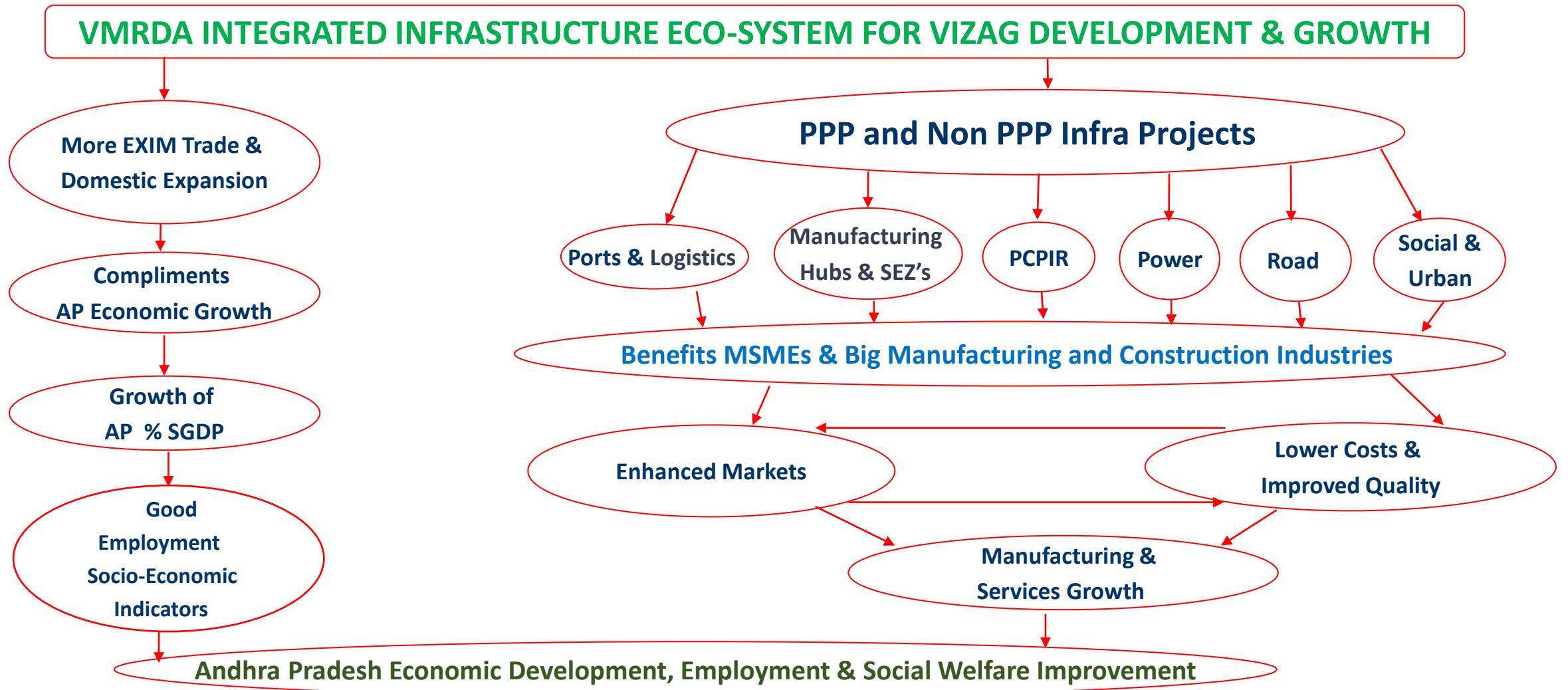


Visakhapatnam Metropolitan Region Development Authority (VMRDA)

