



GOVERNMENT OF KERALA

Abstract

Fisheries & Ports Department - State Government guarantee to Housing and Urban Development Corporation Ltd (HUDCO) for Vizhinjam International Seaport Limited (VISL) to borrow Rs. 2,700 crores for the development of Vizhinjam International Deepwater Multipurpose Seaport (VIDMS) and annual budgetary support to VISL for repayment of the loan and guarantee commission - Sanctioned - Orders Issued

FISHERIES & PORTS (E) DEPARTMENT

G.O.(Ms)No.29/2018/F&P Dated,Thiruvananthapuram, 18/08/2018

Read 1 G.O. (Ms) No. 43/2014/F&PD dated 23.11.2004.

2 G.O. (Ms) No. 36/2014/F&PD dated 12.05.2014

3 Letter No. VISL/20 16- 17/ACC-23/178 dated 09/05/2018 & Lr. No. VISL/2016- 17/ACC-23/425 dated, 23/06/2018

ORDER

As per the Government Order read as 1st paper above, a Special Purpose Vehicle, VISL has been incorporated for developing Vizhinjam International Deepwater Multipurpose Seaport (VIDMS) on Public Private Partnership (PPP) basis. The State Government has entered into a Concession Agreement with Adani Vizhinjam Port Private Limited (AVPPL) in August, 2015 for the development and operation of Vizhinjam International Deepwater Multipurpose Seaport Project on Design, Build, Finance, Operate, Transfer (DBFOT) basis for an initial concession period of 40 years starting from the Appointed Date of 5th December, 2015. The obligation of the State Government is limited to share the project cost of first phase.

2. The estimated cost of first phase of the project is Rs. 7,700 crore which is to be utilised for the following components:

| No | Description | Amount (in crores) |
|----|-------------|-----------------------|
|----|-------------|-----------------------|

| | | |
|---|--------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1 | PPP Component of Port Construction Cost - Dredging & Reclamation, Berths, Terminal Superstructure, Terminal Equipment and Road | 4,089 |
| 2 | Funded work – Breakwater and Fishing Harbour | 1,463 |
| 3 | Basic land side infrastructure - Water, Power & Rail connectivity, Land, R&R, Social Welfare activities and other administrative Expenses. | 2,148 |
| | Total | 7,700 |

The financial commitment of State Government is Rs. 4428 crores for components under item No. 2 and No. 3 above in addition to the part VGF of Rs. 817.2 crore. The State Government has provided Rs. 1089 crore to VISL till last financial year which has been fully utilised. VISL requires the remaining amount of Rs. 3339 crore for completing the project.

3. Government directed VISL to borrow the remaining amount of Rs. 3339 crore from financial institutions with the assurance to meet all the obligation of borrowing as well as repayment.

4. Accordingly, the Board of Directors of Vizhinjam International Seaport Limited, in its 46th meeting, authorised the Managing Director & CEO, VISL to approach Commercial Banks / Financial Institutions / KIIFB to raise required funds. The HUDCO has agreed to finance the project on the following terms and conditions:

| | | |
|---|--------------------------|---------------------------------------------------------------------------------------------------------|
| 1 | The quantum of financing | Up to 90% of total project cost excluding administrative expenses. |
| 2 | Repayment period | Up to 17 years including the project implementation period. |
| 3 | Rate of Interest (%) | 9.95% (Fixed for 1 year) |
| 4 | Security | Govt. Guarantee |
| 5 | Repayment mechanism | Through budgetary provision with commitment from Finance Dept. from 2 years from date of availing loan. |
| 6 | Application Fee | 0.1% of Loan amount (subject to maximum of Rs. 5 lakh + applicable GST) |
| 7 | Front end Fee | 0.5% of loan amount (subject to maximum of Rs. 100 lakh + applicable GST) |

5. HUDCO has agreed to lend 90% of remaining project cost of Rs. 3339 crores, excluding administrative expenses of Rs. 340 crores i.e. Rs. 2,700 crore. The Board of Directors of VISL in their 47th meeting held on 27/07/2018, has approved the proposal to borrow Rs. 2700 crore from HUDCO at their terms and conditions.

6. The drawal schedule of the loan amount by VISL is as follows:

| Year | Rs. (in crore) |
|--------------|-------------------|
| 2018-19 | 1045 |
| 2019-20 | 1180 |
| 2020-21 | 360 |
| 2021-22 | 115 |
| Total | 2700 |

