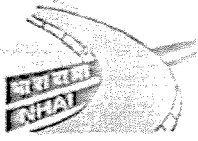


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भारतीय राष्ट्रीय राजमार्ग प्राधिकरण
(सड़क परिवहन और राजमार्ग मंत्रालय)
National Highways Authority of India
(Ministry of Road Transport and Highways)
बी-5 एवं 6, सेक्टर-10, द्वारका, नई दिल्ली-110075
G-5 & 6, Sector-10, Dwarka, New Delhi-110075

दूरभाष / Phone: 011-261074100/25074200
फैक्स / Fax: 91-11-261074100 / 25093514

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Ref.No. 11033/CGM(Fin)/2015-16

Dated: 06th July 2015**CIRCULAR****Sub: Clarifications regarding release of Viability Gap Funding (VGF).**

The Authority vide its letter No. NHAI/BOT/11012/66/2005/3398 dated 20.02.2013, Letter No. NHAI/BOT/WB/NH-34/2009/PQ-04/417 dated 04.09.2013 & Letter No. NHAI/11033/CGM(FA)/1/2005/942 dated 01.04.2015 issued clarifications regarding release of VGF for individual projects. The matter has been reviewed comprehensively by the Executive Committee in its meeting dated 18.6.2015 and the following clarifications are issued in supersession of all the previous letters.

2. Clause 25.2.3 of the Concession Agreement, which deals with release of VGF reads as under:-

"Equity support shall be due and payable to the Concessionaire after it has expended the Equity, and shall be disbursed proportionately along with the loan funds thereafter remaining to be disbursed by the Senior Lenders under the Financing Agreement. The Authority shall disburse each tranche of the Equity Support as and when due, but no later than 15 days of receiving a request from the Concessionaire along with necessary particulars."

3. It is clarified that the release of VGF will be in accordance to the formula given below:-

- No disbursement of VGF/Grant shall be made before the project receives full equity contribution as per the Financing Plan.
- VGF has to be released strictly as per Clause 25.2.3 on the basis of balance loan remaining to be disbursed after infusion of equity by the Concessionaire.
- With the last tranche of debt, full VGF shall be released.
- VGF to be = $\frac{\text{Equity Support} \times \text{Loan Disbursed after infusion of Equity}}{\text{Loan remaining to be disbursed after infusion of equity}}$

4. ILLUSTRATION:

Project: Any BOT(Toll) Project with VGF

The Concessionaire Project Cost is Rs 676.10 Crore. As per the Common Loan Agreement (CLA) of the project between banker and concessionaire submitted with documents of Financial Close, the Debt/Equity ratio is 41:59 [1:1.44]

Rs in Crores

1	Equity	133.30
2	Debt	276.40
3	VGF (Equity Support)	266.40
4	Debt/Equity Ratio as Common Loan Agreement	41:59 [1:1.44]