



सत्यमेव जयते

सड़क परिवहन और राजमार्ग मंत्रालय
MINISTRY OF ROAD TRANSPORT & HIGHWAYS
भारत सरकार
(आईएसओ 9001:2008 प्रमाणित मंत्रालय) (An ISO 9001:2008 Certified Ministry)

Government of India



Monetization of Public Funded NH Projects through Toll Operate Transfer (TOT) Model

Investor Presentation
September 2018

Agenda

Section 1



Importance of Road Sector in India

Section 2



National Highways Authority of India

Section 3



Transitioning towards the next phase

Section 4



Asset Recycling through Toll Operate Transfer (TOT) mode

Section 5



The TOT Bundle II



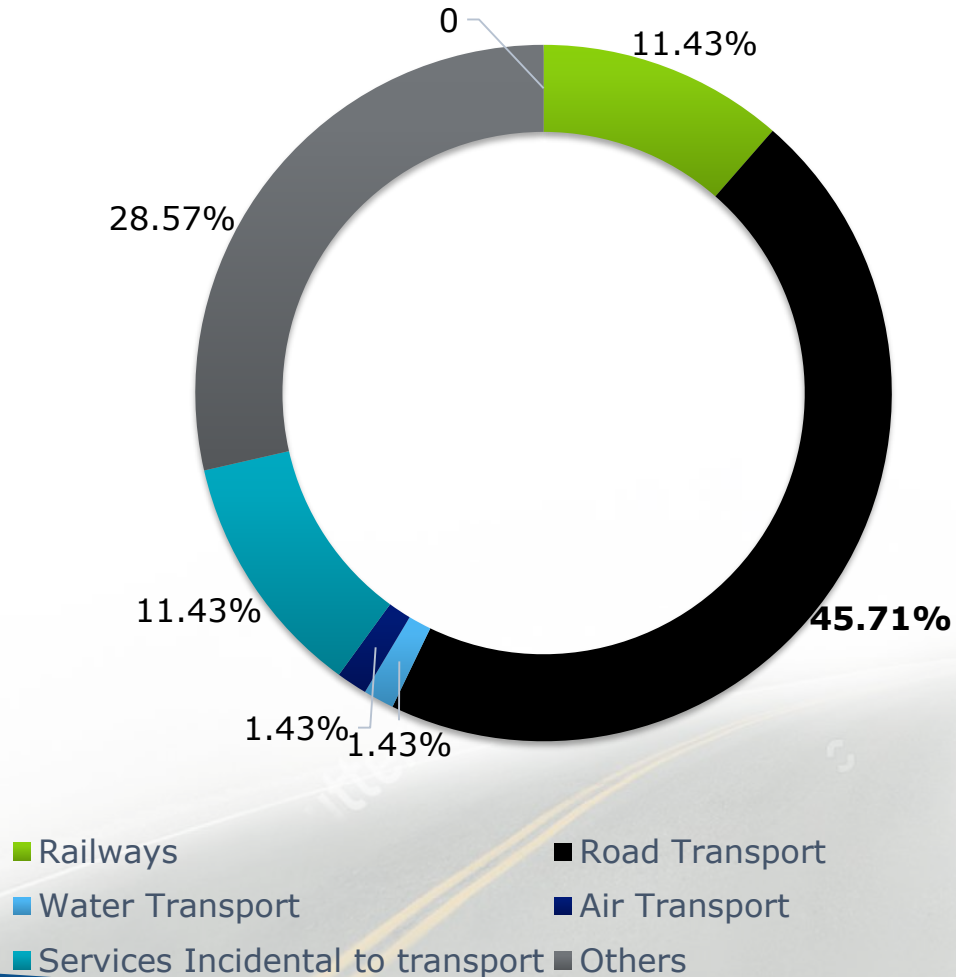
Importance of Road Sector in India



BRIDGE OVER RIVER NARMADA ON NH-8

Transport Sector in India

GDP Contribution of transport sub-sectors



Indian Roads Sector



2nd largest Road Network in the world with 5.23 million kilometers

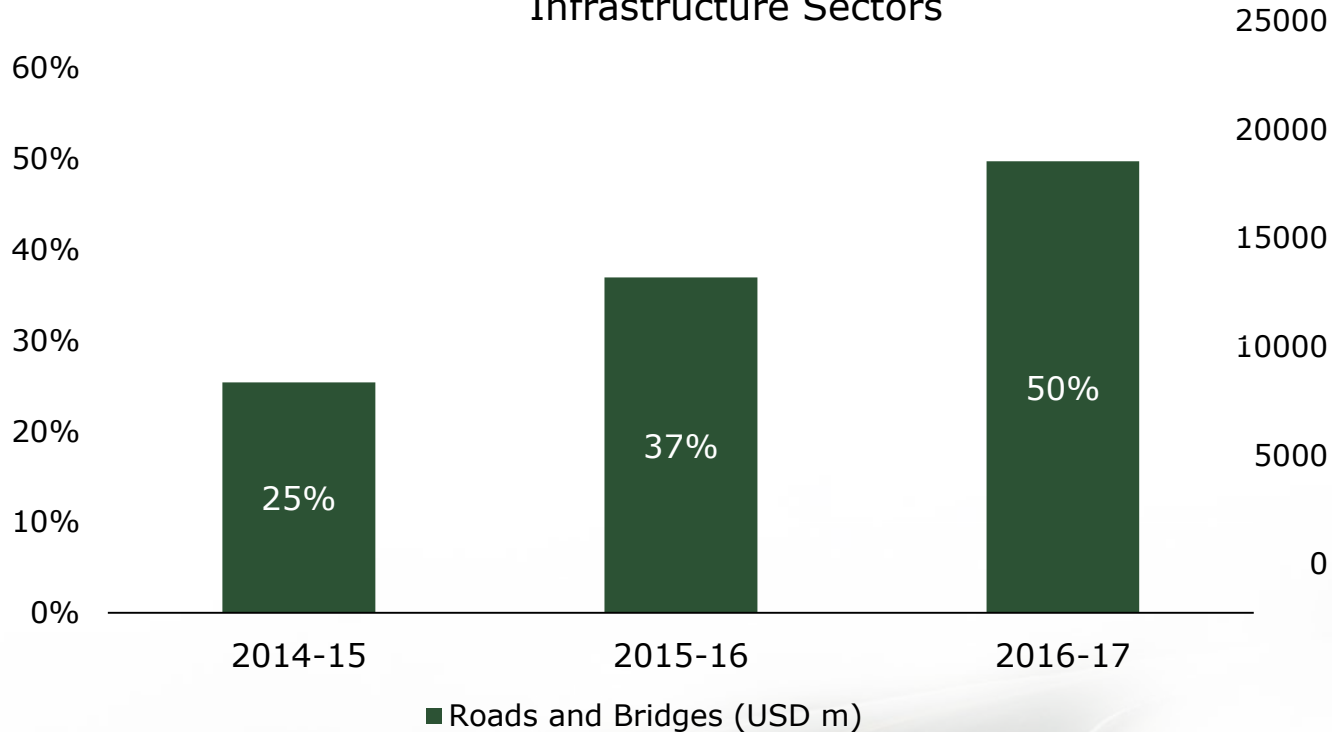


National Highways comprise 1,22,000 km of the road network, carry 40% of the traffic

