

**June 29, 2012**

### **Take-out Finance for East Hyderabad Expressway Limited**

IL&FS Financial Services Ltd. (IFIN) has successfully completed the execution of documents for take-out financing to the extent of Rs 65.23 cr for East Hyderabad Expressway Limited (EHEL) under the Take-out Finance Scheme of India Infrastructure Finance Company Limited (IIFCL)

IIFCL has been set-up as a SPV by the Govt. of India for providing long term financial assistance to infrastructure projects. To facilitate incremental lending to the infrastructure sector, IIFCL had formulated a “Take-out Finance Scheme” with following objectives:

- (i) To boost the availability of longer tenor debt finance for infrastructure projects
- (ii) To address sectoral/ group/ entity exposure issues and asset-liability mismatch concerns of banks/lenders, who are providing debt financing to infrastructure projects
- (iii) To expand sources of finance for infrastructure projects by facilitating participation of new entities i.e. medium / small sized banks, insurance companies and pension funds

Under the scheme, eligible infrastructure projects satisfying the criteria, laid down therein, are considered for financing by the institution subject to its own due diligence process and acceptability by Lead Bank. After a detailed due-diligence of EHCL, IIFCL accorded a sanction for take-out of total debt of Rs. 65.23 cr. under their Take-out Finance Scheme

EHCL, a 74:26 JV between IL&FS Transportation Networks Limited (ITNL) and KMC Constructions Ltd., was incorporated for development of an 8 lanes 13 km expressway from Pedda Amberpet to Bongalur in Andhra Pradesh on Annuity basis by Hyderabad Urban Development Authority (HUDA). The Project achieved COD on March 1, 2011 and has started receiving annuity from HUDA. The Project Cost of Rs. 471.74 cr was funded through Equity of Rs. 29.31 cr., Term Loan of Rs. 320.87 cr., Grant of Rs. 77.65 cr and balance by way of unsecured loans from promoters. The total term loan outstanding from Banks/ FIs was Rs. 278.76 cr with a residual tenor of approx. 9 years

The take-out will result in following benefits to the project:

- Concessional Rate of Interest of 10.45% p.a. on debt taken out by IIFCL as against the current applicable rate of 12% p.a. IIFCL shall further reduce its ROI based on the company’s improving risk profile
- Addressing sector related and group/entity exposure issues of Banks/FIs thereby making funds available for the new projects