Early Warning System

IFC-45328

KICT

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Quick Facts

Countries	India
Specific Location	Gulf of Kutch, Gujarat
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2022-04-07
Borrower	KANDLA INTERNATIONAL CONTAINER TERMINAL PRIVATE LIMITED
Sectors	Industry and Trade, Infrastructure
Investment Type(s)	Loan
Investment Amount (USD)	$ 30.84 million
Loan Amount (USD)	$ 30.84 million
Project Cost (USD)	$ 32.00 million

Project Description

According to IFC documents, the proposed investment involves a debt investment for Kandla International Container Terminal Private Limited (KICT or the “Company”) for a) purchase of equipment, brownfield capital expenditure including yard expansion for increasing the container handling capabilities of the terminals of 0.60 million Twenty Foot Equivalent (TEU) by 0.15 million TEUs; and b) refinancing of the existing debt for the two container berths (“Project”).

KICT entered into a 30-year Concession Agreement (CA) with the Deendayal Port Trust (DPT), erstwhile Kandla Port Trust, to upgrade, operate and maintain two container berth terminals (Berth 11 and 12) on Design, Built, Finance, Operate and Transfer (DBFOT) basis. KICT commenced operations in January 2017.

KICT’s facilities include a quay of 545 m and a terminal area of 23.86 hectares with four rail mounted quay cranes (RMQCs), four rubber tyred gantry crane (RTGCs), 48 reefer points, six reach stackers and two forklifts with a yard of 150,000 sqm and a ground slot capacity of 2,688 TEUs (twenty-foot equivalent units). KICT has recently obtained an empty yard of 51,600 sqm on lease from DPT, exclusively for stacking the empty units. The approach channel is 22 km long and 350 m wide with 13.5 m depth. As per the concession, it is the responsibility of DPT to maintain the draft of 13.5m.

DPT is a major gateway to the north-western corridor of India and KICT’s catchment area (north to west India) is the dominant region (>65% share) for India’s container capacity and traffic. Gandhidham, one of the largest trading hubs in the western India is located at a distance of ~3.5 km from KICT. KICT is connected by road to the National Highway NH-8A (to Ahmedabad) and by rail to western railway at Gandhidham Junction.

KICT is planning to augment the existing capacity of berths 11 and 12 from its current capacities of 0.6 million TEUs per annum to 0.75 million TEUs through addition of more equipment including one RMQC and four e-RTGCs and through development of existing yard (entailing activities such as paving the surface, laying storm water drainage line, providing an access gate and installation of electrical poles and lighting). The proposed IFC investment is A loan of up to US$30 million to KICT for the proposed brownfield expansion, limited to the purchase of equipment, and refinancing of the debt for the two container berths (the “Project”).

IFC will provide both financial and non-financial additionality. (i) Through the proposed investment IFC is providing long-term financing not readily available from local banks and a repayment profile better suited to the client's cash flows. (ii) IFC is playing a countercyclical role by supporting the expansion of the terminal and improving logistics for the industries that depend on its services at a time when the economy is recovering from the impact of the COVID-19 pandemic. (iii) In addition, IFC will help ensure that the Company adopts mitigation measures to manage environmental and social (E&S) risks according to IFC Performance Standards (PS).

The expected outcome of the investment are on stakeholders by helping sustain operations and support equipment purchase and yard expansion at the only container terminal at the Deendayal Port, a major port in India. Project is tagged as climate finance, stemming from the provision of electronically operated rubber tyred gantry cranes (E-RTGCs).

Beyond the Project, the investment is expected to contribute to the growth of coastal shipping and associated logistics infrastructure in India as well as promote India's integration with the Middle East and East African countries by facilitating India's exports of rice, tiles and ceramics and other goods.

STAKEHOLDER ENGAGEMENT

KICT, as part of the IMS, has in place procedures for receiving and responding to external communication. The company will expand the mandate of this external communication procedure and, as mentioned in ESAP#1, develop and implement a stakeholder engagement plan (SEP) in compliance with IFC Performance Standards.

People Affected By This Project

Key E&S issues related to the project and reviewed at appraisal are: the company's management and monitoring systems to assess and manage E&S risks and impacts from its operations; assurance of fair, safe and healthy working conditions for employees and contracted workers in line with the legal and PSs requirements and consistent management of occupational health and safety (OHS) policies and practices; monitoring and management of air emissions, waste and wastewater and hazardous materials; emergency response preparedness and response including that for COVID-19 pandemic and community engagement activities related to E&S commensurate to the risks and impacts associated with the company's operations.

Investment Description

- International Finance Corporation (IFC)

Private Actor Relationship

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Private Actors Description

KICT is a 100% subsidiary of ICTIPL – whose shareholders are the J.M. Baxi Group and Integral Investment South Asia VIII. ICTIPL was established in 1947 and began operations as a provider of shipping support services and gradually expanded its service offerings to container handling, cargo consolidation, shipping agency services, ship chartering etc. The J.M. Baxi Group has over 100 years of operating history during which it has successfully transformed into one of India's largest integrated maritime logistics player, with a vast network of offices in India & overseas and a good understanding of the industry.

KICT is situated on the shores of the Kandla Creek which runs into the Gulf of Kutch, on the west coast in the state of Gujarat, India. DPT is a major gateway to the north-western corridor of India and KICT's catchment area (north to west India) is the dominant region (>65% share) for India's container capacity and traffic. Gandhidham, one of the largest trading hubs in the western India is located at a distance of ~3.5 km from KICT. KICT is connected by road to the National Highway NH-8A (to Ahmedabad) and by rail to western railway at Gandhidham Junction.

Contact Information

Kandla International Container Terminal (Private) Limited
Mr. Krishnadas
Chief Operating Officer
022 - 61537900
krishnadas@ict.in
Godrej Coliseum, 1001-A wing, Behind Everard Nagar, Sion(E), Mumbai - 400 022, India
http://www.ict.in/kict/index.html ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

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ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org

Bank Documents

- Environment and Social Review Summary
- Final Environment and Social Due Diligence Report [Original Source]