

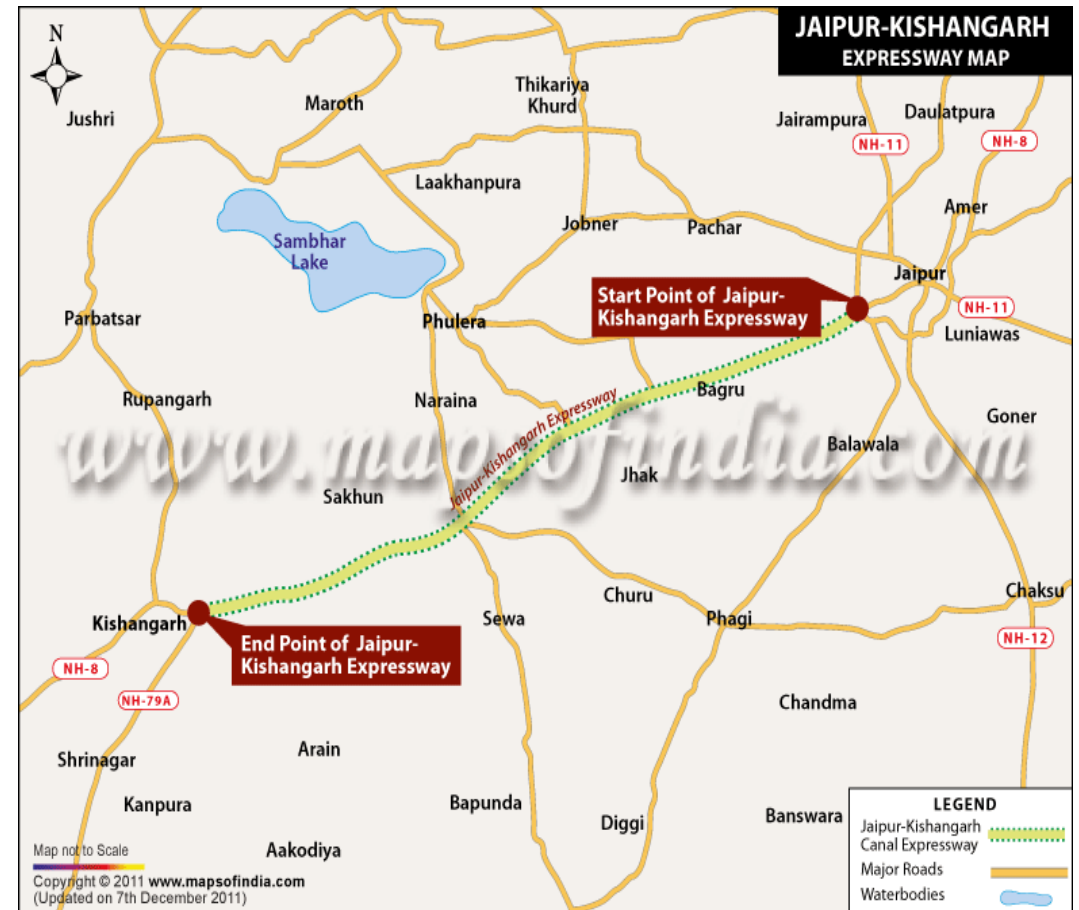
**PPP Case Study National Highway Project of
Widening of Jaipur - Kishangarh Road on BOT basis PPP mode**

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Widening of existing 2-lane to 6-lane divided carriageway facility including rehabilitation of existing 2-lane on Jaipur-Kishangarh section of NH-8 in Rajasthan, India on Build Operate Transfer (BOT) basis under PPP

Project Rationale

- Road segment of **NH-8** (part of the **Golden Quadrilateral** project under National Highways Development Project).
- NH-8 connects Mumbai to Delhi and serves as the major artery connecting the ports in Maharashtra/ Gujarat to the landlocked northern hinterland.
- First Indian road expressway built under PPP model considering the existing and expected traffic on this stretch and its financial viability under PPP mode. The benefits envisaged from this project are:
 - a) Establishing faster transport networks b/w cities (Jaipur, Rajasthan) & ports (Gujarat/Maharashtra).
 - b) Impetus to smoother movement of products & people from Delhi to Mumbai.
 - c) Enabling industrial and employment development in smaller towns through access to markets.



