

IDFC set to raise foreign currency borrowing

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AT a time when the investment cycle has slowed globally, Mumbai-based Infrastructure Development Finance Company (IDFC) said it planned to step up foreign currency borrowing.

"We are actively pursuing increasing the foreign funding share to up to 10-12 per cent," said Vikram Limaye, executive director, IDFC. He added all the firm's foreign currency loans were fully hedged. Currently, long-

tenure bonds and debentures are a major source of funds for the infrastructure finance company. "The mix will change as interest rates play out," Limaye said.

The company's foreign currency borrowings more than doubled through the year to ₹4,131 crore, while its share in-

creased from six per cent to 10 per cent of the total borrowings at the end of the second quarter.

Long-tenure bonds and debentures account for 63 per cent, while rupee loans constitute 14 per cent of the total borrowing.

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loans. "Raising funds through syndicated loans has turned costlier, as most foreign banks have frozen or reduced their lending abroad.

But bilateral agencies are still comfortable and interested in lending to infrastructure in India," said S J Balesh, senior director (resources), IDFC. The interruption in the flow from syndicated loans, caused by the euro zone crisis, would be offset with loans from bilateral institutions, he added. "There is no commitment as of now, but

we are in continuous talks with them," said Balesh.

The firm's exposure to the energy sector is the highest, with 44 per cent of outstanding disbursements as on September 30.

"There could be a slowdown in disbursements to the power sector, but we may see some growth in those to non-conventional energy," said Prashant Shetty, managing director, IDFC Investment Banking.

The infrastructure finance company today launched the first tranche of tax saving bonds for retail investors. The bonds offer a coupon rate of nine per cent and carry a maturity period of ten years, with a call option after five years. Limaye said the company aimed to mop up at least ₹1,500 crore through these instruments this financial year. He said there could be another tranche if the company was not satisfied with the collections in the first. "But going forward, the interest rates may not be the same if inflation comes down," he said.