



1st India Indonesia Infrastructure Forum

Jakarta
March 2018

Mr. Debasish Mallick
Dy. Managing Director



- Set up in September 1981 under an Act of Parliament to finance, facilitate and promote India's international trade and investment.
- Wholly owned by Government of India.
- Objectives:

“...for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade...”

“... shall act on business principles with due regard to public interest”

(Export-Import Bank of India Act, 1981)



- **ECAs role in general is to support infrastructure capacities in other nations, through project exports from their home countries.**
 - Exim Bank of India extends Lines of Credit, Buyers Credit to other developing nations and help support creation of infrastructure projects
 - Exim Bank of India extends non-funded facilities to Indian project exporters who executes infrastructure projects in other countries.
- **Support to domestic infrastructure projects is limited in the case of Exim Bank of India.**
 - Non-funded facilities (like guarantees) could be extended to Indian contractors for executing MDB funded projects;
 - Exim Bank of India supports infrastructure projects in domestic market, that are of export facilitation nature (ports development, creation of special industrial zones, special economic zones, technology parks etc)
 - Co-financing could be done with other ECAs in case of export facilitation projects



Exim Bank, India – A DFI Promoting Cross-Border infrastructure

EXIM Bank's Flagship Infrastructure Finance Portfolio

FUNDS PROJECT
EXPORTS
OVERSEAS

Project
Finance



Lines of
Credit

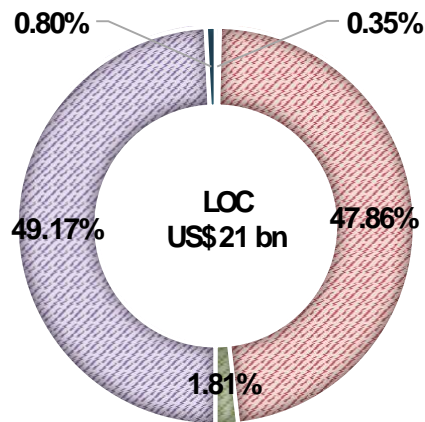
Long Term Support
under NEIA

Cashflow
Deficit Finance

Project Related
Guarantee Facilities

EXIM Bank's LOC Exposure

■ CIS ■ Africa ■ LAC ■ Asia ■ Oceania



Exim Bank has now in place 223 Lines of Credit, covering 62 countries in Africa, Asia, Latin America and the CIS, with credit commitments of around USD 21 billion, available for financing exports from India.

Support by Project Exports

Under project exports, till date around 177 project export contracts valued at ` 118,933.56 crore (approx. USD 18.30 bn), were supported by the Bank, in 48 countries across Asia, Africa and CIS by 51 Indian companies.

Bank also has a concessional BC-NEIA program under which as on December 31, 2017, Bank sanctioned loans for an aggregate amount of USD 2.83 bn for 23 projects valued at USD 3.03 bn.



- **PPP is a “ ... a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance ... ” [World Bank]**
 - does not include service contracts/turnkey construction contracts, which are categorized as public procurement projects, or the privatization of utilities where there is a limited ongoing role for the public sector.
 - generally where governments are facing ageing or lack of infrastructure and require more efficient services, a partnership with the private sector can help.
 - combine the skills and resources of both the public and private sectors through sharing of risks and responsibilities.



Hybrid Annuity Model

- The Government of India has approved the Hybrid Annuity Model (HAM) to increase the pace of award and construction of national highways apart from de-risking the developers and lenders from inherent shortcomings associated with conventional toll and annuity based design, build, finance, operate and transfer (DBFOT) model.
- HAM combines EPC(40 %) and BOT-Annuity (60 %).
 - On behalf of the government, NHAI releases 40% of the total project cost. It is given in five tranches linked to milestones. The balance 60% is arranged by the developer.
 - Here, the developer usually invests not more than 20-25% of the project cost (as against 40% or more before), while the remaining is raised as debt.
- Examples:
 - Mumbai-based MEP Infrastructure has completed the financial closures for a number of hybrid annuity model (HAM) project



