Integrated Development and Project Development approach

IL&FS Infrastructure Development Corporation Ltd. (IIDC)
Structure of Presentation

- Background
- Potential for Integrated Development in India
- Factors influencing Market Growth
- Approach to Integrated Development
- Project Development process
- IIDC as a Project Developer
- Role of IIDC
Integrated townships typically comprises of residential, commercial, recreational and other elements necessary to create a conducive environment for living. The demand for residential, commercial, office and corporate space is on rise. Thus there is immense opportunity to develop integrated township projects. Off Late, demand for Affordable Housing has also seen increase.
Potential for Integrated Development in India

- Demand for housing is estimated to the tune of 22 million homes (source: FICCI – Annual Summit, 2006)
- Scope exists for 400 township projects spread across 30-35 cities in the next 5 yrs.
- Off-shoring phenomenon has boosted the corporate space requirements. The CAGR in office property demand is expected to be 14.5% in future
- Organized retail market is also growing at 20-25% per annum.
Factors influencing market growth

- Positive outlook of Indian Government
- Easier access to bank loans and higher earnings
- Presence of large number of reputed companies demanding office space
- Relaxed FDI guidelines for investment in Real Estate - the revised guidelines allow 100% FDI, ownership of land by foreigners and dropped the min. size of development from 100 to 25 acres
- Banks have also relaxed lending norms for hospital and office space developers
Approach to Integrated Development

- Project Management & Supervision
- Visioning
- Project Feasibility and Master Planning
- Real Estate
- Project Execution & Marketing
- Financial Closure
- Implementation Structure
Project Development process

Project Preparation:
- Project Identification
- Detailed Feasibility
- Project Scheduling

Financial structuring:
- Financing Structures
- Bidding Structures
- Contractual Frameworks
- Legal Documentation

Project Execution & Marketing:
- Project Bidding
- Selection of Operator/Investors

Monitoring & Supervision:
- Compliance with Performance std.
- Regulatory M/c
- Auditing/Reporting
- Project Transfer
IIDC as Project Developer

- Dons many hats - Multiple Role play
- Overall Project manager coordinating the activities of the several experts
- Oversees project execution at all phases
- Provides Project advisory
- Syndicates Funds – Investment Banker/ Merchant Banker
- Can co-invest in SPV, if formed and if desired
Role of IIDC -1

- Establish initial feasibility and scope out the further studies required
- Prepare and finalize the TOR for various studies
- Appoint the Consultants through a competitive process
- Work closely with/ assist the promoter to work out appropriate financing mechanism
Role of IIDC -2

- Bundle/ unbundle projects as per their financial viability
- Validate bankability of discrete projects
- Formulate appropriate structuring mechanisms to optimize costs, tenors and risks
- Assess feasibility of alternate frameworks and assist the developer in finalizing one
- Prepare detailed term sheets so as to lead to timely financial closure
Role of IIDC -3

- Act as a facilitator/advisor for achieving financial closure:
  - Identification of potential investors/lenders
  - Project presentation
  - Assistance in due diligence
  - Assistance in Approvals and documentation etc.
Role of IIDC -4

- Facilitate commencement/ execution of construction by:
  - Procuring detailed engineering design
  - Getting detailed cost estimates done
  - Preparing bid-documents
  - Working on selection and appointment of contractors
  - Preparation and finalization of construction contracts
Role of IIDC -5

- **Monitor and oversee the**
  - progress of work in compliance with the contract
  - Quality assurance
  - Completeness and compatibility of work

- **Market the project for it’s successful development, in liaison with promoter and specialized skills of realtors/consultants**
Role of IIDC - 6

- To induct strategic partners, as required, to share/minimize project risks:
  - Devise a strategy to induct co-developers
  - Approach potential partners to participate
  - Negotiate the role-play and financial commitments of the partners/co-developers
For more information, contact:

UMESH SONI
SVP & Head – Integrated Development
IL&FS Infrastructure Development Corporation Ltd.
Eros Business Complex
Hotel Shangri-la, 19 Ashok Road
New Delhi - 110001
Ph: 011- 43002355
Fax: 011- 43505802
E-mail: Umesh.Soni@ilfsindia.com

YAMINI J. SINGH
Manager
Phone: 011 - 433002198
E-mail: yamini.singh@ilfsindia.com