- The Govt of Andhra Pradesh (**GoAP**) has proposed to develop a **New Executive Capital Visakhapatnam City** for **AP** at the sea foot hills of **Lord Venkateswara Temple, Mary Mata Church and Baba Ishq Madina Darga**
- **GoAP** aim to retain and position of *Visakhapatnam as a “Global Investment Destination” of AP*
- The Vizag City shall be developed over a foot print of **4873 Sq Km** in and around of Visakhapatnam District.
- To propel Vizag Infrastructure growth by leveraging the catalyst agents like VK-PCPIR, Smart City Mission and **Multi-modal transport connectivity’s** by *Air (International Airport), Sea (3 Ports), Road (NH 5 &16), Rail (Trunk line between Calcutta-Chennai-Hyderabad Metros and High Speed Internet AP Broadband)*
- With APMR & UDA Act 2016 the VMRDA was formed for the development of Visakhapatnam Region.
- VMRDA shall act as **Level - I Policy, Planning (MP&IDP) and Regulation Framework Body**.
- VMRDA shall plan, coordinate, execute and finance and fund the planned development of the Vizag Region.
- VMRDA estimated an investment outlay requirement of **INR 1,49,201 Lakh Crores** over the next 20 years for the development of **“Visakhapatnam Region”** along with adjoining with Vijayanagaram District.
- **VMRDA-MP-2041** to facilitate and provision the *Environmentally Sustainable and Viable Infrastructure Development in consultation with all the Stake Holders*
- *Visakhapatnam with VMRDA proposed Infrastructure it can become the potential “MEGA PORT Based LOGISTICS HUB” in the Bay of Bengal for South East Asia*

TYPICAL VMRDA INFRASTRUCTURE ECO-SYSTEM NETWORK



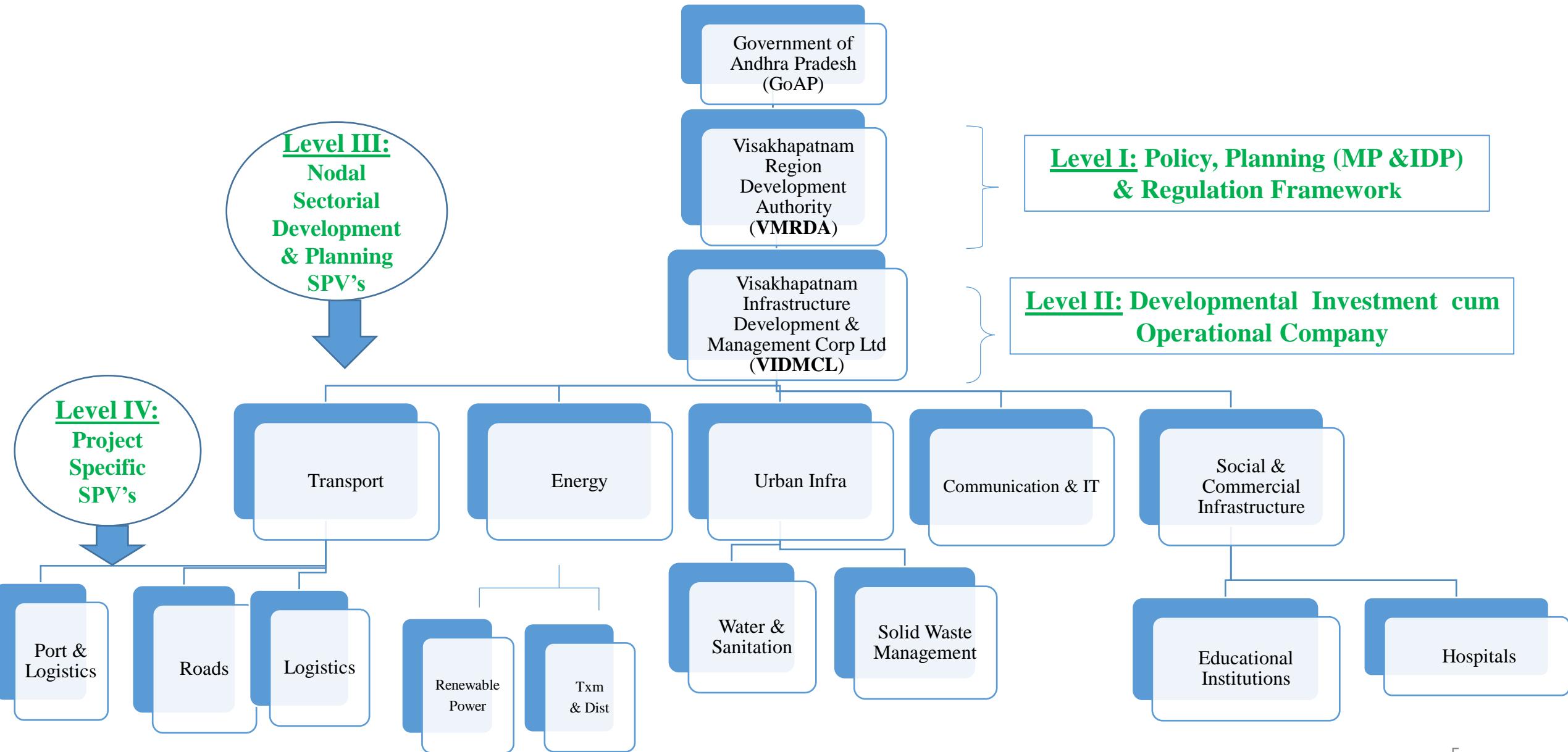
IMPACT : Employment Creation, Capital Formation, Cheaper & Quality Products & Services , Boosting Consumption

