

## **IVRCL to dilute its stake in 3 road projects**

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IVRCL Assets & Holdings, a subsidiary of IVRCL Infrastructure and Projects, is set to divest its holding in three road projects in Tamil Nadu. The projects — Kumarpalayam-Chengapalli, Salem-Kumarpalayam and Chengapalli-Walayar — were taken up with an outlay of Rs2,500 crore. While work on the Chengapalli-Walayar stretch is still on and is expected to be commissioned sometime in 2013, the other two projects have already moved into the tolling mode.

While the nitty-gritty of the divestment is still being worked out, the deal is said to be on the verge of getting sealed. The divestment would happen at the special purpose vehicle level, sources said, adding that IVRCL would divest up to 49% in the projects. The sale, expected to take place through a private equity placement, is expected to rake in about Rs750 crore for the company. A couple of investors are currently carrying out the due diligence and it is too early to talk about the details of the divestment, IVRCL chairman and managing director E Sudhir Reddy said.

Sources tracking the developments said the deal would be finalised in the next three months since the investors too are keen on finalising the investment keeping in view the viability of the projects being offered.

PE firms have been looking for investment opportunity in the road sector. However, with the changing market conditions, the PEs are willing to give preference to the projects that are already operational than those that are still in the execution mode, a source said.

Even in IVRCL's case, one of the three projects is still being executed, though it is an extension of the existing road that has started tolling. Parent IVRCL Infrastructure too is said to be working on a derisking strategy to improve its revenues from overseas markets.

Courtesy: <http://www.constructionupdate.com/CMS/Newsletter/NewsFiles/38351.html>