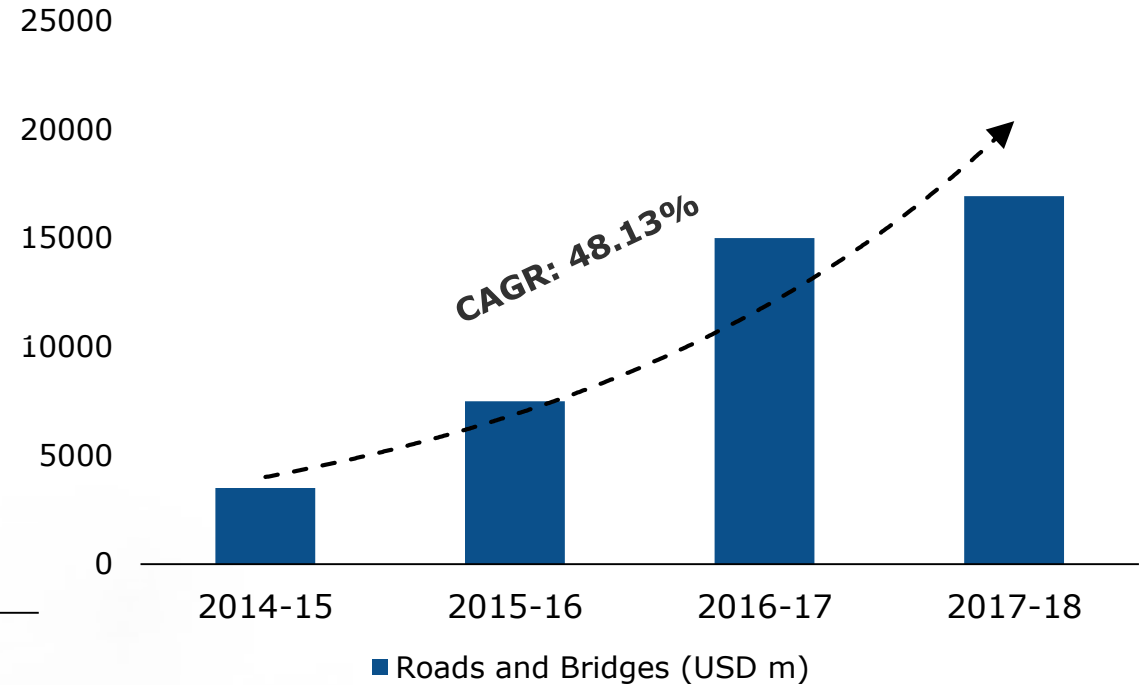
- Transport sector is a significant contributor to the Indian GDP, and **45.71% of its contribution is through Road Sector**
- It is evident that its development is the **mainstay focus of the Government**

Commitment of Government to the Road Sector

Expenditure in Road Sector as a percentage of other Infrastructure Sectors



Growth of Expenditure in the Road Sector



- The Roads Sector has witnessed **exponential growth** in terms of government expenditure compared to other infrastructure sectors
- It has evidenced a **4x increase** in the spending by the Government in 4 years, reaffirms their **commitment to its development**

Growth of Electronic Toll Collection in India

Online



- My FASTag mobile App
- NHA Website
- Banks Website

Offline



- Common Services Centres across India
- 1300 RTO across India
- 200 toll Plaza Across India

Legislation



Government of India notification for all M & N class of vehicles with FASTag -1st Dec 2017 Mandate.

