

VISL	
Inward No.	126
Date	16/2/12
Issued To	
MD & CEO ✓	
COO	CS & CAO
CFO	A(LM)
CTO	



16/2/2012

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GOVERNMENT OF KERALA
Abstract

Fisheries & Ports Department - Vizhinjam Port Project - Revised Phase I Project cost, Break up of equity /debt / Cost of concessionaire, Break up of debt and other matters - Approved - Orders Issued.

FISHERIES & PORTS (E) DEPARTMENT

G.O.(MS) No. 08/2012 /F&PD

Dated, Thiruvananthapuram, 14/2/2012

- Read: -
- 1) G.O (MS) No. 74/08/F&PD dated 25.11.2008.
 - 2) G.O (MS) No. 72/09/F&PD dated 7.11.2009.
 - 3) G.O (MS) No. 73/09/F&PD dated 11.11.2009.
 - 4) G.O (MS) No. 42/10/F&PD dated 29.5.2010.
 - 5) G.O (MS) No. 75/10/F&PD dated 18.10.2010.
 - 6) G.O (MS) No. 83/10/F&PD dated 20.11.2010.
 - 7) G.O (MS) No. 25/11/F&PD dated 1.3.2011.
 - 8) Letter No.VISL /BUD /293/07/131 dated 21.2.2011 of MD & CEO
Vizhinjam International Seaport Limited.
 - 9) Letter No. VISL/BUD/11/293/08/161 dated 19.3.2011 of MD & CEO,
Vizhinjam International Seaport Limited.
 - 10) Letter No. VISL/2010/Budget /556 dated 22.9.2010 of MD & CEO,
Vizhinjam International Seaport Limited.
 - 11) Letter No. VISL/BUD/07/922 dated 20.12.2011 of MD&CEO, Vizhinjam
International Seaport Limited.
 - 12) Project Information Memorandum dated March 2011 prepared by SBI Caps.

ORDER

As per GO read as 3rd paper above, Government approved an action plan for Vizhinjam Port Project and an amount of Rs. 450 crores was approved as the initial capital investment in the preliminary phase including the acquisition of land, rail/road connectivity development, water, power supply, environmental studies etc and also initiate the process for obtaining clearances and upfront equity in the project and also appointed M/s. International Finance Corporation (IFC) as project advisor. The project advisor, M/s. IFC in the Strategic Options Report had stated that the phase -1 capital expenditure of the project was

estimated at Rs. 2530 crores, out of which the civil infrastructure was estimated at Rs. 1647 crores and recommended the 'landlord' model for the implementation of the port project. Accordingly, Government approved the 'landlord' model vide GO read as 5th paper above for the implementation of the Vizhinjam Port Project. As per the approved project model, various components of the project viz. land acquisition, external infrastructure, civil infrastructure have to be developed by Government and the port super structure and terminal has to be developed by the private partner to be selected and the ownership of the assets remain with the Government as this is a Landlord Port and the same is to be considered as a Government project aimed at the development of the capital region.

2) As per GO read as 1st paper above, Government ordered that the extent of land to be required for the construction of rail/road connectivity etc for the Vizhinjam Port Project would be 120 hectares and as per GO read as 2nd paper above Vizhinjam Port was declared as a Fast Track Project. Subsequently R&R package was issued as per GO read as 4th paper above, Land Acquisition being done through negotiated purchase mode. The agencies engaged for developing various components of external infrastructure have prepared DPRs which are in various stages of implementation.

