



DEG Financial Services in India

Hanseatic-India Colloquium

Healthcare and Biotech Sector:

Emerging Opportunities in Indo-German Cooperation

Hamburg, November 23, 2006

DEG at a glance. Corporate data



- Founded: 1962
- Owner: KfW
- Legal form: GmbH
(limited liability group)
- Head office: Cologne
- Capital: EUR 750 million
- Employees: 348



DEG portfolio: regions.



Central, Eastern and South Eastern Europe: EUR 538 million

Asia : EUR 1,130 million

Africa : EUR 521 million

Latin America and Caribbean: EUR 529 million

Supraregional: EUR 32 million

Added value of DEG financing



Experience in India since 1964

Advisor for project and country risks

Provision of long-term investment capital

Fixed assets of the Indian company as collateral security

Umbrella function in every phase of the project

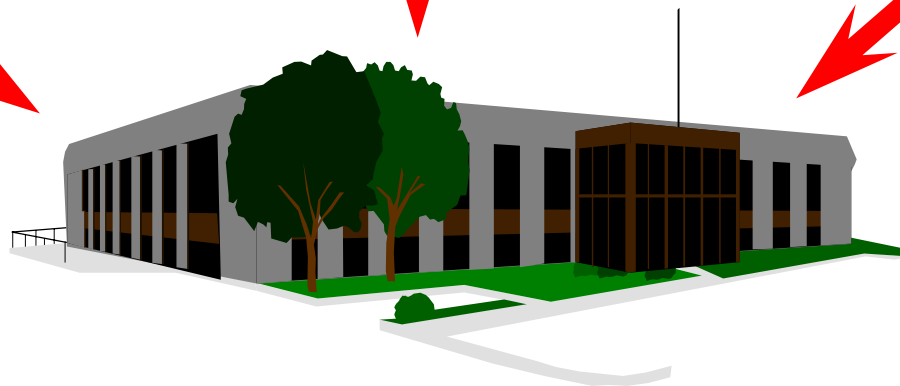
At a glance. DEG services



Long-term finance

Strategic planning

Competent
partnership



Business principles

Types of transaction



- Extension
- Green field projects
- Privatization
- Buy-outs

Financial instruments.

Long-term loans



- Currency: EUR or USD
- Term: usually between 4 and 10 years
- Period of grace: depending on cash flow
- Interest rate: fixed or variable, market-oriented according to project and country risks
- Collateral security: security as fixed assets in the country of investment, project-specific arrangements

Financial instruments.

Mezzanine finance



- Currency: EUR or USD
- Amount: 5 -15 million euros
- Term: usually between 4 and 8 years
- Ranking: subordinated in relation to senior lenders
- Interest rate: flexible yield structure possible
- Return: risk-oriented

