

R-Infra looks for refinance options on Mumbai Metro

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Anil Ambani's Reliance Infrastructure (R-Infra) is looking for options to further refinance that part of its debt taken for the conglomerate's Mumbai Metro rail business, said two people with knowledge of the development.

And, exploring options for a divestment in the Mumbai Metro rail project, said one of the two sources.

"Refinancing of debt is the most routine corporate finance activity that every

company regularly undertakes to lower its cost of operation," said a spokesperson for R-Infra, to an e-mail query.

The spokesperson did not comment on divestment options for the metro project.

"The company has been discussing an option to refinance part of its debt related to the Mumbai Metro business in the range of ₹1,800 crore and

has held these discussions with various foreign lenders. Not much has materialised so far," said an investment banker.

The Mumbai Metro One project is a 11.4-km corridor which started operations in June 2014. The project cost during its development stage surged to ₹4,026 crore, from the earlier estimate of ₹2,847 crore, of which the debt is pegged at

₹1,900 crore.

"They continue to look for a refinance option to reduce interest costs but nothing has worked out so far," said a second banker, who did not wish to be identified.

In June 2015, the company had told the stock exchanges that it had refinanced project borrowings for Mumbai Metro One worth ₹1,650 crore, extending the loan up to the year 2037 and reducing interest costs from 13 per cent to 11.75 per cent.

"Reducing interest costs is important for the compa-

ny as it has to cut costs involved in operating the metro project, currently making losses," said the first banker quoted earlier.

The metro project in the September 2016 quarter earned revenue of ₹61 crore, an increase of 13 per cent year-on-year.

For the June 2016 quarter, it had reported a loss of ₹70 crore.

Profit or loss numbers for the September quarter were not disclosed for the metro division in the company's statement.

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