



The portfolio of roads reported a revenue of ₹630 crore in FY19. (Photo: iStock)

GIC invests ₹4,400 crore in IRB roads platform

Updated: 06 Aug 2019, 05:31 PM IST

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- The investment of ₹4,400 crore from GIC includes funding of future construction costs
- Sovereign wealth fund's third major infra investment in 2019 following GMR Airports and India Grid Trust

Mumbai: Road developer IRB Infrastructure Developers Ltd on Tuesday said Singapore's sovereign wealth fund GIC is investing ₹4,400 crore in its road platform.

[Mint reported](#) on 17 June that GIC was in talks to invest in a road platform in India, as the sovereign wealth fund is increasing its focus on the country's infrastructure sector.

The investment GIC includes funding of future construction costs, IRB said in a statement. It will be used for deleveraging the portfolio and equity funding for under-construction projects of the portfolio.

IRB's roads portfolio reported revenue of ₹630 crore in FY19. At the completion of construction, the enterprise value of the portfolio would be approximately ₹22,500 crore.

S&R Associates acted as the legal advisor to IRB and Nishith Desai Associates acted as the legal advisor to GIC.

"IRB and GIC plan to also explore future road sector opportunities in India together through the Private InvIT, exhibiting IRB's strength and domain expertise as a market leader in Indian roads and highways sector," said Virendra Mhaiskar, chairman and managing director, IRB.

This marks the third major infrastructure investment this year by the [sovereign wealth](#) fund.

In March, GIC had said that it is tying up with Tata Group and Hong Kong-based SSG Capital Management to co-invest ₹8,000 crore in [GMR group](#)'s airports business.

Its second big infra investment came in May in the form of a ₹2,060 crore investment in [Sterlite Power](#) Grid Ventures-sponsored IndiGrid, an infrastructure investment trust (InvIT), along with private equity firm KKR.

GIC-backed renewable energy developer Greenko is already one of the largest green energy companies in the country.

With its aggressive bets on the Indian infrastructure sector, GIC joins pension funds and other private investors from Canada, such as the Canada Pension Plan Investment Board (CPPIB), Caisse de dépôt et placement du Québec (CDPQ) and Brookfield, which have already announced major investment plans in the infrastructure sector.

CPPIB has Indian infrastructure investments in renewable power producer ReNew Power Ltd and a roads InvIT with the L&T group. It also recently announced plans to set up an InvIT with the Piramal group to acquire up to 1.5-2 gigawatts (GW) of stable and long-term cash-generating renewable assets. CDPQ has invested in Azure Power and CLP India, which invest in renewable energy and transmission assets.

Brookfield has made a couple of massive bets in the infrastructure space with investments in [Reliance Industries Ltd](#) pipeline and telecom tower InvITs, worth around ₹38,000 crore.

[GIC](#)'s transaction with IRB will see the latter transfer nine of its toll road assets into a private InvIT in which IRB will hold controlling stake of 51%, the statement said.

The portfolio spans 1,200 km in Haryana, Uttar Pradesh, Rajasthan, Gujarat, Maharashtra and Karnataka.

Three of these projects have recently become operational while the balance six are under various stages of construction. Five of the assets under construction are 4 to 6-laning projects, where tolling and construction have already begun.