Awareness



- Social Media Marketing
- FM, Bill Boards, New Paper Ad



Total FASTags issued	Average Daily ETC transactions	ETC penetration
2,065,809	USD 0.2 billion	22.4%

	Dec 2016	Dec 2017	Growth %
Electronic Tags (FASTags) affixed on vehicles	0.1 million	1 million	900
No. of transactions (monthly)	~ 3 million	~ 12 million	300
Amount of transactions (monthly)	USD 0.13 billion	USD 0.5 billion	285



National Highways Authority of India



CHAMBAL BRIDGE ON NH-76

National Highways Authority of India – an Autonomous body under the Ministry of Road Transport and Highways

1988

Establishment
under the NHAI Act

Magnitude

Implementing Agency for **world's largest road development programs** (Bharatmala Pariyojana & National Highways Development Program (NHDP))

Credentials/Ratings

Domestic : AAA by CRISIL, ICRA, CARE & India Rating

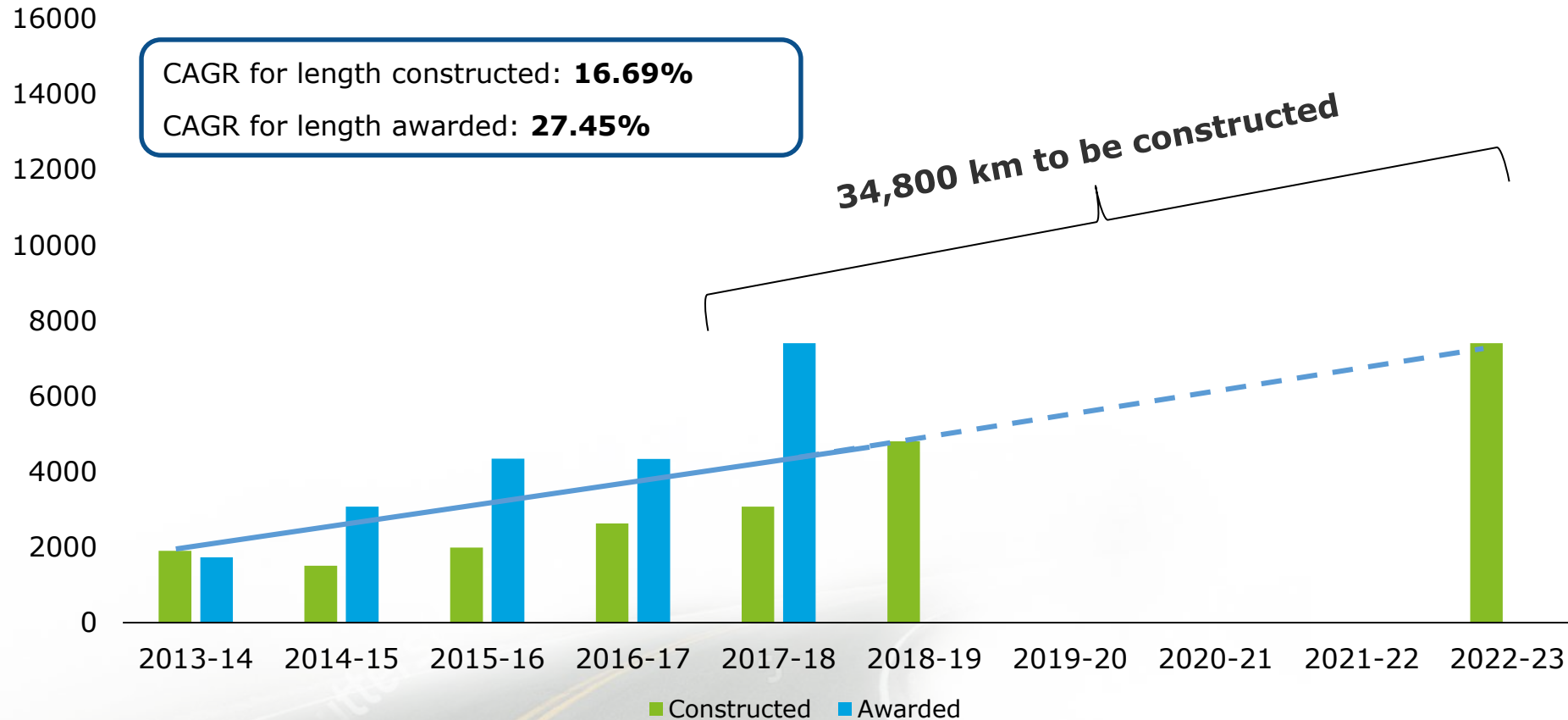
International: At par with Sovereign (As rated by S&P and Moody's)

Expenditure on National Highway development more than
INR 85,000 crores (USD 13.07 billion)
in FY 2017-18

