

Financing of Transport Infrastructure in India



Infrastructure Leasing & Financial Services Limited

Railway Staff College

Vadodara

March 27, 2007

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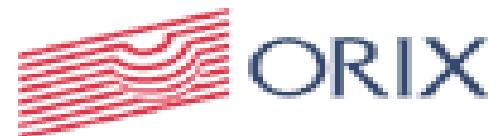
- IL&FS is a leading Indian Investment Banking Institution established by Government of India agencies in 1987 to develop and implement infrastructure projects on a commercial basis and provide a wide array of value added financial services
- IL&FS pioneered the concept of commercial development of infrastructure using the Public Private Partnership (PPP) Framework
- IL&FS has partnered with over 15 State Governments to develop projects on PPP
- IL&FS has successfully developed and implemented projects across a range of sectors that include telecom, power, road, water, port, airport, area development, special economic zones, environment, social, education etc.
- With each project, IL&FS has focused on establishing replicable prototypes



The Genesis

Incorporated in 1987 ***“to facilitate the development of Public Infrastructure on a commercial format and provide a wide range of financial services”***

Promoted by



Board of Directors

Mr Ravi Parthasarathy

Mr Hari Sankaran

Mr Arun K Saha

Mr Yoshihiko Miyauchi

Mr DK Mehrotra

Mr Sushobhan Sarker

Mr SB Mathur

Mr KM Mistry

Mr Christopher Wilmot (Alternate to ADI

Representative on the Board)

Mr TS Bhattacharya

Mr K Subbaraman

Mr RC Bhargava

Mr Gopi K Arora

Mr Michael Pinto

Mr Nagaaki Esaki

(Alternate to Mr Yoshihiko Miyauchi)

Mr Chosei Azuma

(Alternate to Mr Yuki Oshima)

Mr Yuki Oshima

Chairman – IL&FS

Managing Director – IL&FS

Deputy Managing Director – IL&FS

Chairman & CEO, ORIX Corporation, Japan

Managing Director – Life Insurance Corporation of India

Executive Director (Investment), LIC of India

Administrator of the Specified Undertaking of the UTI

Managing Director, HDFC

Head, Strategic Investment - Asia, Abu Dhabi Investment Authority

Managing Director & Group Executive (Corporate Banking), SBI

Executive Director - Central Bank of India

Former Managing Director, Maruti Udyog Ltd

Former Finance Secretary, Government of India

Former Secretary, Government of India

Managing Director, International Business Department, ORIX Corporation, Japan

Sr Vice President – IL&FS

Head, International Business Department, ORIX Corporation, Japan

Shareholding Pattern

	% Shareholding
Life Insurance Corporation Limited/ UTI	26.98%
ORIX Corporation, Japan	23.82 %
Housing Development Finance Corporation Limited	13.10%
Abu Dhabi Investment Authority	10.23%
Central Bank of India	9.18%
State Bank of India	7.68%
HSBC Group	5.23%
IL&FS Employees Welfare Trust	3.78%

Business Spread

Infrastructure

Infrastructure

Project Development/Advisory
Project Sponsorship

Social Infrastructure

Training
Education
Hospital Management

Environment & Social Mgmt

R & R
Advisory
Training

Financial Services

Investment Banking

Structured/Asset Finance
Corporate Advisory/M&A
Project Finance

Asset Management

Venture Funds
Private Equity
Specialist Equity
Portfolio Management

Distribution

Broking
Franchise Network
Merchant Banking

Back Office

Depository
Custodial
Broking

Geographical Spread



The Organization

- An independent professional institution with its own cadre of personnel and distinctive business practices
- Institutionalized resources and functional expertise in the areas of finance, policy, regulation, risk management, contracting, environment and social management, project management and engineering
- In meeting quality standards, IL&FS adopts international industry best practices and complies with project development methodology of the World Bank
- IL&FS has also consciously reinvented itself to meet business requirements
 - Creation of the Strategic Business Units
 - Establishment of Technical Support & Service groups
 - Establishment of dedicated Project Development and Sectoral Companies

The IL&FS Group Infrastructure Experience

- Instrumental in creating and developing frameworks to enable commercialisation through the “Public Private Partnership” model
- Advisor to Central and State Governments
- Significant experience and expertise in the areas of Project Development, Project Structuring, Project Financing, Project Monitoring and Construction Administration, Operations etc.
- Fund Management
 - AIG Infrastructure Fund
 - World Bank
 - Asian Development Bank
 - India Project Development Fund
 - Realty Fund
 - Other Development Funds
- Infrastructure development related activities have expanded horizontally across sectors, and vertically in specialisation

Frameworks for Project Development

- Project Development & Promotion Partnership (PDPP)
 - A team of IL&FS and Government develop projects
 - Empowered Committee of Government to oversight & approve
- Sectoral Joint Ventures:
 - Gujarat Toll Roads Company Ltd
 - Tamil Nadu Road Development Corporation Limited as a 50:50 JV
 - Tamil Nadu Water Investment Company Limited
 - Road Infrastructure Development Co. of Rajasthan as a 50:50 JV
- Project Specific Joint Ventures
 - NOIDA Toll Bridge Company Limited
 - The Kerala High Speed Corridor Limited
- Current Lines of Credit for Financing Infrastructure Projects
 - ASIDE from Ministry of Commerce
 - Tamil Nadu Urban Development Fund
 - ADB-PSIF II
 - USAID FIRE (D) Program

