

Press Release

‘FICCI – Centrum Theme Paper on Infrastructure Financing’ showcases Investment Opportunity of USD 4.5 Trillion between 2016 and 2030

Mumbai: September 29, 2016. The Centrum Group in partnership with The Federation of Indian Chambers of Commerce and Industry (FICCI), released a theme paper on *‘Infrastructure Financing – Emerging Options in India’* at their ‘Infrastructure Financing Conclave, attended by senior executives from the Corporate world, Financing institutions, Private Equity funds, Credit Rating agencies and Government Bodies at Taj Lands End, Mumbai today. The theme paper highlights the challenges facing the Infrastructure sector along with recommendations to drive future investment growth besides analysing the emerging alternatives for financing Infrastructure projects.

The recent rise of India in the World Economic Forum’s global competitiveness index showcases India’s focus on driving its economy with a strong push to revive the infrastructure sector. Recent policy initiatives undertaken by the authorities have given emphasis to address the growing stress levels for the various lending institutions and the theme paper underscores imperative need to diversify means of financing through innovative products including Masala Bonds, Infrastructure Debt Funds (IDF), InvITs etc.

The conclave focussed on the business potential from the revival of the infrastructure sector, along with its prevailing challenges and initiatives taken to address the same. The discussions covered the emerging trends in bridging the infrastructure financing gap which continues to be a high priority sector for the NDA government.

The key take -ways and recommendations from the theme paper include:

- After a promising growth in investment in infrastructure sector which almost doubled from the tenth plan to the eleventh plan, has slowed down significantly over the past 4 years with some correction visible lately. Unless addressed urgently this could impact the GDP growth prospects potentially to the tune of 2-3%
- Recommends deepening of the bond market and encouraging non-recourse financing, highlighting the need for prudent application of Project Appraisal and structuring skills by the lenders. It also suggests removing limitations around group exposure for projects financed on non-recourse basis.
- Suggests that Pension and Sovereign funds are best positioned to absorb the funding requirements of infrastructure projects. Given the availability of matured assets at attractive valuations, the Indian Infrastructure arena is poised to see a huge spurt in its investment activity

Speaking at the release of the paper, Sandeep Upadhyay, MD & CEO, Centrum Infrastructure Advisory Ltd. said *“While the downward revision of total investment in the infrastructure*

sector vis-à-vis the original 12th five year Plan estimates, was partially on the account of global meltdown and persistent sectoral issues, lack of adequate financing is the single biggest challenge going forward. Hence alternate sources of funding need to be explored and evaluated to reduce the over dependence on domestic banks to fund infrastructure projects”

“Given the unprecedented NPA levels experienced by Banks, I believe the infrastructure financing market is in a state of flux. There is immense potential for raising funds through emerging alternate products such as Masala Bonds, Infrastructure Debt Funds (IDF), InvITs and further leveraging established sources such as Pension funds and Sovereign funds. The theme paper released today covers potential impact of some of these emerging options”.

Centrum Infrastructure Advisory Ltd. works with a number of domestic & international companies in the Infrastructure sector advising them on Fund Raising (Debt & Equity), M&A, JV, Bid Advisory etc.

About the Centrum Group

Centrum Capital Ltd. is a SEBI registered category I merchant banker (listed on BSE) with over two decades of experience in Capital Markets across various cycles. It has expertise across Equity & Debt spectrum with capabilities in Equity Capital Markets, M&A Advisory, Corporate Finance & Advisory, Primary & Secondary Debt Placement, Project Finance and Corporate Debt Restructuring. Its retail arm provides integrated solutions for Private Wealth Management, Portfolio Management, Stock Broking and Foreign Exchange. With a pan-India presence through a network of 125 branches in 48 cities, Centrum Capital Ltd. is poised for exponential growth.

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