2018

NHAI's current growth and future plans

Physical progress of projects



NHAI is executing three marquee programs investing **\$100 billion** in infrastructure development between **FY 2017 – FY 2023** for the **Bharatmala initiative**

The funding for the **projects to be executed in future has already been closed** by NHAI through budgetary support, market borrowing and private sector investments



Transitioning to next phase

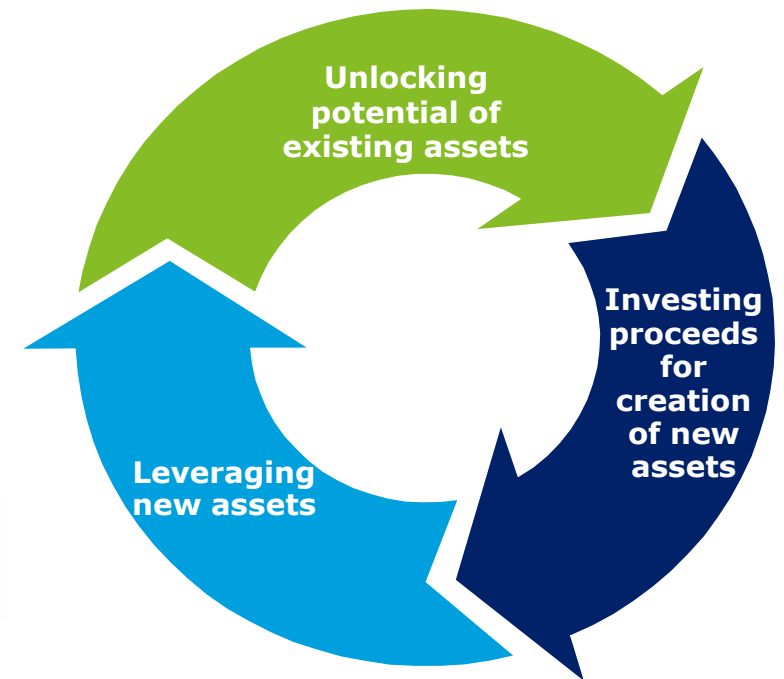


Asset Recycling in Indian Context

Asset Recycling in this context refers to leveraging of existing infrastructure assets that have been created in the past, and utilizing the proceeds so created, to fund new infrastructure creation.

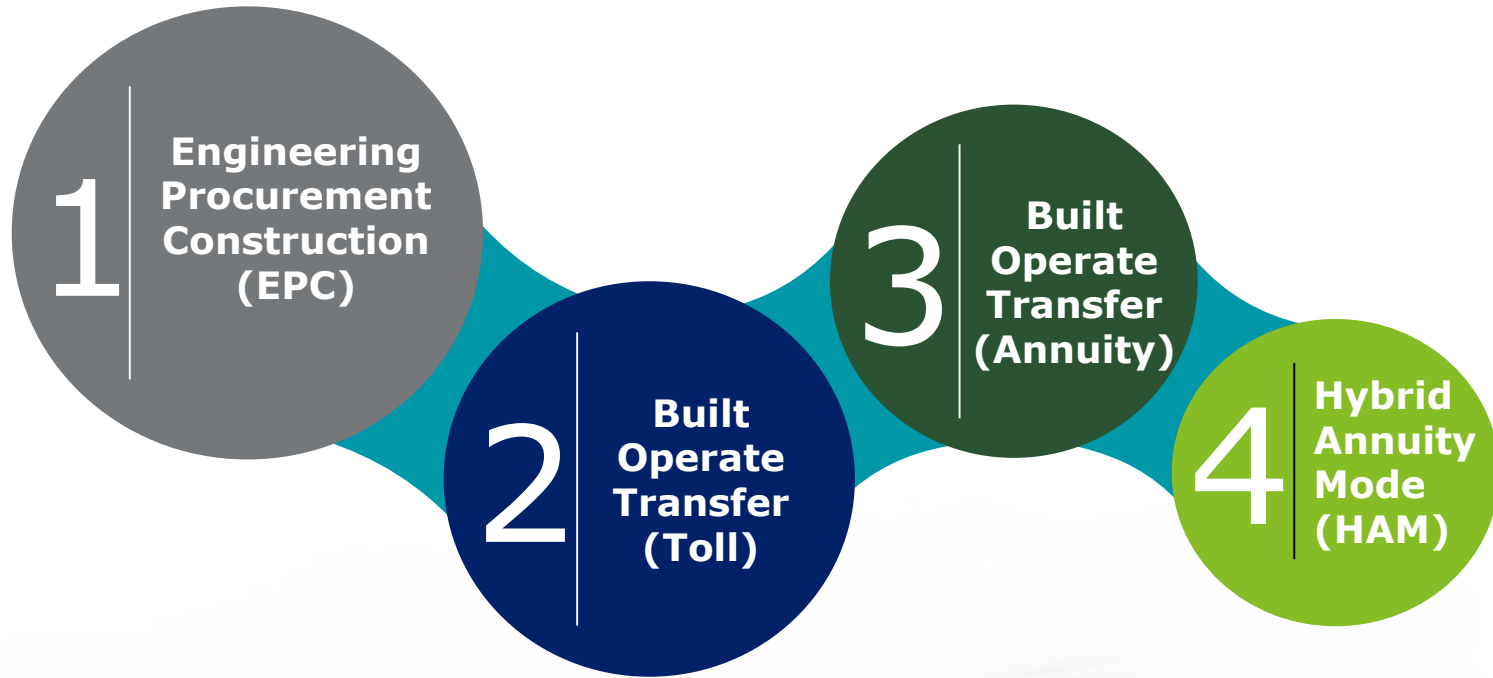
❖ The advantages of the model include:

