

IVRCL Assets may sell stake in road SPVs

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HYDERABAD-headquartered IVRCL Assets is likely to sell up to 49% stake in three of its road projects as well as raise ₹600 crore through qualified institutional placement (QIP) of shares by March. The purpose is to garner funds for future projects.

"At the parent level, we plan to raise funds through QIP and sale of land. Simultaneously, we are also looking at selling stake in our special purpose vehicles so that we have sufficient funds for future projects," S Ramachandran, a director in charge of business development and corporate strategy at IVRCL Infrastructure and Projects, told ET. Qualified institutional placement refers to sale of shares to financial investors such as pension and mutual funds. Retail investors are excluded from such share sales.

IVRCL Assets and Holdings, a subsidiary of the E Sudhir Reddy-led IVRCL Infrastructures & Projects, is an infrastructure developer with presence in roadways, oil and gas, power, ports and desalination projects.

The company, a part of the IVRCL group, has an enabling resolution to raise a total of ₹1,000 crore through qualified institutional placement. It has so far raised ₹150 crores by placing 1.2 crore shares with Ascent India Fund. The company also plans to sell 3,000 acres of land to raise ₹100 crore by March, to touch a total of ₹300-500 crore over the next three years, Mr Ramachandran said.

To accelerate and supplement the fund-raising programme, IVRCL Assets plans to club together three of its road projects in



a special purpose vehicle (SPV) and sell up to 49%. "Two of these projects are already up and running, and clubbing the three projects would help us attract high-threshold investors," Mr Ramachandran said.

The company has already initiated talks with potential investors for selling stake in the SPV, which was made up of three road projects — Kumarapalayam to Chengapalli, Salem to Kumarapalayam, and Chengapalli to Walayar — with a total project cost of ₹2,500 crore. The Kumarapalayam-Chengapalli and Salem-Kumarapalayam toll-based road projects have already been commissioned. "We hope to achieve the financial closure for Chengapalli to Walayar road project by October and commission the project by April 2013," said Mr Ramachandran.

"We may induct strategic investors in other projects as well. But right now, most of our other projects are at a nascent stage, so

we are not putting everything on the block," he said.

The next in line for stake sale would be the Maharashtra-Goa highway project, one of the largest toll projects in the country, worth ₹3,100 crore. The project, being set up under National Highway Development Programme-phase III, has a concession period of 23 years and has a capital grant — a subsidy from the government — of ₹644.72 crore.

"There were land acquisition issues with the Goa-Maharashtra road project. But the ministry has agreed to the reduction of width in the proposed plan for parts where land is not available," Mr Ramachandran said.

IVRCL Assets and Holdings reported a consolidated net loss of ₹31.16 crore in 2009-10 on a revenue of ₹159.04 crore. Shares of the company closed on Tuesday at ₹109.45 on the Bombay Stock Exchange, down 2.6% from Monday.