7. As per the terms and conditions of the loan by HUDCO, a two years' moratorium period is provided for repayment of the principal amount. However, interest has to be paid during this period which is Rs. 206.04 crore. The total repayment for 17 years including principal and interest is Rs. 5,277.98 crore. The guarantee commission @ 0.75% of the outstanding loan amount has to be paid to Government for the repayment period by VISL. The term of repayment of loan for principal and interest amount including the guarantee commission are in quarterly instalments from 3rd year and the annual amount required is as shown below:

| Sl.No | Year | Loan drawl | EMI | Principal Repayment | Interest paym ent | Guarantee Commission payment | Total Payment |
|-------|--------------|-----------------|-----------------|---------------------|-------------------|------------------------------|-----------------|
| | | | | A | B | C | D=A+B+C |
| 1 | 2018-19 | 1,045.00 | 49.90 | 0.00 | 49.90 | 7.84 | 57.74 |
| 2 | 2019-20 | 1,180.00 | 156.14 | 0.00 | 156.14 | 16.69 | 172.83 |
| 3 | 2020-21 | 360.00 | 297.80 | 70.60 | 227.20 | 19.00 | 316.79 |
| 4 | 2021-22 | 115.00 | 332.99 | 90.55 | 242.44 | 19.22 | 352.21 |
| 5 | 2022-23 | 0.00 | 343.04 | 104.24 | 238.80 | 18.46 | 361.50 |
| 6 | 2023-24 | 0.00 | 343.04 | 114.55 | 228.48 | 17.62 | 360.66 |
| 7 | 2024-25 | 0.00 | 343.04 | 125.89 | 217.15 | 16.70 | 359.74 |
| 8 | 2025-26 | 0.00 | 343.04 | 138.35 | 204.69 | 15.69 | 358.73 |
| 9 | 2026-27 | 0.00 | 343.04 | 152.05 | 190.99 | 14.57 | 357.61 |
| 10 | 2027-28 | 0.00 | 343.04 | 167.09 | 175.94 | 13.35 | 356.39 |
| 11 | 2028-29 | 0.00 | 343.04 | 183.63 | 159.41 | 12.00 | 355.04 |
| 12 | 2029-30 | 0.00 | 343.04 | 201.81 | 141.23 | 10.53 | 353.56 |
| 13 | 2030-31 | 0.00 | 343.04 | 221.78 | 121.26 | 8.90 | 351.94 |
| 14 | 2031-32 | 0.00 | 343.04 | 243.73 | 99.31 | 7.12 | 350.15 |
| 15 | 2032-33 | 0.00 | 343.04 | 267.86 | 75.18 | 5.15 | 348.19 |
| 16 | 2033-34 | 0.00 | 343.04 | 294.37 | 48.67 | 3.00 | 346.04 |
| 17 | 2034-35 | 0.00 | 343.04 | 323.50 | 19.54 | 0.63 | 343.67 |
| | Total | 2,700.00 | 5,296.33 | 2,700.00 | 2,596.3 | 206.46 | 5,502.79 |

8. Government have examined the matter in detail and are pleased to

1) extend guarantee to Housing and Urban Development Corporation Ltd (HUDCO) for Vizhinjam International Seaport Limited (VISL) to borrow Rs. 2,700 crore for the development of Vizhinjam International Deepwater Multipurpose Seaport (VIDMS) at Vizhinjam, Thiruvananthapuram subject to the following terms and conditions:

- i) Guarantee Commission @ 0.75% shall be remitted as per order in G.O.(Ms) 487/04/Fin dtd 16.10.2004 & Guarantee Act.

ii) Simple interest @ 12% shall be charged for delayed payments as specified in clause 5 of Government Order dtd 16.10.2004.

iii) Half yearly report shall be sent to Government in Finance Dept with attested copies of chalans remitting Guarantee Commission & penal interest, if any indicating details of guaranteed amount, outstanding, guarantee commission payable (with details of Calculation).

iv) Remittance of Guarantee Commission dues if any to be sent before the execution of deed.

(v) Since Guarantee Commission cannot be waived as per Guarantee Act, a proper mechanism may be evolved for the strict payment of Guarantee Commission without any fault.

(vi) The Guarantee deed shall invariably contain the Govt Order No. & date of Government Guarantee, Amount & period of Guarantee & the Ceiling limit as per KCGG Act,2003 & should be get vetted by Law Dept & Fin Dept in Government.

2) to provide annual budgetary support to VISL for payment of guarantee commission to the State Government, and for repayment of the loan amount including interest in quarterly instalments to HUDCO.

(By order of the Governor)
BISHWANATH SINHA IAS
PRINCIPAL SECRETARY

To

The Chairman & Managing Director, Housing and Urban Development Corporation Ltd., Tvm.

The Managing Director, VISL., Tvm.

Principal Accountant General (A&E), Kerala Thiruvananthapuram.

Accountant General (Audit), Thiruvananthapuram.

The Managing Director, KIIFB.

General Administration (SC) Department (Vide Item 2424 dated 14.08.2018)

Finance Department (Vide No.PU-B3/86/2018/FIN (897063 dated 24.7.2018).

Law Department.

Planning and Economic Affairs Department.

I & PRD

SF/OC

Forwarded /By order

Section Officer

Copy to:

Private Secretary to Chief Minister

Private Secretary to Minister (Ports)

Private Secretary to Principal Secretary, Finance.

Private Secretary to Principal Secretary, Ports.