



ANASTASIA GEKIS

# South Asia

## Project Financing and Portfolio

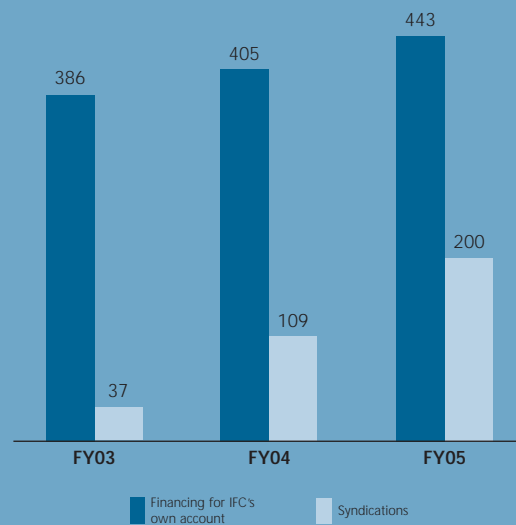
(millions of U.S. dollars)

	FY03	FY04	FY05
Financing committed for IFC's account	386	405	443
Loans	355	379	384
Equity	28	18	57
Guarantees and risk management	3	9	2
Loan syndications signed	37	109	200
<b>TOTAL COMMITMENTS SIGNED</b>	<b>422</b>	<b>514</b>	<b>643</b>
Committed portfolio for IFC's account	1,447	1,518	1,634
Loans	929	1,101	1,326
Equity	345	265	214
Guarantees and risk management	172	152	93
Committed portfolio held for others (loan participations)	140	237	416
<b>TOTAL COMMITTED PORTFOLIO</b>	<b>1,587</b>	<b>1,755</b>	<b>2,050</b>

Loans include loan-type, quasi-equity products. Equity includes equity-type, quasi-equity products.

## Commitments

(millions of U.S. dollars)



## IFC's Country Exposures

Committed portfolio for IFC's own account as of June 30, 2005\*  
(millions of U.S. dollars)

India	1,268
Bangladesh	111
Sri Lanka	102
Maldives	55
Nepal	47
Bhutan	10

\*Excludes individual country shares of regional and global projects.

## Project Commitments and Countries

	FY03	FY04	FY05
Number of projects	18	19	20
Number of countries	4	5	2

# Strengthening International Competitiveness

South Asia remained one of the world's fastest-growing regions during FY05, with particularly strong growth in India. Many companies in the region are striving for international competitiveness and pursuing new investment opportunities in South Asia and beyond. IFC is promoting sustainable private sector growth, both through investments in projects that have a high development impact and through technical assistance. This technical assistance helps clients improve their sustainability; it also helps strengthen smaller businesses and support community development programs. In FY05, IFC committed investments of \$443 million for its own account and \$200 million in loan syndications.

IFC's investments in Indian manufacturers demonstrate how we are helping build an internationally competitive private sector. A loan to Tata Steel will facilitate the company's expansion in East Asia, while increasing its production capacity and productivity in India. Our second investment in Apollo Tyres will help expand its production of bus and truck tires. Through an equity investment in Cosmo Films, a packaging manufacturer, IFC is helping a repeat client strengthen its capital structure and supporting its growth prospects. DCM Shriram Consolidated, a diversified chemical company, is using IFC's investment for an environmental upgrade of an existing plant, to create more capacity for production and captive power generation, and to help expand the company's rural network of retail stores for agricultural products. IFC also made three equity investments to support India's emerging biotech industry (see box); a loan and equity investment in Andhra Pradesh Paper Mills, India's fourth-

largest pulp and paper manufacturer; loans to repeat clients, United Riceland Limited, one of India's leading rice millers, and Rain Calcining Limited, a producer of petroleum coke; and a loan to SRF Limited, a manufacturer of nylon tire cord and chemical gases. In support of India's IT industry, IFC provided a loan to KPIT Cummins Infosystems Limited, an IT services outsourcing company focused on manufacturing and financial services, as it embarks on a growth and acquisition strategy.

We are also helping South Asian countries continue their growth in tourism, a focus that took on special urgency after the tsunami in the Indian Ocean in December 2004. As part of our comprehensive support to response and recovery efforts, IFC established a Tsunami Tourism Loan Facility. A company affected in the Maldives has already received assistance through this facility, which will also support the industry's recovery in Sri Lanka and Thailand (see box, p. 25).