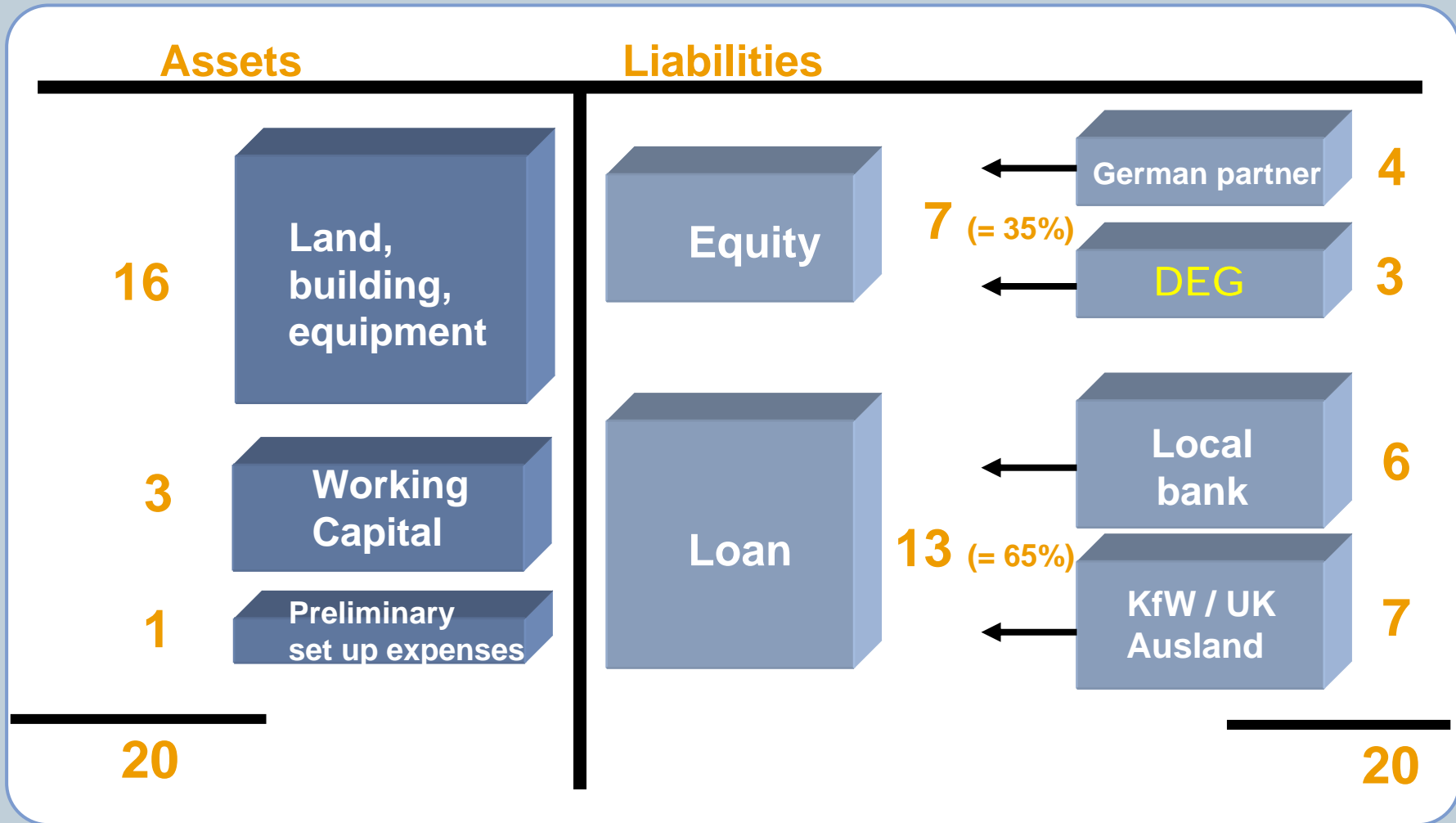
Financial instruments. Equity capital



- Amount: 5 -15 million euros
- Participation: between 5 – 25 of share capital
- Exit: after 3 – 6 years via trade sale, IPO, agreements about put and call option
- Return: expected equity IRR between 18 – 30 %
- Conditions: voting rights and seat on the Board of Directors of the project company

Example: DEG participation in equity

(Total investment: 20 million euros)



Financing with KfW - Unternehmerkredit - Ausland



Investment plan: Foundation of a subsidiary in India

Turnover (parent company in Germany): 30 million euros

Investment plan

Land	300,000
Building	700,000
Equipment	1,000,000
Total	<u>2,000,000</u>

Financing

Unternehmerkredit Ausland	1,500,000
Loan house bank	250,000
Equity (parent company)	250,000
Total	<u>2,000,000</u>

- Financing up to 75 % of the total investment by KfW-Bankengruppe
- Term up to 10 years with a period grace up to 3 years.
- Collateral Security will be taken by parent company in Germany

Financing criteria.



Important factors for a decision in favour of an investment:

- Qualified management
- Credit standing
- Proven track record
- Reasonable acquisition price and a realistic exit strategy

DEG's basic requirements to start a project

- Sound business plan
- Audited financial statements

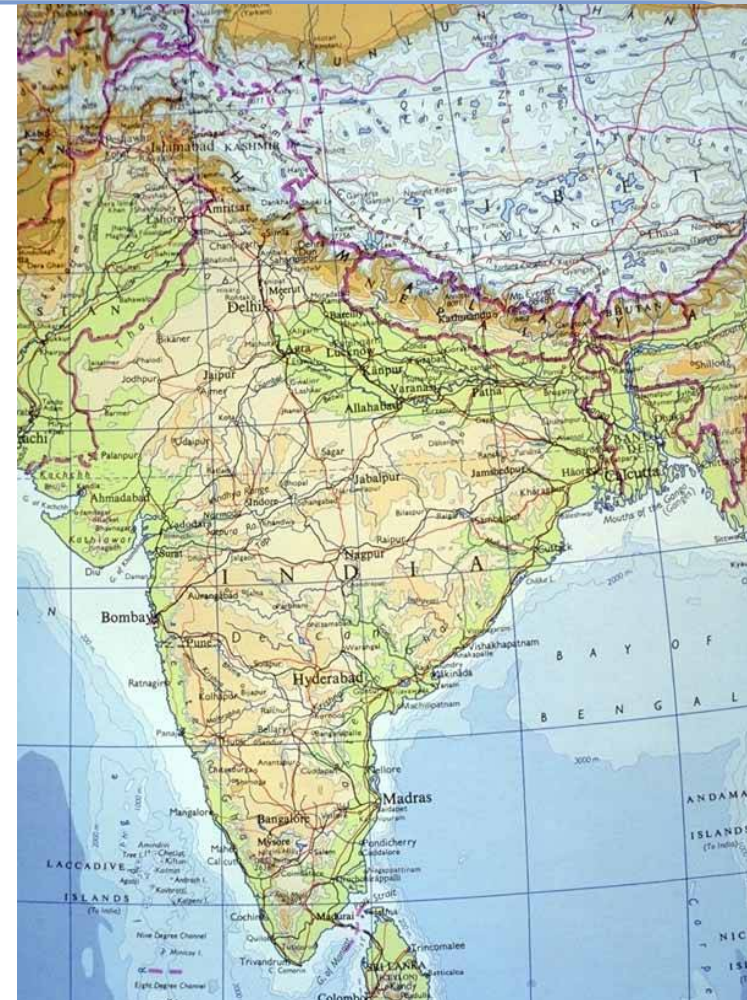
Get in touch!



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Helpful websites



KfW-Bankengruppe

www.kfw.de

Ostasiatischer Verein e.V. (OAV)

www.oav.de

Bundesstelle für Außenhandelsinformationen (BfAI)

www.bfai.de

Bundesverband der Deutschen Industrie (BDI)

www.bdi-online.de

Industrie- und Handelskammer Bielefeld

www.bielefeld.ihk.de

Industrie und Handelskammer Pfalz

www.pfalz.ihk24.de

Botschaft der Republik Indien

www.indianembassy.de

Deutsch-Indische Handelskammer

www.indo-german.com

Reserve Bank of India (RBI)

www.rbi.org.in

DEG office New Delhi

www.deginvest.de