- ✓ Utilization of funds for priority development to serve social service and economic needs
- ✓ Low Concessionaire risk
- ✓ Long-term investment opportunity



Roads sector in India is ready for **Asset Recycling**

Primary Procurement modes in India



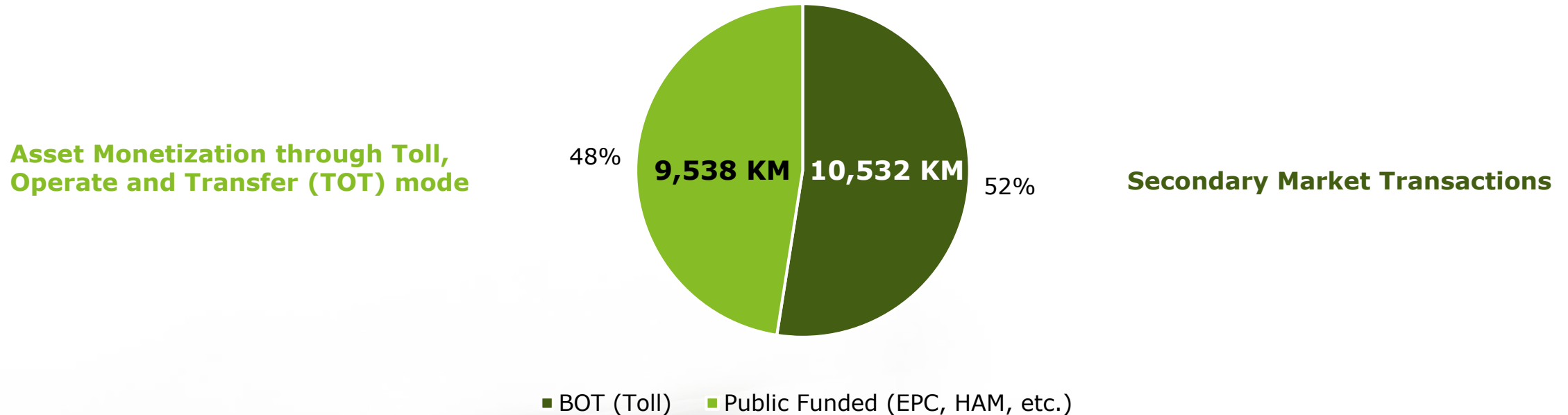
Government Participation in Procurement Modes

Engineering Procurement Construction (EPC)	100% during construction
Built Operate Transfer (Toll)	Upto 40%
Built Operate Transfer (Annuity)	100% during operation
Hybrid Annuity Mode (HAM)	40% during construction 60% during operation

Currently there are four primary procurement models being followed in the Indian Roads Sector

Delivering value in the operational phase

NHAI's assets in operational stage



- Substantial road assets in operational stage and **sector ready for monetization of tolled assets**
- **Shift in investor profile** from traditional road developer to specialized firms such as **O&M agencies, tolling agencies and financial investors** looking at stable returns over a long horizon

Some key international investors



Brookfield



Atlantia



**Ivanhoé
Cambridge**

Caisse de dépôt et placement
du Québec



abertis

Private sector participation through secondary deals

Landmark secondary deals



Brookfield



CUBE HIGHWAYS

abertis

IDFC Alternatives (India Infrastructure Fund I and II)

Acquirer:
Global Infrastructure Partners

Seller:
IDFC Alternatives

Royalaseema Expressway Private Limited; Simhapuri Expressway Private Limited

Acquirer:
Brookfield Asset Management Inc.

Seller:
BSCPL Infrastructure Ltd; KMC Constructions Ltd.

Andhra Pradesh Expressways Limited

Acquirer:
Cube Highways and Infrastructure Pte. Ltd.

Seller:
IL&FS Transportation Network Ltd.

Farukhnagar-Jadcherla highway; Trichy Tollways project

Acquirer:
Abertis Infraestructuras SA

Seller:
Macquarie Group Ltd

April 2018

September 2017

March 2017

December 2016

Alternate investment opportunities

Infrastructure Investment Trust (InvITs)/REITs are **mutual fund like institutions** that enable investments in infrastructure from a multitude of small individual investors.