Developmental Process of Executive Capital Visakhapatnam Region

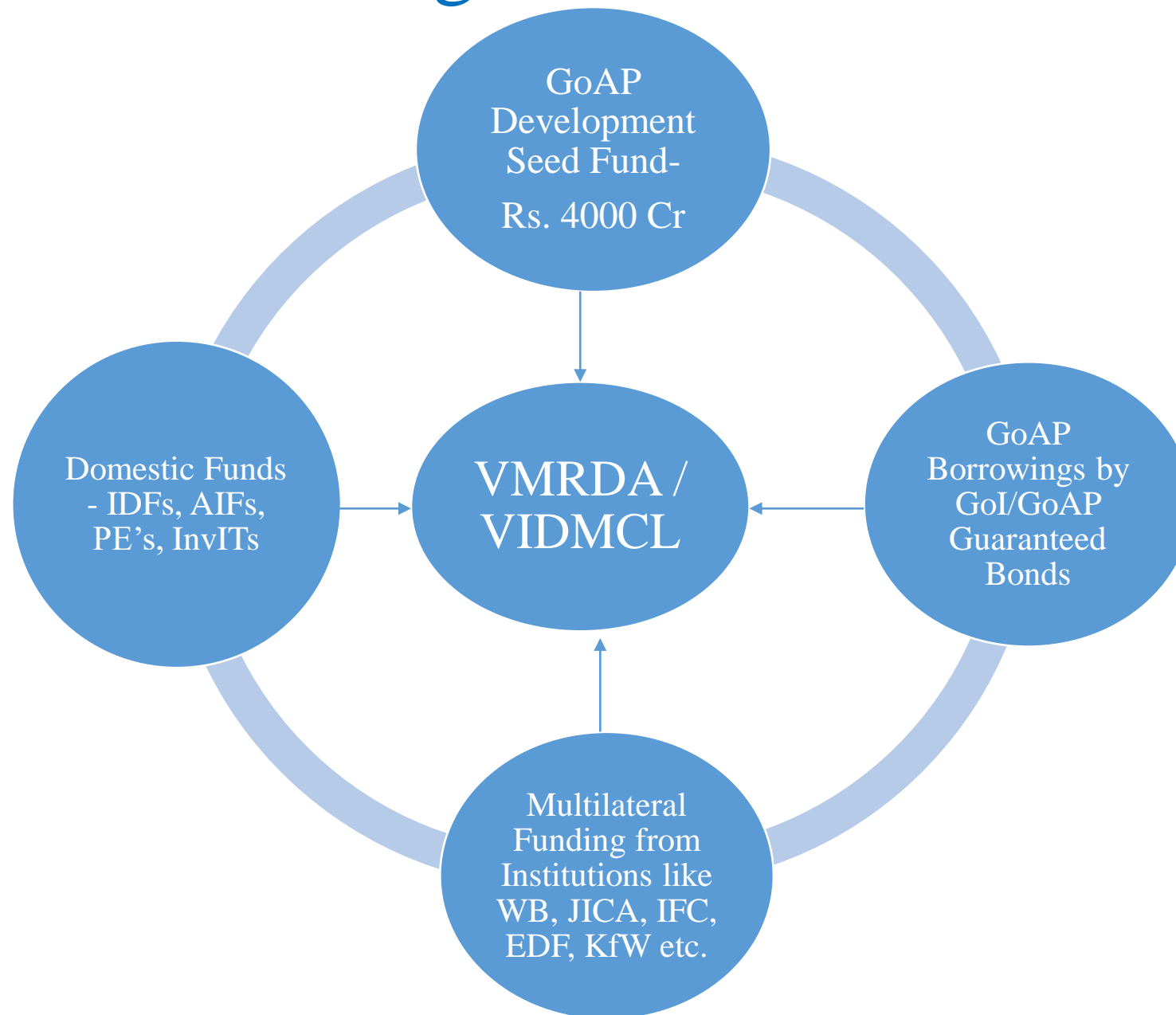
(A Concept)