Toll-Operate-Transfer (TOT) Model

- Under this model, brownfield assets are to be refinanced by private parties, with a medium to long-term investment horizon (30 years of concession)
 - Herein, pension funds and PE firms are allowed to lease Government owned national highways for 30 years by making an upfront payment.
 - The lessee, in turn, gets the right to collect the toll, operate, manage and maintain the highway stretch.
 - The Government can also increase the concession period in later stages, if the concessionaire wants it.
- The Government expects the TOT deals to bring in at least Rs60,000 crore. This will provide NHAI funds to build more highways, filling in for the private sector that is reluctant to invest in new highways.
- Examples:
 - In India, Singapore's Macquarie Asia Investment Fund has bagged 9 projects bundled by NHAI totaling 648 km for INR 9618 crore – 1.5 times the expected value.
 - A consortium of Macquarie-Cintra has invested US\$ 1.83 billion in the Chicago Skyway for a concession period of 99 years.
 - In Malaysia, the Penang Bridge United Engineers Malaysia Berhad has invested \$204 million (the concession period has been extended to 45 years from 25 years)



Infrastructure Investment Trusts (InvITs)

- Infrastructure Investment Trusts (InvITs) are mutual fund like institutions that enable investments into the infrastructure sector by pooling small sums of money from multitude of individual investors for directly investing in infrastructure so as to return a portion of the income (after deducting expenditures) to unit holders of InvITs, who pooled in the money.
- The model is designed to create an opportunity for the private sector to invest in low risk assets and provide for efficient operations/maintenance of highways, and channelise capital inflows for new road infrastructure.
- InvITs can invest in infrastructure projects, either directly or through a special purpose vehicle (SPV).
- Examples:
 - India Grid Trust (IndiGrid), an infrastructure investment trust (InvIT), has completed the acquisition of three power transmission assets worth Rs1,410 crore from its sponsor, Sterlite Power Grid Ventures Ltd.
 - IRB InvIT Fund has six special purpose vehicles (SPVs) comprising operational toll-road assets located across Maharashtra, Gujarat, Rajasthan, Karnataka and Tamil Nadu.



Projects/Sectors financed

Destination Countries

Agricultural Projects	: Angola, Benin, Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Cuba, Eritrea, Gambia, Ghana, Honduras, Madagascar, Malawi, Mali, Mauritania, Mozambique, Senegal, Sierra Leone, Sudan, Tanzania, Togo
Construction Projects	: Gabon, Ghana, Maldives
Irrigation	: Angola, D R Congo, Guyana, Honduras, Lao PDR, Lesotho, Malawi, Mozambique, Myanmar, Nepal, Senegal, Zimbabwe
Power – Generation, Transmission & Distribution	: Belarus, Burundi, Cambodia, Central African Republic, Cote d'Ivoire, Comoros, D R Congo, Ethiopia, Kenya, Lao PDR, Mali, Mozambique, Myanmar, Nepal, Nicaragua, Niger, Sudan, Suriname, Syria, Zambia, Gambia, Nigeria, Togo, Vietnam
Rural Electrification	: Chad, Ghana, Mali, Mozambique, Nepal, R. Congo, Senegal, Togo
Railway Rehabilitation	: Angola, Benin, Ghana, Mali, Myanmar, Senegal, Sri Lanka
Road Transportation	: Central African Republic, Cote d'Ivoire, Ghana, Nepal, Niger, Senegal, Tanzania
Technology (Parks And Training)	: Angola, Cape Verde, Cote d'Ivoire, D R Congo, Mongolia, Mozambique, Senegal, Swaziland
Sugar Industry Rehabilitation	: Ethiopia, Fiji Islands, Malawi, Sudan



Sri Lanka: Railway Line



- The 27.5 km long Madhu Road to Talaimannar railway line project in Sri Lanka executed by an Indian company was completed and was flagged off by Hon'ble PM of India, Mr. Narendra Modi in March 2015
- Enhanced the accessibility, safety and speed of train travel in Sri Lanka.

Vietnam: Hydropower



- LOC of USD 45 million to the Government of Vietnam to finance construction of Nam Chien Hydropower Project (200 MW) at Son La Province in Vietnam.
- The project provides increased access to electricity to Vietnam and northern parts of Laos.



Select projects funded by Exim Bank ...Buyers Credit

Sri Lanka: VA Tech Dambola



Bank has supported by way of a BC-facility of US\$ 60.69 mn for a contract for supply, erection and commissioning of 30 million litres per day water treatment plant and distribution to 9 reservoirs across Dambula region in central Sri Lanka.

