

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Infrastructure and Investment Department - Creation of Infrastructure Corporation of Andhra Pradesh Limited (INCAP) - Memorandum and Article of Association - Approved - Orders - Issued.

INFRASTRUCTURE AND INVESTMENT (IID-I) DEPARTMENT

G.O. Ms. No.1.

Date: 18.05.2005,

Read the following:

G.O. Ms. No. 82, General Administration(AR &T.1) Department, dt: 22-2-2005.

* * * *

ORDER:

In the order first read above, Government have created a new Department by name Infrastructure and Investment Department for achieving the development and growth objectives of the State. The Government also desired to create a Infrastructure Corporation in the name and style "Infrastructure Corporation of Andhra Pradesh (INCAP)". The Corporation's main objectives are to identify, conceptualize, promote and advise on Infrastructure Projects. The Corporation shall form with an initial authorized share capital of Rs. 100.00 crores which will be further divided into Rs. 80.00 crores equity share capital and Rs. 20.00 crores of preference share capital.

2. STRUCTURE AND OBJECTIVES OF INFRASTRUCTURE CORPORATION OF ANDHRA PRADESH LIMITED (INCAP)

GOAP proposes to incorporate a Corporation under the name and style "Infrastructure Corporation of Andhra Pradesh Limited" (INCAP) for execution and monitoring of infrastructure projects in Andhra Pradesh. Following is the structure and main Objectives of the INCAP.

Capital Structure:

- Authorized Share Capital of the Corporation proposed at Rs. 100.00 crores divided into Rs. 80.00 crores of Equity Share Capital and Rs. 20.00 crores of Preference Share capital.
-
- Classes of Share Capital - with an option to issue shares with differential rights
 - Equity Share Capital.
 - Preference Share Capital.
- Proposed share holding pattern
 - Government of AP - 40%
 - State Financial Institutions such as SFC, APIIC, APCOB etc., - 10%
 - Balance 50% from Domestic Financial Institutions and Banks, Insurance Cos., Multilateral agencies such as Asian Development Bank, International Finance Corporation etc., Foreign Financial Institutions, Funds and any other Investors, such that company retains a character of non-government company. Suitable Share holding agreement will be enabled by Chairman and Managing Director towards this objective.

- Minimum Paid-up Capital Rs. 5.00 crores.

Management Structure:

Composition of the Board is proposed as follows:

- Principal Secretary to Government of AP, Infrastructure Investment cell - Industries and Commerce Department - Ex-officio Chairman
- Managing Director - Nominee of GoAP.
- Other Directors representing GoAP - 4 Nominee Directors of GoAP.
- Representation from Other Shareholders - 4 Directors representing other Investors proportionate to Equity shareholding
- Independent directors, 2 directors to be appointed by the Board.
-

Objectives of the Corporation:

The activities of the Corporation includes development, facilitate, advisory services, Monitoring, Finance and arrange finance various infrastructure projects. The Corporation runs in the commercial Format.

- Developer of Projects - Identify, Formulate, Design, Build, Finance and Operate either directly or through special purpose companies.
- Catalyst for development of Projects - Identifying, Structuring and development of projects through Private investment.
- Construction contractor - Undertake construction activities of various infrastructure projects directly or through joint-ventures for various central and state Government Projects and other Projects.
- Operation and maintenance - Undertake Operation and Maintenance activities of various infrastructure projects directly or through joint-ventures for various central and state Government Projects and other Projects.
- Monitoring of Projects - Undertake consultancy in the areas of project implementation, Project Monitoring for and on behalf of state Government, Central Government and Others.
- Consultancy services in India and abroad - Policy - Consultancy services in the areas of formulation of policies, Institutional frame work and capacity building activities.
- Consultancy services in India and abroad - Project - Carrying out Pre feasibility, Preparation of Master plans, Feasibility, Preparation of Detailed Project Report etc., for itself and others in sectors including without limitation - Urban, Rural, Municipal, Social Industrial Infrastructure etc.,
- Venture Management Services - Consultancy services, Project Management, Facilitation of licenses and approvals, Mobilization of funds.
- Management of Trust Funds - As an Asset Management Corporation Manages the assets of the trust funds raised from time to time.
- Investor / Financier - Invests in equity and / or other equity related instruments, extend finance in the form of Debt and / or Debt Instruments from Corporation's own funds and / or Trust Funds.
- Trustee of Funds - As a Trustee responsible for rising of funds for Trusts / Other funds including development funds in the form of debt to promote and execute various schemes and investment of such funds.
-

Sectors to be covered:

INCAP proposes to cover infrastructure sectors including but not limited to the following:

- Telecommunication Services.
- Power-Generation, Transmission and Distribution.
- Roads - Toll roads, National High Ways and Bridges.
- Other High way Projects including housing or other activities being an integral part of the High way Project.
- Transport Terminus and Depots.
- Railway systems including Urban Transit Projects.
- Water Supply projects, Water treatment systems.
- Ports, In Land Waterways, Inland Port.
- Air-ports including but not limited to logistic hubs and Free Trade Zones.
- Industrial Parks, Special Economic Zones, Industrial Clusters, Knowledge Corridor etc.,
- Energy - Storage Transmission and Distribution of Gas.
- Any other Special Project which has high impact on the socio economic drivers of the state.
- Any project which may be assigned by the State Government to the Company.

Sources of Finance

Funding Requirements of the Corporation will be met through the following sources:

For the Corporation

- Share Capital.
- Technical assistance / Grants from State and Central Governments, Multilateral and Bi-lateral Agencies.
- Debt from Domestic and International Financial Institutions and Banks.

For the Trust

- Trust funds - it is proposed to create a fund with a size of approximately Rs.1000.00 crores which the State Government considers appropriate with investments from State Government, Central Government, Multilateral and Bi-lateral Agencies, Domestic and International Financial Institutions and Banks and any other investors.

3. The memorandum of Association and Article of the Association of the INCAP are approved and annexed as 1 & 2.

4. The Memorandum of Association and Articles of Association are subject to amendment to incorporate the conditions of sanction, if any, stipulated by the prospective investors, as decided by the Board of INCAP from time to time.

5. The investment of Corporation shall only be in form of equity or equity related instruments. The Corporation shall not invest funds in bullions etc., and also in the banks or non-banking Financial Institutions which contravene RBI guidelines for standard banks or standard non-banking Financial Institutions.

6. The share holding pattern shall be 50% by Government of A.P. and 50% by the domestic Financial Institutions and Banks, Insurance Companies etc., including Foreign Financial Institution AND funds and Multilateral agencies. As such, it may be advisable to limit the equity contribution of Government of Andhra Pradesh to 40% with the management of the Company vested in the Government of A.P. through its representative against this 40% share. Balance 10% equity may be contributed through State Financial Institutions such as SFC, APIIC, APCOB etc.,

7. The Corporation shall keep the staff and overhead costs low by outsourcing activities shall not exceed 15% of its annual operations.

8. This order issues to the concurrence of Fin.Dept.,
vide No.4655/PFS(R&E)/05., dt: 5-5-2005.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

K.V. RAO,
Principal Secretary to Government.

To
The Vice Chairman and Managing Director,
Infrastructure Corporation of Andhra Pradesh, Hyderabad.

Copy to:

The Vice Chairman and Managing Director
A.P. Industrial Infrastructure Corporation Limited, Hyderabad.

Industries and Commerce Department.

Finance Department.

General Administration (AR&T) Department.

P.S. to Chief Minister.

P.S. to Chief Secretary to Government.

Copy to All Departments in the Secretariat.

Sf/Sc

//FORWARDED::BY ORDER//

SECTION OFFICER