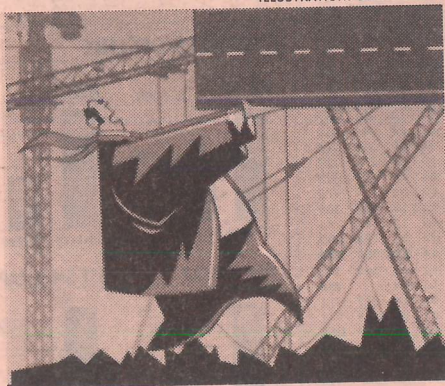


India Inc banks on InvITs to pare debt

ILLUSTRATION: BINAY SINHA



DEV CHATTERJEE

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Reliance Industries Ltd (RIL), Larsen & Toubro (L&T) and IRB Infrastructure are among a few top companies that have used an infrastructure investment trust (InvIT) structure to reduce part of their debt and generate returns for investors.

Earlier this month, IRB Infrastructure's InvIT was listed on the National Stock Exchange (NSE), giving its investors an option to exit by selling their units.

InvITs are like a mutual fund, which enables direct investment of money from individual and institutional investors in Indian infrastructure projects to generate returns.

Bankers said Reliance Retail is now planning a similar InvIT structure to hive off part of debt and logistics assets from its books.

Vodafone Idea is also looking at the option of launching an InvIT.

"An InvIT is a win-win deal for both the company and the investor. The company hives off part of its assets into the InvIT and invites investors, who get good returns as dividend. The InvIT gets guaranteed business from the company, which takes care of its cash flow," said a banker from a local firm.

India's largest telecom firm Reliance Jio was the first to set up a big-ticket InvIT when it hived off its telecom towers and fibre optic assets into InvITs. These InvITs received investments from Brookfield, Saudi's Public Investment Fund (PIF) and Abu Dhabi Investment Authority (ADIA).

In July 2019, Brookfield Asset Management agreed to invest ₹25,215 crore in the InvIT, which housed Reliance Jio's telecom tower infrastructure assets.

The InvIT has a non-cancellable master service agreement (MSA) for a period of 30 years with Reliance Jio Infocomm.

The InvIT has invested in Summit Digital Infrastructure (SDIL) and had 154,372 opera-

OVER THE YEARS

Fundraise via investment trusts

Issue amount

(₹ crore)

2017-18	7,283
2018-19	4,097
2019-20	2,306
2020-21	25,215
2021-22	13,841
2022-23	1,166

Source: Primedatabase

tional towers as on September 30, 2022.

The company plans to expand its total tower portfolio to 174,451.

Later, in October 2020, PIF and ADIA invested ₹3,779 crore each to buy 51 per cent in Digital Fibre Infrastructure Trust (DFIT), an InvIT holding fibre cable assets of Reliance Jio.

RIL held the rest of the stake and offered guaranteed returns to InvIT investors.

Earlier, Mukesh Ambani's personal gas pipeline company had floated an InvIT to reduce debt on his books.

Bankers said InvITs have become a popular tool among corporate India to reduce debt, and at the same time, have access to these assets.

Cube Highways and Infrastructure (Cube), a Singapore-based company recently filed its offer document for its ₹5,226-crore privately-placed InvIT. The InvIT by Cube Highways will raise ₹3,803 crore in fresh capital and the remaining ₹1,423 crore will be a secondary share sale by the sponsor.

Earlier this month, IRB InvIT, a privately-placed InvIT sponsored by IRB Infrastructure, listed on the NSE. The listing came within months of the Securities and Exchange Board of India's (Sebi's) guidelines for conversion of private unlisted InvITs into listed ones were issued.

According to Virendra Mhaikar, chairman of IRB Infrastructure Trust, in the last four years, the project portfolio of the Trust has made good progress and reached an enterprise value of ₹27,000 crore.

"This development platform of IRB with investors like GIC sovereign wealth fund of Singapore will create immense value for the whole IRB group. It will provide strong growth potential, going forward," he said.

Vimal Nadar, head of research at Colliers India, said InvITs and real estate investment trusts (REITs) are emerging as strong alternative financial instruments for retail investors.

REITs have ensured stable returns to unit-holders, with yields in the range of 6-7 per cent.