

IRB Infra to prepay loans from Rs 3,800-crore InvIT play by GIC

BY SAIKAT DAS, ET BUREAU | FEB 27, 2020, 09.26 AM IST

IRB Infrastructure Developers would prepay bank loans after its private infrastructure investment trust (InvIT) received about Rs 3,800 crore from Singapore-based GIC, a sovereign fund, said two people with direct knowledge of the matter.

This would help the company reduce interest outgo by Rs 300-350 crore, sources told ET. It will use Rs 3,000 crore out of the total proceeds to prepay loans. The balance Rs 753 crore would be used to fund construction projects.

A spokesperson at IRB confirmed the financing deal, replying to ET's mailed query.

Nine Special Purpose Vehicles (SPVs) managing nine road assets under the InvIT had availed bank credit facilities, including from SBI, Andhra Bank, ICICI Bank and a few non-banking finance companies.

IRB Infrastructure on Tuesday said its private InvIT received the first tranche of investments from Singapore's GIC, worth Rs 3,753 crore.

"IRB announces receipt of the first tranche of investment of Rs 3,753 crore from GIC affiliates out of its commitment of Rs 4,400 crore by IRB Infrastructure Trust," it said in a statement. "This should help InvIT units to yield better for investors," the statement added.

All nine assets are said to be revenue-generating and nearing completion. It should take the enterprise value of the private InvIT higher. The company said that it would be the largest deal in the roads sector, based on the expected enterprise value of Rs 22,500 crore.

Bajaj Consultants was the financial advisor to IRB for the transaction. S&R Associates acted as legal advisor to IRB while **Nishith Desai Associates was legal advisor to GIC affiliates.**

Earlier in December, GIC gave a Rs 700-crore interim loan to IRB Infrastructure after the Singapore sovereign wealth fund a few months ago made an investment commitment of Rs 4,400 crore in an investment trust introduced by the road contractor, ET reported on December 17 last year.

IRB's latest InvIT will own nine road assets of which six are under construction. Those are all supposed to be BOT (Build Operate Transfer) projects, including in Haryana, Uttar Pradesh, Rajasthan, Gujarat, Maharashtra, and Karnataka. IRB may later bring in new projects into the trustee. IRB had launched its maiden InvIT in 2017, but through a public issuance.