



Vizag Industrial Water Supply



Sector
Water & Environment

Investment Date
February 2001

Exit Date
March 2005

Equity Investment
\$1.8 million

Gross IRR
20.8%

Cash Multiple
1.5x

Company Description

- Established for rehabilitation of existing 153 kilometer Canal
 - Canal rehabilitation to reduce water seepage losses
 - Capacity increase from 182 million liters per day (“MLD”) to 260 MLD
- Water supply to adjoining industrial customers
 - Visakhapatnam Steel Plant, the largest consumer
 - Robust industrial growth near Industrial Development Area (“IDA”) at Parvada

Investment Rationale

- Sourced off-market via IL&FS network
 - Visakhapatnam city is strategically located on the east coast of India and is rapidly emerging as an industrial port town
 - Significant demand for water from industrial users located in and around the city
 - Partnership with Andhra Pradesh Industrial Infrastructure Corporation Limited (“APIIC”), government entity responsible for providing infrastructure facilities to Industrial Development Area

Value-Added Activity

- Played integral role in implementation of project structure
 - Prepared detailed financial and investment banking report, environmental and social assessment report and contractual framework
 - Selected contractor / operator through an international competitive bidding process
- Worked closely with APIIC and the company to successfully achieve technical and financial close