

April 8, 2019

International Finance Corporation
2121 Pennsylvania Avenue NW
Washington, D.C. 20433

Visakha Container Terminal Private Limited
Godrej Coliseum, Office No.801, 8th Floor, C-Wing,
Behind Everard Nagar, Off Somaiya Hospital Road,
Near Priyadarshini, Sion (East), Mumbai – 22

Attention: Mr. Anil Narayanan, Terminal Head

Summary of Investment Information (SII) for VISAKHA CONTAINER TERMINAL PRIVATE LIMITED
Project ID 41434

We hereby confirm that we reviewed the SII document, dated on April 8, 2019 in relation to the above project.
Please take this letter to confirm that:

- We approve the text of the SII and confirm that the text is consistent with our project plans;
- We have no objection to the release of the SII to IFC's Board of Directors;
- We have no objection to the SII being made available to interested parties (including the general public) through appropriate World Bank Group country offices and via the IFC website. We understand that if the SII needs to be updated, the revised text will be issued to us for prior approval

Signed on behalf of : VISAKHA CONTAINER TERMINAL PRIVATE LIMITED

By: _____



Visakha Container Terminal Pvt. Ltd.

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Registered Office: Godrej Coliseum, Office No.801, C-Wing, Behind Everard Nagar,
Off Somaiya Hospital Road, Sion (East), Mumbai – 400 022 Maharashtra, India.



Description of the Project (Summary Of Investments)

Visakha Container Terminals Pvt. Ltd (VCTPL or Company) has been operating a container terminal since 2003 on a 449-meter berth (VCT I) at Visakhapatnam Port in the state of Andhra Pradesh, India. The Company has been awarded a 30-year concession by Visakhapatnam Port Trust (VPT) to develop, operate & maintain a 395-meter extension of the existing 449-meter berth (VCT II or Project). The expected handling capability of VCT II is 0.75 million TEUs.

IFC is considering a financing package up to INR equivalent of US\$ 103 million, including an A loan of US\$ 46 million and parallel loans of US\$ 57 million.

Associated Advisory Services Engagement

None

Project Sponsor and Shareholders of Project Company

The Company is 74-26 joint venture between International Cargo Terminals & Infrastructure Pvt. Ltd. (ICTIPL) and Hindustan Ports Private Limited, a subsidiary of DP World Ltd. (DPW).

- i. ICTIPL: Set up in 1947, ICTIPL started as a provider of shipping support services, mainly stevedoring. It gradually expanded its service offerings to container handling, cargo consolidation, shipping agency services, ship chartering etc. In 2002, it set up its own CFS at Dronagiri in Navi Mumbai near JNPT Port. Currently, ICTIPL operates one CFS of 90,000 TEUs capacity at JNPT Port and also carries out bulk cargo handling operations at Rozi Jetty in Jamnagar, Gujarat.
- ii. DPW: Headquartered in Dubai, United Arab Emirates, DPW ranks as the world's third largest container terminal operator by capacity and throughput. DPW is one of the most geographically diversified companies operating 78 marine and inland terminals across six continents, including its flagship facility at Jebel Ali port in Dubai

Total Project Cost and Amount and Nature of IFC's Investment

IFC is considering a financing package up to INR equivalent of US\$ 103 million, including an A loan of US\$ 46 million and parallel loans of US\$ 57 million.

Project Location

The Company is headquartered in Visakhapatnam, Andhra Pradesh, India and the project is located in Visakhapatnam.





Expected Development Impact of the Project

1. Modernization of the Logistic and Transport Support for the Growth of the Vast Indian Hinterland: The container terminal at Vishakhapatnam is the primary gateway for container traffic for the Indian states of Andhra Pradesh, Chhattisgarh and Odisha. The Project will double the existing container handling capacity enabling foreign trade in India's vast hinterland to pass through much more efficiently at lower the cost. The improved port will increase revenues for the government through royalty payments and taxes; more importantly, the increased foreign trade will provide more economic opportunity and create jobs for the people living in the hinterland states.
2. Enhancing India's Strategic Collaboration with a Neighbouring Country: Due to its geographic location and the port conditions (deep-sea berths and convenient rail link), the container terminal expects to attract a significant amount of Nepal's foreign trade traffic volume, estimated at 100k TEUs per annum at present, after the improvement of the port capacity and facility. The Project will accommodate larger container vessels, allow for faster turnaround times and in conjunction with the direct rake service to Birgunj, improve the connectivity of Nepal, a land-locked country, with the global economy.

IFC's Expected Role & Additionality

- (i) Provision of long-term financing with Fixed Rate: The proposed 15-year loan is in line with the long-term nature of the Project's cash flows which is critical for large infrastructure projects. The Concession has a tail period of 15 years post the life of the proposed loan. Further, IFC can provide fixed rate financing for the Project which does not have a full pass through of inflation in tariff setting.
- (ii) Stamp of approval: Given the large funding requirement of the Project, IFC's presence will enhance the Project's visibility and attract other potential lenders.
- (iii) E&S Standards: Through the investment, IFC will help establish best practices in addressing environmental, health and social issues, bringing them in conformity with globally best accepted standards and practices.

Environmental and Social Categorization Rationale - Environment Category (B - Limited)

The project involves development of additional new facilities within the premises of an existing operational port; key risks and impacts will therefore be limited within immediate port area and the project is not expected to result in any new significant long-term impacts. Accordingly, this is a Category B project because a limited number of specific environmental and social impacts may result which can be avoided or mitigated by adhering to generally recognized performance standards, guidelines or design criteria. Further, it is possible to readily design and implement engineering and management measures to mitigate the limited risks and adverse impacts.





Description of Main Environmental & Social Risks and Impacts of the Project

Please refer to the Environmental and Social Review Summary (ESRS) linked to this project SII in the IFC's project disclosure website.

Environmental and Social Action Plan

Refer to the E &S Action Plan tab in the ESRS on the SPI (publishing) site.