Infrastructure is a high priority for IFC's investment and technical assistance work in the region, given its critical importance for sustaining growth and reducing poverty. IFC is helping expand the availability of power, water, and telecommunications through investments and advice on public-private partnerships. In FY05, IFC provided AD Hydro Power Limited with a loan and equity investment to develop one of the first hydropower plants to be financed on a merchant basis in Asia (see box). An investment in Sealion Sparkle will allow this company to expand its port management services within India and beyond (see box). IFC has also provided an equity investment to India's Ramky Group, helping expand the



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## Bangladesh: A Consortium Helps Small Businesses Grow

An important way to improve the competitiveness and performance of small and medium enterprises is to increase their access to business services. IFC's SouthAsia Enterprise Development Facility is helping service providers in Bangladesh make more comprehensive and sustainable assistance available to small and medium enterprises. One such effort is the Consortium for Business Development Services, launched in 2003 with an initial investment of \$8,500 by a group of local consultants. SEDF has helped the members coordinate and integrate their capabilities so that the consortium can now offer a wide range of management training and business consulting services to the country's smaller businesses. These include pricing analysis of poultry, feed, nursery, and seed products; assessment of training needs for businesses in selected supply chains; a diagnostic study of the Dhaka Chamber of Commerce and Industry; and the publication of a set of business case studies. The consortium is now generating revenues from its training and consulting. SEDF will continue to support the evolution of the consortium into a one-stop shop that provides key management development services to smaller enterprises throughout Bangladesh.

country's largest private business in solid waste management. IFC has signed an advisory mandate with the Indian city of Bangalore to introduce private participation in its water and wastewater systems.

IFC is supporting infrastructure indirectly as well, through a loan to the Infrastructure Development Finance Company Limited, a firm that invests and provides advisory services for developing projects in India's key infrastructure sectors. Also in the financial sector, a loan to Kotak Mahindra Bank will help it increase its lending to smaller businesses, particularly those that focus on exports.

Through technical assistance, the SouthAsia Enterprise Development Facility expands IFC's reach in Bangladesh, Bhutan, and Nepal, as well as in India's northeast. Operational since 2002, SEDF is working to improve the business environment, strengthen providers of business services, and increase financial services for smaller businesses. For example, SEDF has supported the development of a consortium to help smaller enterprises improve their access to business services (see box). Also during FY05, the IFC Against AIDS team launched a program with IFC's South Asian clients (see p. 23).



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## India: Investing in Biotechnology and Pharmaceuticals

Biotechnology and pharmaceuticals could potentially be major growth sectors in India's economy. To support these emerging industries, IFC made three investments during FY05. The first is an equity investment in the APIDC Biotechnology Fund, which will make equity and equity-related investments in start-up and early-stage life sciences businesses working in such areas as health care, drug discovery, agriculture, dairy, and environmental and industrial applications. IFC's investment will enable the fund to take significant minority stakes in Indian businesses; it plans to build a portfolio of 20 to 25 companies with an average transaction size of \$1.5 million. IFC also made its first direct investment in a biotech company, Bharat Biotech India Limited, a firm in Hyderabad that develops, manufactures, distributes, and markets vaccines and biopharmaceuticals. IFC's equity investment will help the company expand its development and production of new products, as well as improve its marketing and sales efforts. As the first international institutional investor in Bharat Biotech, IFC will assist the company in establishing good corporate governance and help it ensure timely financial reporting and sound financial management. IFC also invested equity in Dabur Pharma, a leading pharmaceutical company in India. This investment will help the company expand and upgrade its manufacturing facilities to meet regulatory requirements in the United States and the European Union, obtain regulatory approvals for sales of generic oncology products in these markets, and enhance its corporate governance practices.



COURTESY OF SEALION SPARKLE

## India: Meeting the Competition for Port Services

With competition rising among the country's ports and with Indian companies seeking to enhance their competitiveness in international markets, IFC is helping improve the efficiency, productivity, and safety of India's port operations. Ocean Sparkle Limited, one of the first private Indian companies offering comprehensive port services, owns and manages one of the country's largest private fleets of harbor tugs and provides management and other services to eight key ports in India. To strengthen its financial and technical capabilities and its ability to bid for larger port management contracts, Ocean Sparkle has entered into a joint venture with the Port of Singapore-Marine Limited, a subsidiary of Singapore's port authority. The consortium has won three large port management services contracts in India and is seeking additional opportunities, both in India and worldwide. IFC's loan to the consortium, Sealion Sparkle, for \$4.9 million will support these domestic and international expansion plans and contribute to the overall development of infrastructure critical to India's growth.

## India: A Pioneering Investment in Cleaner Energy

IFC has made a combined \$49 million loan and equity investment in AD Hydro Power Limited in the Himalayas of northern India. The project is one of the first hydropower plants in the developing world to be financed on a merchant basis, with the private sector taking market risk. IFC's funding supports construction, operation, and maintenance of a 192 megawatt run-of-river hydroelectric power plant and a 185-kilometer, 220-kilovolt transmission line. The plant will help meet a growing demand for electricity and alleviate peak shortages in the region. It will be developed mainly by Indian contractors and suppliers, generating short-term and permanent jobs as well as substantial revenues to the state and national governments through royalties and taxes. By using a renewable source of energy, the plant will help reduce reliance on thermal power, which produces greenhouse gases and particulate emissions. The project encourages private hydropower development and private participation in India's power sector. To ensure that local communities benefit from the investment, IFC will provide technical assistance to promote forest and wildlife conservation, links with smaller local businesses, and sustainable tourism in the area.



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