Indonesia: Armada Madura EPC



Contract of Engineering, Procurement and Construction of Floating, Production, Storage and Offloading (FPSO) vessel



Yumn – Case Study

- Exim Bank extended a Buyer's Credit Facility of USD 30 mn to Yumn Ltd., Rwanda for financing the EPC contract valued USD 210.00 mn secured by Shapoorji Pallonji and Company for the implementation of 2X35 MW peat-fired power plant (PFPP) in Rwanda valued USD 348.32mn.
- Yumn Ltd., Rwanda is a SPV, set up for the implementation of the peat-fired power project in Rwanda. It is an SPV formed between Yumn M Corp. (YMC), Mauritius (51.00%), Quantum Power Rwanda Peat Ltd. (QPRPL), Mauritius (45.70%) and Themis Advisory, Mauritius (3.30%). YMC is a step-down subsidiary of Hakan Mining and Electricity Generation Inc. (Hakan), Turkey and QPRPL is a sixth level subsidiary of Quantum Pacific International Ltd. (Quantum Power), British Virgin Islands.
- Peat represents a unique alternative and economic means of generating power in Rwanda. The project will also increase the generation capacity from approx. 115MW in 2015 to approx. 190 MW by 2019.
- The project is expected to produce energy at a cost 35 - 40% cheaper than the National Utility i.e. Energy Water and Sanitation Agency (EWSA) with current generation cost being above US\$ 20/ kWh.



Dangote Industries – Case Study

- A Buyer's Credit facility of USD 50 mn was extended to Dangote Industries Ltd. (DIL) under secondary sale from First Rand Bank for import of goods and services from India for implementation of Fertilizer Plant and Crude Oil Refinery Plant in Nigeria valued USD 9 bn.
- Bank also sanctioned a Buyer's Credit facility of USD 140 mn to Dangote Cement Ghana Ltd. (DCGL) and Dangote Cement Cote D'Ivoire S.A. (DCCD) for import of goods and services from ThyssenKrupp Industries India Pvt. Ltd. (TIPL) and Ayoki Fabricon Pvt. Ltd. (AFPL) for setting up two 3000 TPD clinker grinding plants in Ghana and Cote D'Ivoire.



Select projects funded by Exim Bank ...OIF

USA: Suzlon



Exim Bank has extended assistance to the Suzlon Group to finance export of its wind turbines from India and for setting up of wind farms in the USA

South Africa: Cookhouse Wind Farm



EXIM bank provided the Bank Guarantee (BG) facility US\$ 46.5 mn



ITNL – Case Study

- In December 2011, ITNL acquired a 49% stake in YuHe Expressway Ltd which operates a 58.72 km of YuHe Expressway in Chongqing municipality, located in South-West China, with toll concession rights till 2032.
- In order to fund the international investment opportunities and project bids, ITNL proposed to raise Renminbi-denominated Bonds in Hong Kong market (CNH Offshore Bonds). The Bond issuance was proposed to be domiciled under ITNL Offshore Pte Ltd, Singapore (IOPL), a wholly owned subsidiary of ITNL. IOPL is company incorporated by ITNL in Singapore, solely for the purpose of the CNH Bond issuance and the debt servicing cashflow was generated by the sponsor viz ITNL.
- The tenure of the Bonds was for a period of 3 years and was listed in Hong Kong StockExchange.
- To improve the marketability of the Bonds internationally, ITNL approached Exim Bank to provide an unconditional and irrevocable guarantee for 95% bond obligation i. e. upto USD 150 mn in favour of the Bond Trustees on behalf of IOPL for the said CNH Bond issue programme. Exim Bank's credit exposure under the proposed guarantee was to the extent of USD 40 mn.



Special Purpose Facility for Financing Strategic Projects in Neighbouring Countries

- Exim Bank with the support of GOI, has extended commitment to finance the strategic Maitree Power Project in Bangladesh valued US\$ 1.8 bn.
- BHEL has emerged as the lowest bidder, against global competition.
- The project known as Bangladesh India Friendship Power Company Ltd. (BIFPCL) - is a 50:50 JV between NTPC and the Bangladesh Power Development Board (BPDB)
- Once commissioned, it is expected to be the largest power plant in Bangladesh.
- The project saw many firsts – it was the first overseas project in which BHEL was involved – and the first super-critical power plant that is being developed by NTPC overseas – and is being funded by Exim Bank.

Export Development Fund

- An amount of ₹ 3,000 crore under the Export Development Fund (EDF) has been extended to 7 Iranian Banks for utilisation towards import of steel rails from India, and development of Chabahar Port project.
- In terms of the Exim Bank Act, the EDF is a distinct Fund with an independent balance sheet and earnings statement.
- The fund can be utilized only for specified activities as may be approved by GOI.



