
Hindalco raises fund to repay bridge loan for Novelis buyout

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ET reported that Hindalco Industries recently increased USD 982 million through a foreign currency loan to repay the bridge loan it had taken last year to part fund the Novelis acquisition.

The new loan however is more expensive than the bridge loan. The new 5 year loan has an average cost of Libor plus 315 basis points. This means that the cost of funding is pegged at 6.57 %.

As per report, Hindalco has also mobilized INR 5,360 crore from its treasury operations early this week. Prior to that, it had raised INR 4,425 crore through a rights issue. The company has utilized these funds to replace the bridge loan on Thursday, just a week before its maturity.

Mr S Talukdar CFO of Hindalco said that “In the backdrop of the prevailing global financial crisis, raising long term funds is a testimony to Hindalco’s strong credit, market presence and management skills.”

ABN Minerals Netherlands a special purpose vehicle of Hindalco has taken a USD 3.3 billion bridge loan in May 2007 to part finance the acquisition of the Canadian downstream major Novelis. The enterprise value of the acquisition was nearly USD 6 billion. 3 banks ABN Amro, Bank of America and UBS had organized the 18 month loan. It was priced at Libor plus 30 basic points for the first 12 months and Libor plus 80 basic points for the rest of the tenure.

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