- **VMRDA** shall act as a Central Agency of GoAP with the holistic roles of :
 - ✓ Policy & Regulation
 - ✓ Planning: Development Planning, Financing & Sustainability
 - ✓ Coordination: Business Processes
- A Nodal Infrastructure Development Holding Company under VMRDA by name “**Visakhapatnam Infrastructure Development and Management Corporation Limited (VIDMCL)**” may be incorporated for the **Development & Investment of Visakhapatnam Executive Capital**
- VIDMCL may act as **Level - II Investment cum Operating Company**.
- Under VIDMCL, **Sector-specific Nodal SPVs initially with 100% GoAP/VIDMCL ownership** may be incorporated as **Level III** for Energy (Generation, Txm, Distribution) Transport (Roads, Bridges, Ports, Airports), Urban Infra (Water, Sewerage etc), Communications & IT, Social (Schools, hospitals) and Commercial Infra .
 - ✓ **Phase I:**
 - Below sector-specific Nodal SPVs, project specific SPVs as **Level IV** may be incorporated
 - Private Sector/Selected Bidder may hold 100% / 88% / 74% /51 % Equity stake in the **Level IV** project-specific SPVs based on risk participation & perception once they are bidded out and balance held by VIDMCL.
 - ✓ **Phase II:** VIDMCL may reduce its stake in the sector-specific **Nodal SPVs at LEVEL III** to say 51% (keeping the majority stake to itself) while inviting private participation through the remaining 49% or vice-versa.

Draft VMRDA Four-Tier Project Developmental & Financial Structuring



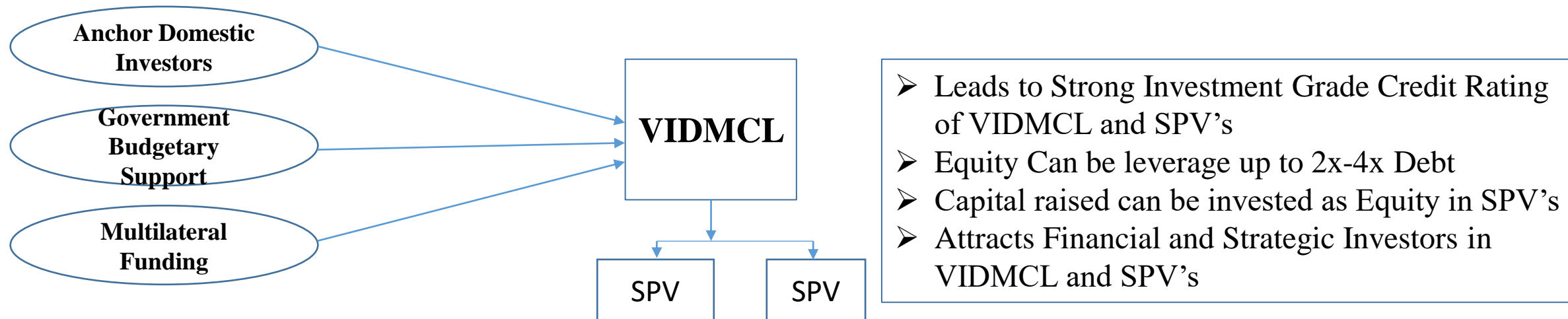
Level-I: Potential Funding Sources for VIDMCL/VMRDA



Level II: VIDMCL A Investment cum Operating Holding Company

Benefits of VIDMCL being the Investment cum Operating Holding Company:

- VIDMCL being a Company shall be flexible for development of Infrastructure sectors through SPV's
- A comprehensive **Business Plan** shall be prepared for all the Sectors in VIDMCL
- A Means of Finance requirement of **Equity, Debt and Structured Debt** can be estimated precisely
- GoAP Support shall be available to get Multilateral and GoI budgetary funding
- Alternate Financing source of investments from Domestic & Foreign Institutions & Investors can also explored
- Shall attract **Investment Grade Credit Rating** for raising debt by SPV's
- The Equity infusion at VIDMCL level could be leveraged up to **3x - 5x by Debt & Structured Debt**