2015 Development of InvIT Regulations

2017 Launch of first private sector Invit (**IRB**)

2018 Launch of **L&T** IDPL's InvIT

THE ECONOMIC TIMES
ETMARKETS
www.etmarkets.com

Earnings

ETMONEY ONE PASS FOR ALL YOUR MONEY NEEDS

DREAM BIKE MEDICAL BILLS EX

Home Markets Stocks IPOs/FPOs Markets Data Market Moguls Expert View Technicals Co

Dons of Dalal Street News Live Blog Recos Earnings Podcast Market Paathshala Announcements Ma

Business News > Markets > Stocks > Earnings > IRB InvIT Fund reports Rs 232 cr net profit in FY18

03:59 PM | 21 AUG CLOSED
MARKET STATS

सेंसेक्स	38,285 ▲ 7.00	निफ्टी 50	11,570 ▲ 19.15	सोना (एमसीएक्स) (₹/10 ...	29,603.00 ▲ 106.00	यूएसडी/भारतीय ...	69.82 0.00
----------	---------------	-----------	----------------	---------------------------	--------------------	-------------------	------------

IRB InvIT Fund reports Rs 232 cr net profit in FY18

Upcoming Infrastructure Investment Trusts



NE-II

NE II
ईस्टर्न पेरीफेरल एक्सप्रेसवे पर आपका स्वागत है
WELCOME TO EASTERN PERIPHERAL EXPRESSWAY

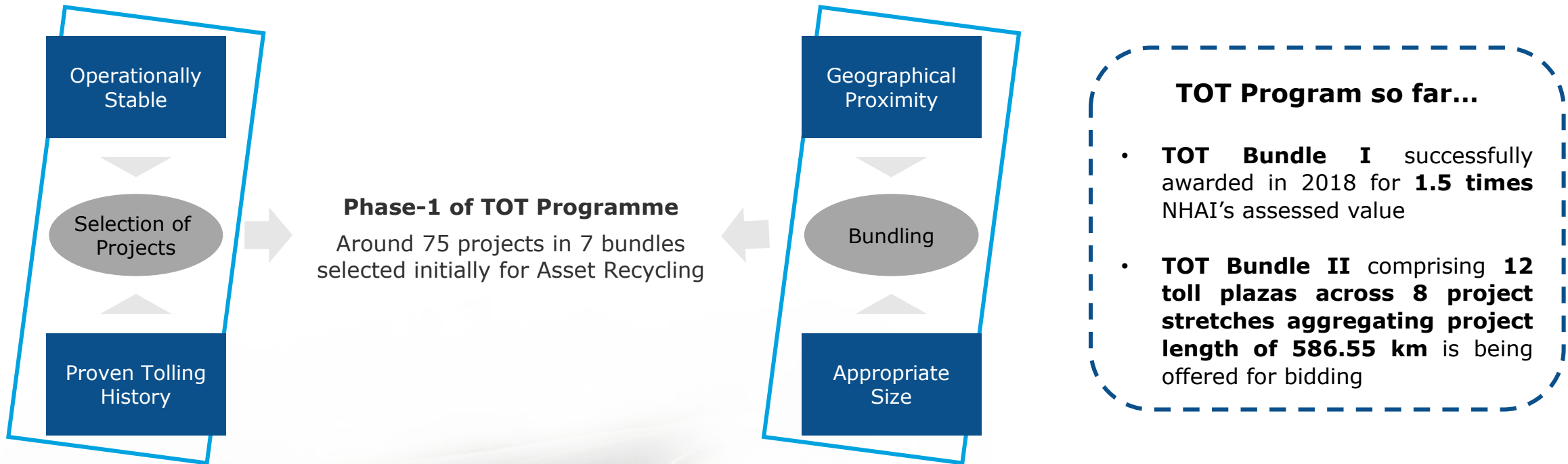
NE II
सड़कें ही नहीं,
BUILDING A N

Asset Recycling through Toll Operate
Transfer (TOT) mode



NHAI's Asset Recycling Programme

Asset Recycling of operational projects through Toll, Operate, and Transfer (TOT) mode



TOT programme for Public Funded assets - Phase-1:

- Bundles to be bid out in a **phased manner over the next 2-3 years**.
- **Average Bundle size ~ \$ 1 bn, average length ~ 500 km**

Response to the TOT Bundle I



Total Bundle length (km)	681
Number of Toll Plazas	10

Authority's Estimate : Rs. 6,258 crores
(\$ 1 billion approx.)



Huge interest shown by investors



More than 2000 queries received by more than 40 bidders

Bid Received

Macquarie - Ashoka

**Rs. 9681 crores
(\$1.50 billion)**

IRB Infrastructure

Rs. 6930 crores
(\$ 1.06 billion)

Brookfield Asset
Management

Rs. 7511 crores
(\$ 1.15 billion)

ROADIS – NIIF Consortium

Rs. 6611 crores
(\$ 1.01 billion)

Response to the TOT Bundle I



**TOT Bundle I
has resulted in
Total Cash
Flow of more
than Rs.
10,500 crores
(\$1.61 billion)
into the Indian
Roads sector**