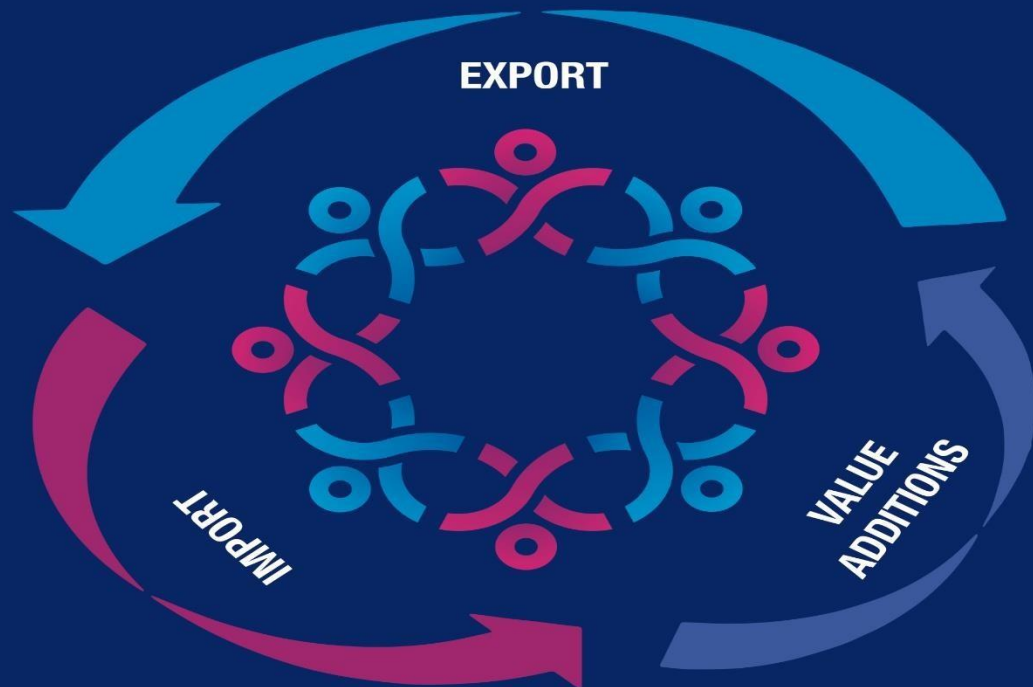
Project Development & Facilitation Framework (PDFF) in CLMV Countries

- Exim Bank is working with the GoI for setting up a PDFF in CLMV countries, with the objective of facilitating Indian investments and broadening the manufacturing base in CLMV countries.
- A Project Development Company (PDC) will provide specialist project development expertise to take infrastructure projects from concept to commissioning; identify investment-worthy zones in CLMV countries; and undertake feasibility studies to set up such industrial zones/ centres.
- More than US\$ 20 bn infrastructure opportunity is envisaged in CLMV where PDC can be involved.

Project Development Company in Africa

- Exim Bank in collaboration with AfDB has set up a PDC in Africa to identify and develop infrastructure projects. Opportunity for Indian private sector to invest in such projects in Africa. The PDC would facilitate Indian participation in infrastructure projects in Africa, while also contributing to harnessing bilateral ties between India and Africa

