

Infradebt initiates dialogue with offshore agencies for funds



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New Delhi

Looking to raise long-term finance for India's infrastructure sector, ICICI Bank-led Infradebt Fund has begun talks with offshore funds and international rating agencies as part of its capital raising exercise. India Infradebt Ltd, also known as Infradebt, is the country's first IDF (Infrastructure Debt Fund) and has been set up by top private sector lender ICICI Bank in partnership with Bank of Baroda, Citibank and LIC. It was assigned top-notch 'AAA' credit rating by Crisil last week.

"The next steps would include building on the asset pipeline and looking at ways to raise long term funds from offshore sources. I understand that, in this regard, Infradebt is in initial dialogue with the offshore funds as well as international

rating agencies," ICICI Bank Managing Director and CEO Chanda Kochhar said. Kochhar said the government's IDF initiative "is likely to play a key role in meeting the overall requirements of funding of the infrastructure sector" and Infradebt has progressed well since getting RBI license in February to achieve the highest possible credit rating from Crisil.

"The AAA rating would allow Infradebt to raise funds from insurance companies and pension funds, thus facilitating the entry of long term funds from these sectors to Indian infrastructure," she said. The government came out with the IDF framework as a new category of financial intermediaries to help garner long-term and low cost funds for the country's infrastructure sector, whose investment needs are estimated at \$1 trillion in the five-year period ending March 2017.

Infradebt was set up with an equity capital of Rs 300 crore (about \$55 million) with four major financial institutions as its promoters. While, ICICI group holds the highest 31 per cent stake, other promoters are Bank of Baroda (30 per cent), Citi (29 per cent) and LIC (10 per cent).

The Fund can provide funding to the tune of up to \$2 billion after roping in debt investors from India and abroad. It is looking to raise about half the targeted funds from the domestic market and the other half from foreign sources.

Kochhar said that Infradebt's first refinancing deal is for a road project promoted by the Jaiprakash group. This Himalayan Expressway project has started commercial operations and its total cost of Rs 738 crore was funded by shareholders funds of Rs 321 crore, grant of Rs 117 crore and a rupee term loan of Rs 300 crore (from ICICI Bank).

ICICI Bank Managing Director and CEO Chanda Kochhar