

IRB Infra plans to raise Rs 6,000 cr through InvITs

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RAJESH KURUP

Mumbai, August 17

Toll road builder IRB Infrastructure Developers is planning to raise ₹5,000-6,000 crore through Infrastructure Investment Trusts (InvITs) and is expected to file the draft red herring prospectus (DRHP) within a month.

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First one

This could be the first fund-raising through an InvIT after it was first proposed in the Union Budget in 2014. In this year's Budget speech, Finance Minister Arun Jaitley had proposed that any distribution made out of income of a special purpose vehicle (SPV) to InvITs having specified shareholding will not be subjected to dividend distribution tax, giving a much-needed fillip to

the trust. The company has mandated Deutsche Bank, Credit Suisse and IDFC Bank as merchant bankers for InvITs, sources close to the development told *BusinessLine*.

"The process of filing the DRHP, or the initial papers, with market regulator SEBI is in the final stages and it would be done in the next 30 days. The plan now is to raise somewhere between ₹5,000 crore and ₹6,000 crore and we believe the final figure would be somewhere in this range only," one of the sources said.

InvITs, much like mutual funds, enable individuals to pool investments into the infrastructure sector and earn a return on the income (after deducting expenditure). InvITs can invest in infrastructure projects, either directly or through SPVs, while in case of public-private partnership projects, such investments can be made only through SPVs.

IRB Infrastructure would have to raise the funds within 12 months of the listing and regulatory approvals

In India, InvITs are regulated by SEBI and are mandated to be listed.

IRB, a Mumbai-based build-operate-transfer (BOT) developer of roads would have to raise the funds within 12 months of the listing and regulatory approvals.

The sources declined to be identified as the discussions are private, while Deutsche Bank declined to comment. E-mails sent to Credit Suisse and IDFC Bank did not elicit any response as of press time Wednesday.

Funding newer projects

IRB intends to use the proceeds mainly to fund new road projects it

intends to bid for and also for existing ones. The company would also be bringing its six National Highways Authority of India toll road projects, valued at ₹7,000-8,000 crore, into the trust.

The company had a construction order book of about ₹8,750 crore as of June 30, which provides "good revenue visibility" for the coming years, IRB said earlier.

Others in the queue

Companies such as Adani Group, GMR Infrastructure, IL&FS Transportation Networks and L&T are also understood to be looking at InvITs to raise funds. Sterlite Power Transmission, a company that was demerged from Sterlite Technologies, is also planning to file the DRHP for InvITs by September. SPTL had filed an application for InvITs with SEBI in June. According to the sources, it was planning to raise ₹2,500-3,000 crore.