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Aditya Birla Finco to Enter Infra Funding

Ex-COO of IL&FS Finco made CEO-designate; new co to have initial capital of ₹300-450 cr

SHAILESH MENON
MUMBAI

Aditya Birla Financial Services, the non-banking financial services arm of the \$4-billion diversified conglomerate Aditya Birla Nuvo, is foraying into infrastructure financing and has picked a former IL&FS executive to run the business.

The board of Aditya Birla Financial has appointed Tushar Shah, former COO of IL&FS Financial Services, as CEO-designate of the newly-formed infra finance firm, senior company officials said.

The infra NBFC, which will fund projects, provide bridge loans and finance heavy duty machineries, will have initial capital of ₹300-450 crore, a major chunk of which will be raised through debt and equity issuances, in addition to bank loans.

"We've already started disbursing project loans using the NBFC licence of Aditya Birla Financial Services. We'll widen our operations once we get approvals to start the infrastructure NBFC," said Ajay Srinivasan, CEO-financial services, Aditya Birla Group.

He declined to give specific details of the new business vertical's capital structure

ahead of Aditya Birla Nuvo's second quarter earnings announcement on November 1. The new firm will have an operational structure similar to IDFC.

The ABFS-promoted infra firm will fund core sector projects, including road and port construction, power generation and transmission and offer assistance to ancillary services providers.

The firm will start with small loans, offering about ₹70-100

The infra finance firm will have an operational structure very similar to IDFC, India's leading integrated infra finance player

crore per ticket size, and scale up by leveraging on initial share capital. Unlike other infra funds, which are mostly long-term in nature, ABFS-promoted funds will have loan tenure of 4-5 years. The company will scout for opportunities both in listed and unlisted segments. The firm will be eighth in the list of business verticals under Aditya Birla Nuvo.

Aditya Birla Finance, Aditya Birla Money and Birla Sun-life Mutual are some of its other verticals.

Analysts said the group is more focused on financial services though it is a diversified entity and foray into infra will lead to project cost escalation, long-gestation period and delay in getting government clearances. However, senior company officials are bullish on the future prospects of the infra sector.

shailesh.menon@timesgroup.com