

Loan backing Actis' Indian roads acquisition in syndication

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A \$120 million senior term loan facility backing UK-based Actis' \$775 million acquisition of a portfolio of 6 operating Indian roads is in general syndication.

The rare facility is fully underwritten by 2 banks, 3 sources close to the situation told *IJGlobal*.

The 4-year facility is equally underwritten by Barclays and SMBC and pays a margin of 550bp over SoFr, said 2 of the sources.

The all-in is around 560bp and 570bp, depending upon the ticket-size with which a lender will join the facility, said the first source.

Sources did not confirm when exactly the facility was launched into syndication but said that it was sounded a couple of months back. It is not clear if any lender has joined the facility yet in the syndication.

"The leverage is too high for any commercial lender to join the deal," said the first source who was shown the deal. "This deal may more appeal to credit funds as it pays about 10% to 11% in dollar terms".

The borrower is a Mauritius-based Holdco entity of Actis which ultimately owns the assets. Together with the Opco leverage of 5.5x and Holdco's 1x, the total leverage is 6.5x which is on the higher side of around 5x leverage that commercial lenders generally look for in debt deals.

Lenders also prefer Opco financings so that they have direct control over the assets.

Acquisition

Actis and Welspun Enterprises announced that they had [entered into an agreement](#) for the sale and purchase of the road assets on 9 June 2022, backed by long term concession agreements with National Highway Authority of India and Public Works Department, Maharashtra.

Welspun's agreement is with Actis Highway Infra to exit from its operating road concessions portfolio comprising of 5 completed HAM assets (Welspun Delhi Meerut Expressway Private Limited, Welspun Road Infra Private Limited, MBL (CGRG) Road Limited, MBL (GSY) Road Limited, Chikhali Tarsod Highways Private Limited) and one operating BOT Toll asset (Welspun Infracore Private Limited).

This will be the first road investment in India from Actis' Long Life Infrastructure Fund ([ALLIF](#)), which invests in stabilised operating assets across multiple infrastructure sectors delivering a strong cash yield for investors.

Sources also pointed out that the \$120 million financing may also be the first offshore financing from India backing roads

assets acquisition.

Welspun Enterprises said in a stock exchange filing on 22 December (2022) that the company has complied with all conditions precedents and has obtained all necessary approvals for the first closing for its portfolio sale.

The first closing consists of divesting 100% in HAM assets and 49% stake in BOT-Toll asset.

The divestment of balance 51% in BOT-Toll asset, or the second closing, is subject to further regulatory and statutory approvals.

Actis will be setting-up an Infrastructure Investment Trust (InvIT) to hold ownership interests in the assets with debt at the assets/Invit level.

Ernst and Young acted as the exclusive adviser to Welspun Enterprise.

Actis is a UK-based global investor in sustainable infrastructure that undertakes investments in energy infrastructure, long life infrastructure, digital infrastructure, real estate, and private equity across the world underpinning global themes.

The investor has raised \$24 billion in capital since inception.

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