Level-III: Nodal Sector-Specific SPVs below VIDMCL

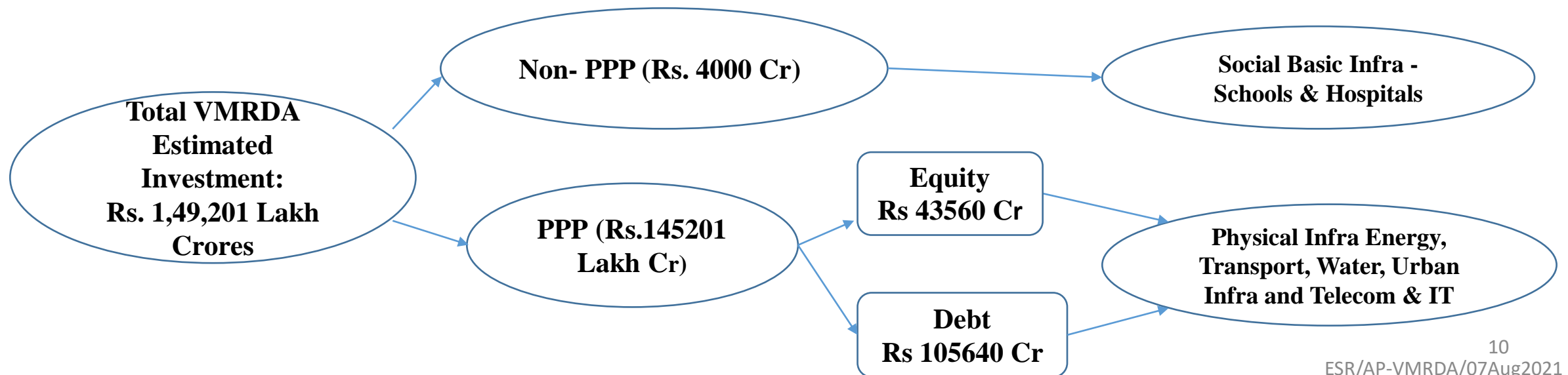
- The **Nodal Sector-Specific Level III SPVs** below VIDMCL could be broadly classified into 5 Broad Categories **with 100% GoAP / VIDMCL ownership** initially :
 - ✓ Nodal Transport Company
 - ✓ Nodal Energy Company
 - ✓ Nodal Urban Company
 - ✓ Nodal Communication & IT Company
 - ✓ Nodal Social & Commercial Infrastructure Company
- Nodal sector-specific Level III SPVs to prepare **Feasibility Studies, Project Reports and Obtain Approvals** for the project-specific **LEVEL-IV** SPV's based on sector specific policies, regulations, risks & cash flows through appropriate **PPP** structures like **BOT, BOOT, DBOFT** etc.
- Prepare transparent Project specific SPV bid documents and processes for **LEVEL-IV** SPV 's bidding