TOT model overview

Upfront payment of lump-sum amount



Long term Toll Collection rights backed by a sound policy framework



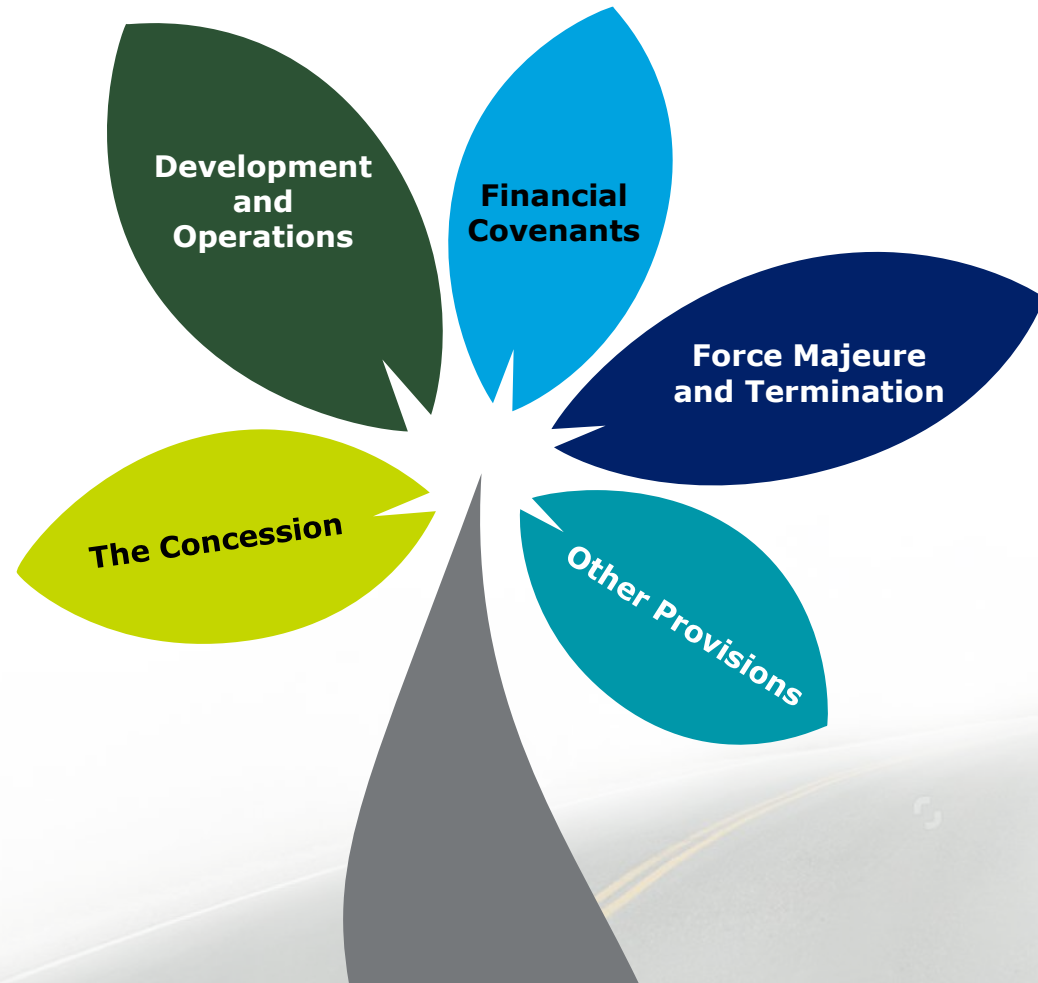
- **O&M obligations with the Concessionaire.**
- **Capacity Augmentation by the Authority, if required**



Appointment through competitive bids



Key provisions of Concession Agreement



The Concession

- The Concession Period of **30 years**
- **Upto 49% divestment** is allowed **till two years** of the Concession Period
- **Upto 100% Change in Ownership** allowed after two years

Development and Operations

- The investor would be **de-risked from undertaking any construction**
- **Capacity Augmentation** conducted by **the Authority** at its own cost, if required

Financial Covenants

- User Fee collection shall be governed by pre-determined **"Fee Rules"**
- Traffic sampling shall be done at the **10th and the 20th year** to assess **toll variation**

