

September 17, 2012

Execution of financing documents for Mangalore SEZ Limited (MSEZL)



L to R: Lubna Usman, VP, IFIN; Rajesh Kotian, ED, IFIN; Mr. K Anil, Regional Head - Indian Overseas Bank; Mr. Rajiv Banga, MD, Mangalore SEZ

IL&FS Financial Services Ltd (IFIN) has successfully completed the debt syndication for the Mangalore SEZ Limited (MSEZL). The Financing Documents were executed in Bangalore on September 17, 2012 with a consortium of 7 banks led by Indian Overseas Bank

MSEZL is co-promoted by Oil and Natural Gas Corporation Limited (ONGC) (26%), Infrastructure Leasing & Financial Services Limited (IL&FS) (50%), Karnataka Industrial Areas Development Board (KIADB) (23%) and others (1%)

Mangalore is a port city emerging as an economic growth centre in Karnataka. Mangalore SEZ Limited (MSEZL) has been incorporated for developing a Petroleum & Petrochemical SEZ in Mangalore, Karnataka, to provide world-class industrial, commercial, residential and social infrastructure facilities along with abundant utilities, on an integrated basis to potential users of the SEZ

The proposed SEZ is located close to Mangalore Refinery and Petrochemicals Ltd. (MRPL) that will provide feedstock proximity to the petrochemical SEZ units. MSEZL has the advantage of proximity to the New Mangalore Port Trust. ONGC Mangalore Petrochemicals Limited (OMPL) and Indian Strategic Petroleum Reserves Limited (ISPRL) are the units, which would bring additional source of raw material for the downstream units

The Project cost of Rs. 1527.51 cr is financed through Equity of Rs. 50 cr, Term Loans of Rs.699.63 cr and Internal Accruals of Rs. 777.88 cr. The Project has been financed in a debt equity ratio of 0.84:1 (considering internal accruals as a part of equity). The debt was raised for a door to door tenure of 11.50 years, including construction period of 2 years, moratorium of 0.5 years and repayment period of 9 years

The other bankers in the consortium, besides Indian Overseas Bank, the lead bank, are Bank of Baroda, Corporation Bank, United Bank of India, State Bank of Patiala, State Bank of Travancore & State Bank of Mysore