funds at lower costs will improve the equity returns to infrastructure developers. Refinancing of bank loans by IDF-NBFCs will also help release bank resources to fund new infrastructure projects. IDF-NBFCs will also facilitate development of the bond market by providing a good investment opportunity for long-term bond investors in high-quality paper, aligned with their risk appetite and time horizon."

According to CRISIL's definition of Complexity levels, this instrument is categorised as 'Simple'.