Project Brief

Project Scope	Design, Engineering, Financing, Procurement, Construction, Completion, Operation & Maintenance for 20 years from the appointed date.
Total Project Cost (TPC) as per CA	Indian Rupee (INR) 7,284 million [US\$ 104.05 Million] (<i>estimated by the NHAI</i>). Actual project cost was 16% less i.e. INR 6,145 million [US\$ 87.79 Million] (after completion of construction)
Project Length	90.4 kilometer (273 km to 364 km) of National Highway (NH-8)
Concession Period	20 years including 2.5 years construction period
Revenues Developer	to User Fees (toll collection) is by concessionaire as per rates notified by NHAI (<i>periodic escalation linked with Wholesale Price Index</i>)
Bid Management Process	Two Stage Process. Stage-1 is Request for Qualification (Technical & Financial capacity) & Stage-2 is Request for Proposal (financial bid) with Concession Agreement issued to pre-qualified bidders
Technical Parameters	Mainly on output specifications based on the NHAI manuals & Indian Road Congress (IRC) norms.
Bid Financial Support Parameter/	Lowest upfront Capital Grant in form of equity support subject to the maximum Grant up to 40% of the TPC. This support was provided by the Authority i.e. NHAI.
Selected bidder & Grant quoted	M/s GVK Jaipur Expressway Private Limited (Consortium of M/s GVK International NV & M/s B. Seenaiyah & Company (Projects) Ltd). Grant of INR 2,110 million [US\$ 30.14 Million] (29% of TPC)

Risk Allocation Matrix

Risks	SPV	NHAI	Mitigation Mechanism as per Concession Agreement (CA)
Land Risk	No	Yes	Obligation of Authority to access/transfer the right of way/ land to Concessionaire
Design Risk	Yes	No	Concessionaire was provided flexibility in terms of design to optimize the project cost by bringing in private sector efficiencies.
Obtaining clearances	Yes	Partial	Concessionaire to obtain the required clearances for the project except the central government clearances, which was the responsibility of the Authority.
Financing Risk	Yes	Partial	Borne by the Concessionaire to tie up for debt and infuse equity. (Grant of INR 2,110 million [US\$ 30.14 Million] was provided by NHAI)
Construction Risk	Yes	No	There were provisions pertaining to Performance Guarantee to mitigate such risk.
Completion & O&M Risk	Yes	No	Concessionaire to operate & maintain the Project by itself or through O&M Contractors.
Unexpected Event Risk (Force Majeure)	Partial	No	Insurer's risk to the extent of Insurance. Otherwise Risk was borne by Private Partner.
Unexpected Event Risk (Policy Risk)	No	Yes	Three events were defined in the CA i.e. Non Political, Indirect Political & Political and Termination payment for these events was clearly defined in the CA to mitigate the risks.
Change in Law	Partial	Yes	Borne by NHAI if aggregate financial affect >INR 10 million [US\$ 1.3 million] in any Year & borne by SPV, if proposed amount is <INR10 million [US\$ 1.3 million].
Traffic and Revenue Risk	Yes	No	Borne by the Concessionaire. Toll charges are indexed with WPI. these factors mitigated traffic and revenue risk.

Completion and current Status of the Project

Important Milestones/Dates

- Signing of the Concession Agreement (CA) : May 8, 2002
- Financial Close and Appointed Date : March 17, 2003
- Commercial Operation Date : April 9, 2005

The following factors helped in completion of project five months earlier than original plan:

- a) Concession Period of 20 years included the 2.5 years construction period.
- b) Awarding of EPC contracts to reputed EPC players.
- c) Independent Consultant appointed by NHAI for supervision and monitoring of the project.

The Concessionaire is currently managing the O&M of the project successfully. The key financials of the Concessionaire are presented in the table.

Particulars	FY15-16	FY16-17
Toll Collections	US\$ 47.16 million	US\$ 43.14 million
Revenue share to NHAI as the traffic is more than the threshold limit as per CA.	US\$ 6.88 million	US\$ 4.41 million
Net profit (PAT)	US\$ 5.99 million	US\$ 11.62 million
Average Traffic per day in Passenger Car Units	30,650	24,427

Thank You