

 Early Warning System

IFC-34415  
Road Holdco

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.



---

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

### Quick Facts

<b>Countries</b>	India
<b>Financial Institutions</b>	International Finance Corporation (IFC)
<b>Status</b>	Active
<b>Bank Risk Rating</b>	A
<b>Borrower</b>	CUBE HIGHWAYS AND INFRASTRUCTURE PTE LTD.



This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

## Project Description

### PROJECT DESCRIPTION

An IFC equity investment is proposed for setting up the Road Holdco as an investment vehicle in collaboration with ISQ ("Project"). ISQ is an independent global infrastructure investment manager focusing on energy, utilities, and transport in North America, Europe, and select high growth economies. ISQ has a presence in New York, Houston, London, New Delhi, Singapore and Hong Kong. To complement its diversified portfolio of global infrastructure assets, ISQ is forming this Road Holdco, which will be based in Singapore, to acquire operational road assets in India. The company will acquire a diversified portfolio of operational road assets in India. In addition to operational road assets, which are expected to form a majority of the portfolio, it is expected that the company may also acquire other transportation and logistics assets like parking facilities, logistics infrastructure, etc. ISQ is currently in an advanced stage of evaluation of multiple operational toll road SPVs. These assets, if they meet the Road Holdco's selection criteria, may be acquired by it. In addition to the proposed equity, IFC is also considering providing debt for refinancing acquired roads. The SPVs are operating toll road companies with 4-lane road assets ranging roughly between 50 kms to over 100 kms. These 4-laned or 6-Laned toll roads have been in operation for approximately 3 to 5 years. Some of the SPVs were accorded provisional commercial operation clearance subject to completion of some pending work. Remaining works in most cases are primarily related to completion of parts where encumbrances have not yet been removed by the concessioning authority.

### OVERVIEW OF IFC'S SCOPE OF REVIEW

IFC is considering an equity investment in a holding company ("Road Holdco" or the "Company") being developed by I Squared Capital ("ISQ") that will primarily acquire operating road assets in India. The company may also acquire other transportation and logistics assets like parking facilities, logistics infrastructure, and other such assets. While ISQ and IFC will be involved in identifying a pipeline of potentially attractive operational road assets, it is the company management that will be tasked with: (a) undertaking due diligence of each asset on commercial, environmental and social (E&S), and technical parameters as per defined criteria; (b) negotiating and acquiring private roads and putting in place necessary arrangements for operation and maintenance of the acquired assets; and (c) identifying and implementing various financial and operational efficiency measures to enhance the value of the acquired road assets. To date, IFC and ISQ have identified multiple operational toll road SPVs in India ("SPVs") as potentially attractive operating road assets that may be acquired by the Road Holdco. A third party environment and social due diligence ("ESDD") of one of the identified SPV, against predefined criteria, has been completed, and the findings have been discussed in more detail below. Accordingly, IFC's review of this corporate investment has focused on: (a) detailing the environment and social management system (ESMS) requirements, including prior due diligence and screening criteria, that the Road Holdco will be required to have in place to ensure that the operating road assets it acquires will be operated and maintained in accordance with the provisions of the Performance Standards (PSs); (b) ESDD of the identified operational toll road; and (c) ISQ's E&S policies and procedures. IFC will require that the Road Holdco, prior to acquisition of any operating road asset, adopt and implement the ESMS and framework outlined below. IFC will review at least the first three third party ESDD reports prepared by the company and if required, provide recommendations to strengthen the ESDD process. This ESRS will be updated in future to: (a) disclose details of operating road assets that are acquired by the company, as and when these assets are acquired; and (b) reflect the key observations and the corresponding improvement actions based on the findings of the annual third party audit of the Road Holdco's ESMS implementation.

IDENTIFIED APPROPRIATE PERFORMANCE STANDARDS\*\*



---

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

**Investment Description**

- International Finance Corporation (IFC)



---

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

### **Contact Information**

#### ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at [CAO@worldbankgroup.org](mailto:CAO@worldbankgroup.org). You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org/>



---

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

**Other Related Projects**

- IFC-45754 Cube Invit