Sectoral Expertise

Telecom

Water

Special Economic Zones

Power

Sanitation

Solid Waste Management

Ports

Sewerage

Environment

Airports

Urban Infrastructure

Rehabilitation of Assets

Roads & Bridges

Health

E Governance

R&R

Education

Municipal Finance

In each sector, IL&FS has established specific replicable, stand alone, prototypes

Road Sector

Completed Projects – As Sponsors

Particulars	Length (km)	Cost (Rs. Crore)
Rau Pitampur Toll Road	11.5	7
Vadodara Halol Toll Road Project	32	161
Narmada Toll Bridge	3	144
Noida Toll Bridge Project	8	408
East Coast Road	132	61
Ahmedabad Mehsana Toll Road	52	323
North Karnataka Expressway	77	542
Total	315.5	1646

Projects under Development and Implementation – As Sponsors

Particulars	Length (km)	Cost (Rs. Crore)
Thiruvananthapuram City Roads Improvement Project	42	221
West Gujarat Expressway	68	240
Rajasthan Mega Highways	1053	1360
Andhra Pradesh Expressway	75	748
Gangtok - Nathula Road	141	2500
Kerala High Speed Corridor	515	2500
Chennai Ennore Port Connectivity	30	292
Major Grade Separators in Chennai	13	210
Development of Outer Ring Road Project around Chennai	94	752
IT Corridor Project (Chennai - Mahabalipuram)	45	340
Total	2926	10184

Ports Sector

As Developers

Particulars	Cost (Rs. Crore)
Rewas Port	4500
Dighi Port	1000
Development of Gangavaram Port	1200
Vizhinjam Port Project	4400
Krishsapatnam Port Project	1553
Total	12653

Water Supply Sector

As Developers

Particulars	Cost (Rs. Crore)
Adityapur Industrial Water Supply Scheme	110
Sewarage Treatment and Recycling for Hyderabad	116
Bhilwara Water Supply	250
The Tirupur Water Project	1024
The Visakhapatnam Industrial Water Supply Project	578
Total	2078

Area/Cluster Development

Particulars	Cost (Rs. Crore)
Industrial Clusters - Hazardous waste management facility	20
Mandi Gobindgarh Steel Re Rolling Mills Cluster Development	69
Multi Utility Centre - Ludhiana	36
Baddi Barotiwala Nalagarh Cluster Development	63
Ambur Cluster & Vaniyambadi Cluster	68
Ranipet Cluster	50
Cluster Development for Adityapur Small Scale Industries Association	70
Development of Sports Village at Ranchi	200
Kanpur Leather Cluster	40
Development of Industrial Estate at Zuangtui, Aizwal	30
ISPAT Bohoomi Industrial Cluster	70
Kovalam Infrastructure Development Project	50
Development of Various Infrastructure Projects including Bulk water Supply, Sewerage system, Integrated Industrial Roads, Schools, Bridges, Truck Terminus etc.	524
Jhalor Area Development Project	1600
Improvement of Infrastructure facilities in Guindy in Tamil Nadu	10
Total	2900

Parking Facilities and Terminals

Particulars	Cost (Rs. Crore)
Development Bus Terminal - Ludhiana	17
Thiruvananthapuram Bus Terminal Project	17
Ram Nivas Garden Parking, Jaipur	36
Ram Leela Maidan Parking, Jaipur	15
Jaipur Bus Terminal	15
Total	100

Others

Particulars	Cost (Rs.Crore)
Development of Ranjit Sagar Dam	10
Regeneration of Veli - Akkulam lake	25
Restoration & Conservation of Nabha Quila	15
International Convention Centre Complex	140
International Convention Centre Complex at Jaipur	250
Secunderabad Urban Transit Facility	300
Jaipur MRTS	1500
Municipal Solid Waste Program (4 Locations)	20
Uttaranchal IT Project	200
Development of Indian Foundry Association	130
Walk-in-aviary Project	4
Operation & Maintenance of Amritsar Civil Hospital	20
Total	2614

Summary of IL&FS Involvement in Infrastructure Projects

Particulars	Cost (Rs. Crore)
Roads	118301
Ports	12653
Water Supply	2078
Area Development	28900
Parking, Terminals	100
Others	2614
Total	138645

Section I: Characteristics of Infrastructure Projects

Characteristics of Infrastructure Projects

- High Capital Cost, relatively low operating cost
- Long gestation periods-require long term players ; whether lenders or investors
- Steady cash flows; generally low upsides
- Need for government support as most projects involve public – private partnerships

Financing Considerations

- Traditionally all infrastructure investments, and therefore risks have been undertaken/absorbed by the government
- In the recent past, financing and implementation of infrastructure projects has shifted to the Private domain
- However, long return horizons need long term players – both lenders and investors
- The Resource Mobilization has to meet the project expenditure profile
- Debt servicing has to match the cash flow profile
- Infrastructure Projects require special assessment skills and framework for risk management

Risk Profile

- The Risk profile of infrastructure projects vary with the stage of the project cycle. These Risks include:
 - Political risk
 - Technological risk
 - Environment and social risk
 - Construction risk
 - Financing risk
 - Commercial risk
 - Other non-commercial risks (force majeure, forex)
- Development of institutional and financing strategies are closely linked to each phase of the project cycle

Risk Expectancy