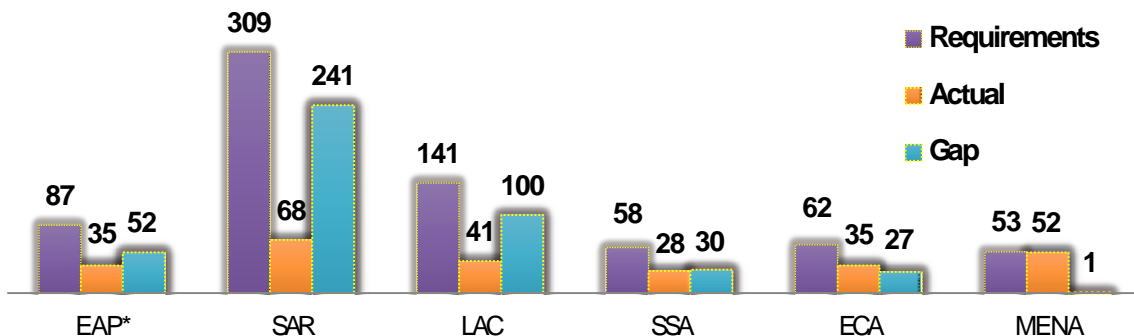




**PARTNERING
GROWTH.
GLOBALISING
INDIA.**

Global infrastructure investment gap

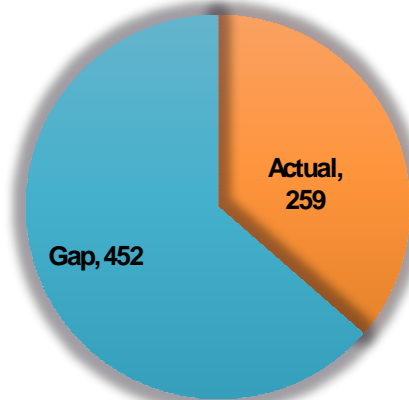
Infrastructure Investment Requirement in Emerging Markets and Developing



Note: EAP*: East Asia and Pacific (not including China); SAR: South Asia; LAC: Latin America and the Caribbean; SSA: Sub-Saharan Africa; ECA: Europe and Central Asia; MENA: Middle East and North Africa

Source: Ruiz Nunez, Fernanda and Wei, Zichao, Infrastructure Investment Demands in Emerging Markets and Developing Economies. World Bank Policy Research Working Paper No. 7414

All Emerging Markets and Developing Economies (2014-20; Annual US\$ bn)



- In Emerging Markets and Developing Economies (excluding China), **US\$ 711 billion per year over the period 2014–20** is required to satisfy new infrastructure demand while maintaining service for existing infrastructure
- Annual infrastructure investment gap is **US\$ 452 billion per year**; requires doubling of current spending
- Half of the spending needs to be allocated to maintenance of existing assets



- According to the Economic Survey 2017-18, India will require investments of about US\$4.5 trillion by 2040 to develop infrastructure to improve economic growth.
- The current trend shows that India can meet around US\$3.9 trillion infrastructure investment out of US\$4.5 trillion.
- The cumulative figure for India's infrastructure investment gap would be around US\$ 526 billion by 2040.
- Considering India's growth and government focus on infrastructure development, all infrastructure sectors are scheduled for massive capacity expansion.
- There are opportunities for all the stakeholders like developers, financial institutions and suppliers in this process.



Infrastructure in India ... Salient aspects

High Budgetary Allocation

- Government of India has given a massive push to the infrastructure sector by allocating Rs5.97 lakh crore (US\$ 92.22 billion) for the sector.

Rising Infrastructure Deals

- The infrastructure sector in India witnessed 33 deals in FY2016-17 involving US\$ 3.49 billion raised across 31 deals in FY2015-16, with the majority of deals led by the power, roads and renewable sectors.
- In April 2017, companies in Malaysia and India signed deals for infrastructure projects worth US\$ 3.86 to be implemented in India.

Improvement in logistics

- In 2016, India jumped 19 places in World Bank's Logistics Performance Index (LPI) 2016, to rank 35th amongst 160 countries.

FDI flows

- FDI received in Construction Development sector (townships, housing, built up infrastructure and construction development projects) from April 2000 to December 2017 stood at US\$ 24.67 billion ; and in Construction (Infrastructure) activities stood at US\$ 12.36 billion.



Provision of world-class infrastructure would not only be necessary for improving the competitiveness of the Indian economy but also for promoting inclusive growth and improving the quality of life of the common man

Infrastructure in India ... Gol's landmark projects

Water

National Mission
for Clean Ganga
(~US\$ 46.54 bn)

Housing

Housing for All
2022
(20 mn urban &
30 mn rural)

Cities

90 smart
cities
(~US\$ 30 bn)

Metro

Bhopal, Indore, Pune,,
Vijayawada Metro Rail,
Guwahati, Meerut,
Thiruvananthapuram, Lucknow,
Kochi, Nagpur and Ahmedabad.

Roads

Special Accelerated
Road Development
Programme for North
East
(~US\$ 2.32 bn)

Highway Development
Bharatmala Pariyojana
(~US\$ 30 bn)

MonoRail

Chennai, Pune,
Thiruvananthapuram,
Bengaluru, Thane,
Delhi, Port Blair,
Dehradun,
Chandigarh

Airport

55 new airports are
required in India by
2030
(~US\$ 36-45 bn)

Amenable environment

Pradhan Mantri Awas Yojana (Urban)
Atal Mission for Rejuvenation and Urban
Transformation (AMRUT)
Swachh Bharat Mission (Urban)