Level-IV: Project Specific PPP SPV's

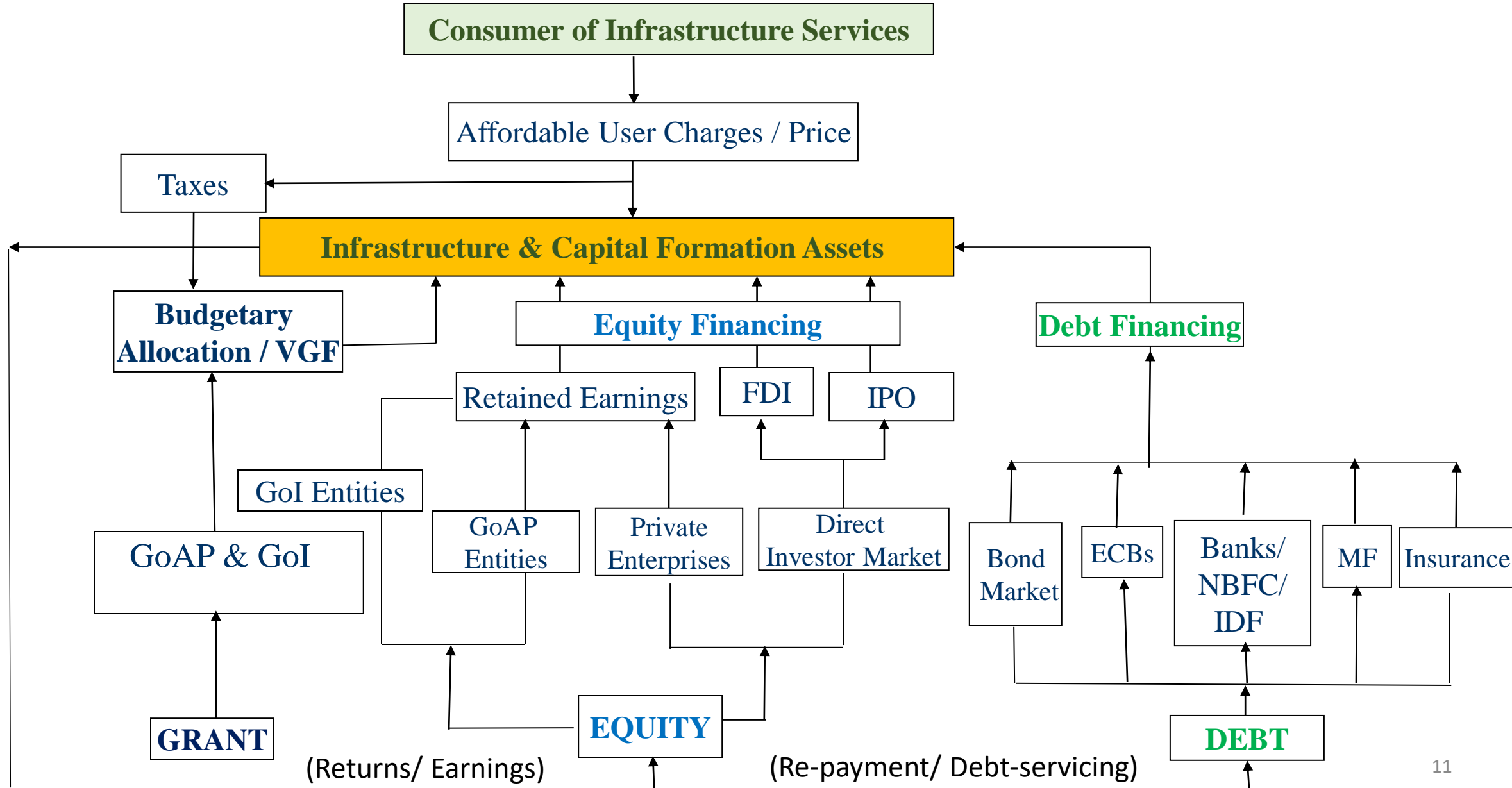
- Project SPV's may be developed & bid out by **Level-III** Sector-specific SPVs.
- Project SPV's may be bid out to Private Sector to hold 100% / 88% / 74% / 51% stake in project-specific SPVs based on risk perception.
- The Project specific **PPP** SPVs shall include:
 - Roads, Bridges, Ports, Logistic & Parking Hubs, Electricity Generation, Transmission & Distribution, Digital IT Networks, Housing, Hospitals, Schools, Water & Sanitation, etc. through appropriate PPP structures like BOT, BOOT and DBOFT.
- **Successful bidders** of Level IV Project-specific SPVs shall raise funds through Project Finance by means of Loans, Bonds, NCD, IDF, Forex (Reg-s,144 A), AIFs, PE etc.

Typical Funding Structure for the Development of “Visakhapatnam”

- The initial estimate of funding for the development of VMRDA is around **Rs. 1.49 lakh Cr** for the next 20 years.
- In the total estimated investment, atleast Rs. 4000 Cr (~2.5% of total) may be borne by GoAP to support the Non-PPP and small Equity infusions in the **Level III and PPP Level IV SPV’s**. This investment could come in the form of development fund and other government budgetary support
- The capital investment of around **Rs. 1,45,201 lakh Crore** shall be infused by a PPP mode with a typical Debt Equity ratio of 70:30.
- All approvals of **Level IV PPP-SPVs** are obtained by **Level-III Nodal Sector Specific SPV**.
- PPP process through **Level-IV SPV** bidding route.
- **Level IV SPVs** selected bidder shall raise funds by **Equity of Rs 43560 Cr and Debt Rs 105640** from Banks, FI’s and MLA’s.



TYPICAL VMRDA INFRASTRUCTURE & CAPITAL FORMATION FINANCING NETWORK





Thank You

(Committed to Brand Vizag Sustainable Development & Growth)

For any feedback/suggestions, please write to:

Dr E. Sankara Rao