Fap
MOST URGENT
Sri Sebastian Thomas
AGM - Kochi

GOVERNMENT OF KERALA

Abstract

Industries Department-Administrative Sanction for manufacturing facility for solid OTR tyres and HRLT for Kerala Rubber Limited (CIAL model rubber company) - Orders issued.

Copy to EA to MD
May be placed before MD.
13/9.

INDUSTRIES (G)DEPARTMENT

G.O.(Rt)No.966/2021/ID Dated,Thiruvananthapuram, 07/09/2021

Read 1 Letter No KSIDC/TVM/AP-3696/2021/919 dated 29-07-21 from the Managing Director,KSIDC,Thiruvananthapuram

2 Minutes of the 5th Departmental Working Group held on 04-08-21(Decision No.2)

ORDER

As per the letter read as I st paper above,the Managing Director, KSIDC has furnished a proposal for consideration in the Departmental Working Group for issuing Administrative Sanction for manufacturing facility for solid OTR tyres and HRLT for Kerala Rubber Limited.

Kerala Rubber Limited (KRL), which envisages to be rolled out under CIAL Model, proposes to develop a manufacturing facility for rubber value added products in Kottayam. Considering factors like high growth rate, higher consumption of Natural Rubber (NR), greater scope of exports and high operating margin, the products shortlisted for manufacturing under the company as part of value addition initiatives are Off the Road (OTR) Tyres & Heat Resistant Latex Thread (HRLT). The project which will be developed in a total land area of 100 acres is planned to be implemented in three phases with a total investment outlay of Rs. 1050 Cr. The project cost estimated for the first phase is Rs. 215 lakhs including land cost for 50 acres. The first phase will comprise of setting up of Solid OTR tyre manufacturing (50 MT/ day) and HRLT manufacturing (10 MT/day) which will be enhanced to 150 MT/ day of Solid OTR tyres and 100 MT/day of Pneumatic OTR tyres in 3 phases.

Kerala Rubber Ltd (KRL) is set up with the objective of facilitating value addition of natural rubber and to ensure better price realization for rubber farmers. It is proposed to be set up a world class manufacturing infrastructure under the company to promote investment in the rubber sector.

KSIDC will be undertaking the preliminary and preoperative activities including DPR preparation, appointment of process/ technical consultant and transaction advisor, etc. Government had entrusted KINFRA to identify and acquire 200 acres of suitable land on behalf of the Government and transfer to KRL for implementing the project.

During the FY2021-22 the process consultants and transaction advisors will be appointed .The detailed project report comprising of the detailed project estimates, process plans, implementation schedules, etc. will be finalized through the consultants appointed and the project structuring identification and finalization of private equity partners for the project will be undertaken through the transaction advisor .The expected date of completion of project is 31-03-2023.

Various components with estimates are as follows:-

Sl. No	Components	Final Targets (Rs in Lakh)	Physical Targets
1	Company incorporation & share capital infusion	10	Company incorporation and capital infusion Expenses met by KSIDC
2	Professional charges	10	

3	DPR	20	Preparation of DPR on the activities under KRL done by KITCO
4	Appoinment of Technical Consultant for phase 1 of the project	200	Process DPR, detailed estimates & detailed implementation schedule
5	Appoinment ot Transaction Advisor	100	Project capital structuring, identification of private equity investors for the project, fund tie up
6	Other Priliminary and miscallaneous expenses	110	To be met by KRL
	Total	450	

Schedule of implementation and fund requirement on quarterly basis is as follows:

Q1	50
Q2	100
Q3	200
Q4	100
Total	450

The 5th Departmental Working Group meeting held on 04-08-2021 considered and approved the proposal for Administrative Sanction. as per Sl.No 2 in the minutes cited

Government have examined the proposal with the recommendation of the Departmental Working Group and are pleased to accord Administrative Sanction for manufacturing facility for solid OTR tyres and HRLT for Kerala Rubber Limited with an initial equity contribution of Rs 450 Lakhs under the Head of Account 4885-01-200-95. The activities mentioned as per Budget write up are to be implemented through Kerala State Industrial Development Corporation (KSIDC)

(By order of the Governor)
Dr. K. Ellangovan
Principal Secretary

To:

Managing Director, KSIDC, Thiruvananthapuram.

Director of Industries and Commerce,Thiruvananthapuram .

Managing Director, Kinfra, Thiruvananthapuram

All board members of Kerala Rubber Limited(Through MD,KSIDC).

The Principal Accountant General (Audit/A&E), Kerala, Thiruvananthapuram .

Planning and Economic Affairs Department

Finance (Planning B)Department

Industries (J) Department(Vide U.O.Note 69/J2/2021/ID dated 31-08-21)

The Information and Public Relations Department(Web& New Media)

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Section Officer