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YEIDA to raise Rs 10,000 crore infra bonds for rapid rail link & key projects

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NOIDA: The Yamuna Authority has initiated a process to raise Rs 10,000 crore through infrastructure and municipal bonds for its upcoming big-ticket projects, including a rapid rail corridor.

TO HIRE CREDIT ANALYST

➤ Authority to hire an agency to assess its creditworthiness

➤ It anticipates an improved rating

➤ Got an interest-free loan of ₹1,779 cr from UP to acquire 1,200 hectares for industrial parks



➤ Earlier, it got ₹500 crore under the PM Gati Shakti scheme

➤ Last year, YEIDA recorded a profit of over ₹400 crore

➤ It surpassed ₹500 crore in the current financial year

The Authority, officials said, will have to assess its creditworthiness before issuing the bonds - is a prerequisite for urban local bodies (ULBs) to access capital market borrowings. During a meeting on Tuesday, two companies, CRISIL and CARE, showed interest in conducting its credit rating, they said.

The shortlisted rating agency will identify the Authority's strengths and weaknesses in managing finances. It will also assess the Authority's borrowing capacity for term loans. Apart from the rapid rail corridor, YEIDA CEO Arun Vir Singh said, other important projects like industrial and information technology parks, sports facilities, major roads, bridges, rapid rail corridors and the international airport. "To achieve rapid and comprehensive development in the region, the Authority will raise funds by issuing infrastructure and municipal bonds," he said. A substantial portion of the funds will be directed towards land acquisition and infrastructure development for industrial parks. Moreover, meeting the financial demands for the rapid rail connectivity between Noida

International Airport in Jewar and Delhi poses a significant challenge for the Authority.

Infrastructure bonds are debt instruments under which the investor is repaid a fixed amount of principal with interest over a period decided by the agency issuing it. The money raised is then used to fund city development or maintenance projects.

Recently, when YEIDA secured a loan from SBI, the financial institution rated the authority as A+. The rating scales used by the credit rating agencies are usually from 'AAA' to 'D', wherein 'AAA' stands for highest ratings and 'D' the lowest or bad credit rating.

The Authority anticipates an improved rating, given its receipt of an interest-free loan of Rs 1,779 crore from the state government for acquiring over 1,200 hectares of land for five industrial parks.

Earlier, Rs 500 crore was received under the PM Gati Shakti scheme. Moreover, the Authority's profits have been increasing consistently. Last year, it recorded a profit of over Rs 400 crore, which has surpassed Rs 500 crore in the current financial year.

The Yamuna Authority has issued a request for proposal to hire a rating agency with December 5 as the deadline to submit bids. Technical bids will open on December 7.

The credit rating process will unfold in three stages. Initially, the rating company will gather data and establish a comprehensive work schedule plan, encompassing key activities, assignment tasks, content, duration, phasing, interrelations, and milestones, among other aspects. Subsequently, a presentation incorporating feedback and suggestions will be presented to the CEO, GM (Finance), and others based on the draft report. Finally, the third stage involves the submission of the final credit rating report, a process that might extend beyond seven months..

