



Indu Navayuga Infra Projects Private Limited

	Amount	Rating Action
	Rs. Crore	July 2013
Non Convertible Debenture (NCD) SO – Structured Obligation ! - Conditional	292.0	[ICRA]A(SO)! assigned

Conditional Rating of [ICRA]A(SO) has been assigned to NCDs of face value of Rs. 292 crore* issued by Indu Navayuga Infra Projects Private Limited (INIPPL; Issuer)[†]. The conditional rating is subject to INIPPL and the NCD Trustee ensuring complete compliance with the transaction structure, and the final executed documents being in line with the drafts vetted by ICRA.

The rating takes into account the unconditional and irrevocable undertaking provided by PLUS Expressways International Berhad (PEIB) (formerly known as PLUS Expressways Berhad (PEB)) & UEM Group Berhad (UEM), and the other promoters of INIPPL to fund all the shortfalls as defined in the transaction documentation, including shortfall towards the timely and full payment of interest and principal over the tenure of the rated instrument.

Key Features of the Transaction

The NCDs would have tenure of 12 years with annual principal repayment after a moratorium of 5 years from the date of issuance. Interest would be paid annually. The NCDs will have a Put/Call option at the end of 5 years from the date of issuance. The payment mechanism is designed to ensure timely payment to the NCD investors as per terms of the transactions, even if the shortfall undertaking has to be invoked by the Debenture Trustee.

About the Issuer

INIPPL is a Special Purpose Vehicle (SPV) which was initially promoted by Navayuga Engineering Company Limited, Indu Projects Ltd. and Abhishek Developers who held 51%, 39%, and 10% in the SPV respectively. In May 2010, PLUS Expressways Berhad, a company incorporated in Malaysia, purchased 49% stake in the company, with the commitment to purchase another 25% three years after the Commercial Operations Date (COD).

INIPPL was incorporated to undertake the improvement, operation, maintenance, rehabilitation and strengthening of the existing 38.55 km 2-lane road and widening it to a 4-lane highway from Padalur to Trichy section of NH-45 in Tamil Nadu (Project). The Project was awarded by National Highway Authority of India (NHAI) on Build-Operate-Transfer (BOT) basis with a concession period of 25 years including construction period of 30 months, commencing from November 2006. The COD of the project was achieved in May 2010. The total project cost was estimated at Rs. 411 crore. However, due to the delay in COD and subsequent increase in the interest during construction, the project cost increased to Rs. 438 crore. The project cost was funded by equity of Rs. 112 crore, debt of Rs. 266 crore and NHAI positive grant of Rs. 60 crore.

About PEIB & UEM

UEM was incorporated as United Engineers (Malaysia) Limited on March 10, 1966 and changed its name to UEM Group Berhad on 23 January 2007. UEM and its subsidiaries are involved in four core areas: expressways, engineering and construction, township and property development as well as asset and facility management. UEM is a wholly owned entity of the Malaysian Government's investment-holding arm, Khazanah Nasional Berhad (Khazanah).

* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer ICRA's website (www.icra.in) or other ICRA Rating Publications



PEIB is a wholly-owned subsidiary of UEM. At the time of acquisition of the stake by PEB in INIPPL in 2010, PEB was the holding company for Malaysian expressway assets and some international toll road projects (incl. Indian assets). However, post a restructuring exercise completed in January 2012, PEIB now holds investment only in overseas expressway-related ventures. Apart from INIPPL, PEIB's investment portfolio includes - 55% stake in Indonesian road project PT Lintas Marga Sedaya (LMS), 94.12% stake in PLUS BKSP Toll Ltd. and 26% stake in Jetpur Somnath Tollways Ltd. both in India.

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