3) The Managing Director & Chief Executive Officer, Vizhinjam International Sea Port Limited in the letter read as 10th paper has reported that there has been a substantial increase in the land prices for the 120 hectares of land being acquired by Government of Kerala through negotiated purchase under Fast Track procedure. There is considerable increase in the cost of external infrastructure development as per DPRs on various components received. Interest during construction was capitalized as recommended by SBI Caps, the Financial Advisors of the Project. Subsequently M/s. IFC prepared revised phase -1 project estimates amounting to Rs. 4010 crores based on the cost of land, DPRs and the anticipated interest during construction against Rs. 2530 crores + Rs. 450 crores estimated in the preliminary stage. They have also recommended break up of equity /debt / Cost. Based on the revised project cost SBI Caps, the financial advisors of the project has recommended a revised debt break up for Rs. 1910 crores to be raised by Government of Kerala. Subsequently as per letter read as 8th and 9th papers above the Managing Director & Chief Executive Officer, Vizhinjam International Sea Port Limited has submitted a proposal to revise the phase-1 project estimate and for a decision on the break up of equity /debt / Cost by Private Partner.

4) As per the revised Information Memorandum (IM) based on the revised project cost read as 12th paper above furnished by SBI Caps , Financial Advisors of the project, debt of Rs. 1910 crores proposed to be raised from Banks/Financial Institutions/Individuals as term loans, bonds against Rs. 1490 crores estimated in the initial Information Memorandum (IM) prepared by them. Hence the in- principle approval accorded by Government as per Government order read as 7th paper above to provide Government Guarantee for availing a loan of Rs. 1490 crores by VISL from a consortium of banks specified in the GO read as 6th paper above need to be extended for raising funds amounting to Rs. 1910 crores from banks / Financial institutions/individuals as term loan/bonds. Moreover the committed equity of Rs. 1130 crores (less the total grant as on date released to VISL which would be converted into equity later) need to be released to VISL from Government Funds during the construction period. Hence an in principle approval is also required in the matter of release of the entire equity/grant of Rs. 1130 crores @ Rs. 250 crores per year. Moreover, it is also needed to reiterate the commitment of Government of Kerala to provide adequate funds to repay principal and interest on borrowed funds @ Rs. 250 crores per year which was approved in principle earlier as per GO read as 6th paper above.

5) Government have examined the matter in detail and are pleased to approve the revised phase-1 project estimate amounts to Rs. 4010 cores , break up of equity/debt/cost and the debt break up as shown below for the implementation of Vizhinjam project;

a. Phase-1 revised project estimate:

	Rs. in crores.
Cost of land acquisition	790.98
External Infrastructure	247.94
1st Phase of the Port Project (EPC)	1646.00
Interest during construction (capitalized)	355.00
Cost of BOT Project	970.00
Total:	4009.92
Total (Rounded off)	4010 crores

b. Break up of equity /debt / Cost of concessionaire:

		Rs. in crores	
1.	Cost of GoK (VISL)		
	i. Equity	1130	
	ii. Debt-Term Loan/Bonds	1910	3040
2.	Cost by Private Partner		970
Total:			4010

c. Break up of debt:

		Rs. in crores.
1.	RTL from Banks	300
2.	RTL from Institutions	800
3.	Bonds	810
Total:		1910

6) Government are also pleased to accord

- i) revised in-principle approval for providing of Government guarantee to VISL for raising the required funds of Rs. 1910 crores from Banks / Financial Institutions / Individuals as term loan/bonds as estimated in the revised Information Memorandum submitted by SBI Caps .
- ii) in-principle approval for releasing the entire equity/grant of Rs. 1130 crores (less the total grant of Rs. 307,60,38,000/- as on date released to VISL which would be converted in to equity later) within the construction period of 3 years ie, Rs.250 crores / year starting from the current financial year.

7) In this context, Government reiterate the commitment to provide adequate funds to VISL to repay Principal and interest on borrowed funds @ Rs. 250 crores per year

By Order of the Governor
MANOJ JOSHI
Secretary to Government

To

Managing Director and Chief Executive Officer, Vizhinjam International Sea Port Limited , Thiruvananthapuram
The Principal Accountant General (Audit), Kerala , Thiruvananthapuram.
The Accountant General (A&E), Kerala , Thiruvananthapuram.
The Finance Department
The General Administration (SC) Dept
Stock File/Office Copy.

Forwarded by Order



Section Officer

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