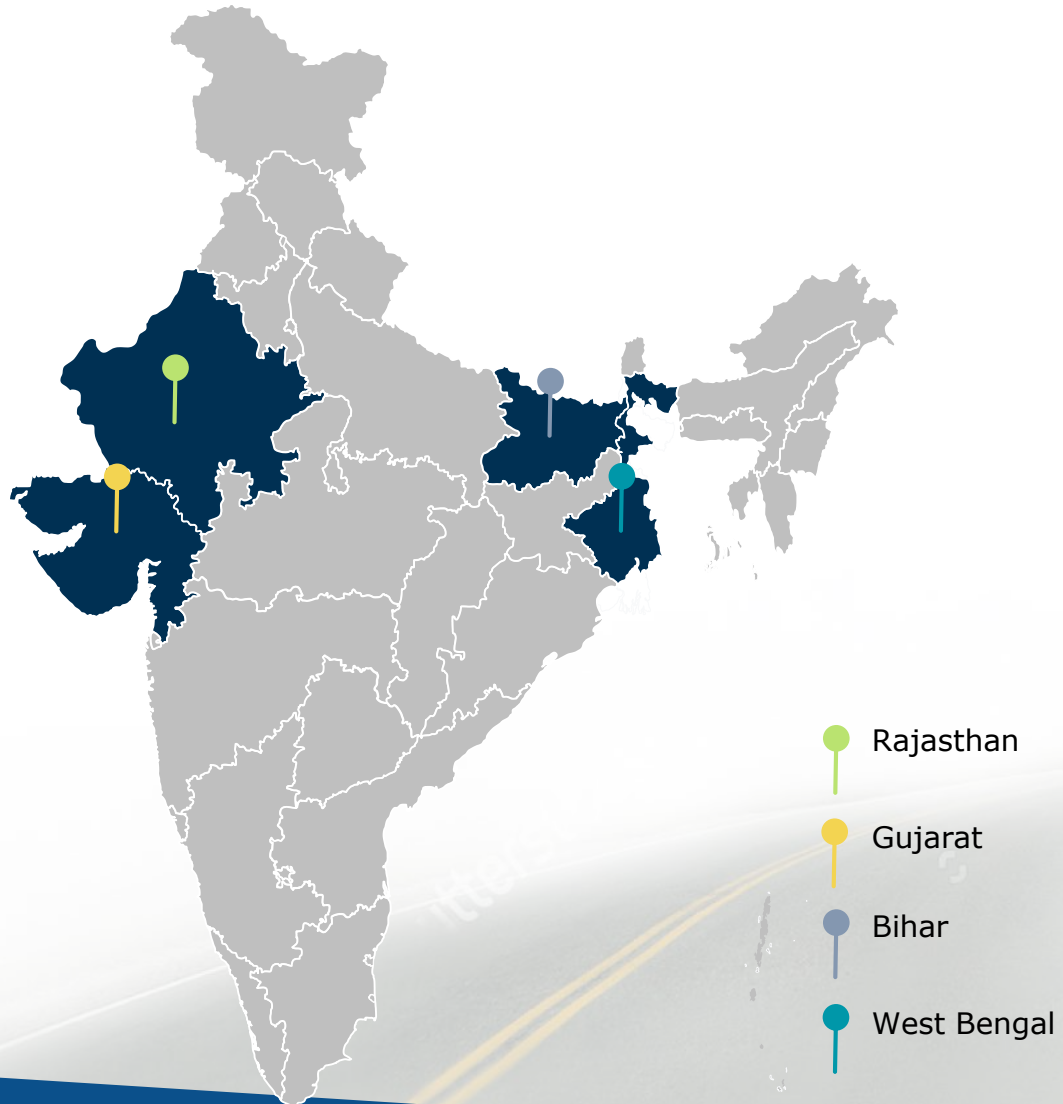
Termination

- Termination Payments based on **Unexpired Cash Flows**

Other Provisions

- Well defined and mature **Dispute Resolution Procedure**

TOT Bundle II – Details of projects



Stretches	NH	State	Number of Toll Plazas	Length (Km)
Chittorgarh - Kota & Chittorgarh Bypass	27	Rajasthan	3	160.50
Swaroopganj - Pindwara & Pindwara - Udaipur	27	Rajasthan	2	120.02
Palanpur / Khemana - Abu Road	27	Rajasthan/ Gujarat	1	45.00
Jetpur Somnath	151	Gujarat	2	102.26
Purnea Dalkhola	31	Bihar	1	36.30
Dalkhola Islampur	31	West Bengal	1	51.97
Islampur - Sonapur – Ghoshpukur	31	West Bengal	1	44.00
Salsalabari - West Bengal Assam Border Section	31C	West Bengal	1	26.50
Total			12	586.55

Initial Estimated Concession Value of Authority: INR 5362 crores (USD 0.80 bn)

Comprehensive technical studies conducted



Mobile LIDAR Survey



Drone Videography



Traffic Volume Count
Survey



Pavement Investigation
using Falling Weight
Deflectometer



Pavement Investigation
using Network Survey
Vehicle

NHAI has conducted **comprehensive technical studies**. Raw data is being **made available to the prospective bidders**

Qualification Criteria - RFP

Technical Qualification [Clause 2.2.2 (A) of RFP]

- To be considered as qualified Bidder, the entity either itself or through its O&M partner, shall have expended a minimum of **Rs. 299.97 crores (\$0.05 billion approx.)** and;
- shall have, as an O&M Contractor individually or through Joint Venture, handled for **a minimum period of 2 (two) years at least 2 (two) road projects**, each of which is at least **58.65 km** in length

Financial Qualification [Clause 2.2.2 (B) of RFP]

The financial qualification criteria is based on:

- Net worth: **Rs. 2,144.80 crores (\$ 0.33 billion approx.)** or
- Assets Under Management: **Rs. 26,810 crore (\$4.12 billion approx.)**

Timelines of Bidding Process

Event Description	Date
Invitation of RFP (NIT)	06/08/2018
Last date for receiving queries	27/08/2018
Pre-Bid meeting at venue mentioned at Clause 2.11.4	31/08/2018
Authority response to queries latest by	14/09/2018
Last date for submission of Bids	05/11/2018
Physical Submission of Bid Security/POA etc.	05/11/2018 till 11.00 Hrs IST on Bid Due Date
Opening of Technical Bids at venue provided in Clause 2.11.4	06/11/2018 at 11.30 Hrs. on Bid Due Date
Declaration of eligible / qualified bidders	within 30 days from Bid Due Date
Opening of Financial Bid	within 45 days from Bid Due Date
Letter of Award (LOA)	Within 90 days of Bid Due Date
Validity of Bid	120 days from Bid Due Date
Signing of Agreement	Within 30 days of award of LOA

TOT Bundle 2 – Address by Hon'ble Minister

Mr. Nitin Gadkari, Hon'ble Minister of Road Transport and Highways, Government of India



Thank You

