Presentation

on

NOIDA Toll Bridge Company Limited

November 23, 2016

Delhi Noida Bridge…. Origins

- NOIDA was established by Govt. of U.P. in 1976 as an industrial township on the banks of the River Yamuna, next to Delhi
- Ministry of Urban Development, GoI took the initiative to create a fresh link between Delhi and Noida, to decongest Delhi as the existing bridges ie. Nizamuddin bridge and Okhla Barrage had reached saturation point
- Given limited Government resources and different Administrative / Government jurisdiction on the 2 sides of River Yamuna, MoUD invited a private partner for this project
- MoU between NOIDA, Delhi Administration and IL&FS signed on April 7, 1992 to implement the Delhi Noida Bridge Project.

MoUD Steered the Project

- MoUD constituted a Steering Committee in June 1992 to supervise project implementation
- Officials from Ministry of Urban Development, Government of Delhi, GoUP, Delhi Administration, DDA, NOIDA, MoST & IL&FS were nominated.
- All project approvals were accorded by the Steering Committee :
  - Alignment, Award of Contract for Feasibility Study
  - DPR and Project Management Services in June 1993
  - Noida Toll Bridge Company incorporation in August 1995
  - Project DPR approval in August 1995

Project Milestones

- The Concession Agreement (CA) was negotiated between January 1997 & October 1997 between Govt. of NCT Delhi, GoUP, NOIDA, World Bank, ADB & IL&FS
- NOIDA appointed SBI Caps as a Transaction Advisor
- August 1997 Cabinet of GoUP approved the Project and constituted an Empowered Committee to finalize the Concession and Support Agreements
- After Cabinet approval, on the recommendations of Empowered Committee, Concession Agreement (NOIDA, IL&FS & NTBCL) signed on November 12, 1997

Other Agreements

- The Govt. of UP and Govt. of NCT Delhi executed a separate Agreement recognizing and affirming the Concession Agreement between NOIDA and NTBCL.

- The Support Agreement was executed on January 14, 1998

- As the project alignment covered lands in NCT Delhi and NOIDA, UP, and envisaged NCT Delhi leasing land to NOIDA for the project, separate lease and sub-lease agreements were executed between Government of NCT of Delhi, NOIDA & NTBCL on October 23, 1998

Salient Features of the Concession

"India's first private green-field toll bridge project on a PPP format"

• Concession Model	:	Build-Own-Operate-Transfer (BOOT)
• Concession Structure	:	Fixed return, Variable period
• Return on Investment	:	Post tax IRR of 20% pa
• Concession Period	:	30 years or earlier if return achieved
• Concession Granter	:	NOIDA supported by GoUP & DG
• Concessionaire	:	Noida Toll Bridge Co. Ltd.
• Recovery Mechanism	:	Tolls, indexed annually to CPI
• Transfer	:	Free of Cost to NOIDA

Project Features

- To be constructed on BOOT basis with IL&FS responsible for raising all finance
- Greenfield Project between two parallel toll-free road bridges ie. Nizamuddin and Okhla Barrage
- Construction of 8 lane, 552 mtr bridge across the river with 3 interchanges, clover leaf flyovers, river training works and flyover at Ashram Chowk
- Recovery of Investment and Returns via levy and collection of User Fee
- Project to be transferred free of cost to NOIDA

Operation & Maintenance… features

- Automated State of the art Toll Management facility with automatic vehicle classification
- ETC /RFID friendly toll plaza
- Minimum waiting time for vehicles even in peak hours (3-4 min)

Provisions of the Concession Agreement

A. Concession Period

(a) The Concession Period shall commence on the Effective Date and shall extend until the earlier of:

i. a period of 30 years from the Effective Date; or

ii. the date on which the Concessionaire shall recover the Total Cost of Project and the Returns as determined by the Independent Engineer and Independent Auditor in accordance with Section 14 thereon through (a) the demand, collection, retention and appropriation of Fee, (b) the receipt, retention and appropriation of Development Income, or (c) any other method as determined by the Parties.

(b) Upon the termination of the Concession Period, the Concessionaire shall transfer the Project Assets, to NOIDA in accordance with the terms of Article 19.

Concession Provisions

B. Total Cost of Project:

The Project Cost shall be determined as on the Project Commissioning Date by the Independent Auditor who shall seek the assistance of the Independent Engineer to determine the Cost of Construction component of the Project Cost.

C. Fee

(a) The Base Fee Rates were determined and approved by Steering Committee according to 1996 figures

	2001	**2016**
Two Wheelers	7	12
Light Vehicles (Cars)	15	28
LCV	30	70

(b) The Fee rates are linked to CPI and revised as per the formula in the CA

(c) Fee Review committee, comprising of representatives of NOIDA and Concessionaire, will determine revision of Fee on annual basis and submit to NOIDA

(d) NOIDA shall pass the appropriate notification for revision in Fee.

Concession Provisions

D. <u>Returns</u> means the returns on the Total Cost of Project recoverable by the Concessionaire from the Effective Date at a rate of 20% per annum, as defined in Section 14.2 of this Agreement

E. <u>Calculation of Returns</u>

(a) The amounts available for appropriation by the Concessionaire for the purpose of recovering the Total Cost of Project and the Returns thereon, as illustrated in Appendix F, shall be calculated at annual intervals from the Effective Date in the following manner:

- <u>Start with</u>: Gross revenues from Fee collections, income from advertising and Development Income
- <u>less</u> O&M Expenses,
- <u>less</u> Taxes (excluding any customs or import duties),

(b) The Total Cost of Project and the recovery thereof and of the Returns shall be determined by the Concessionaire annually in arrears, and certified by the Independent Auditor

Independent Auditor & Independent Engineer

As per the provisions of the Concession Agreement, the Independent Auditor and Independent Engineer, jointly appointed by NOIDA and NTBCL have Certified the Total Project Cost and Returns on an annual basis.

Project Implementation

- A consortium of Mitsui-Marubeni, Japan was appointed as EPC Contractor through an international competitive bid process as per World Bank norms / procedures
- Against an original construction period of 29 months, construction completed 4 months ahead of schedule with significant savings in project cost.
- Operations began on February 7, 2001
- Subsequently, Mayur Vihar Link road constructed in 2006 to augment traffic

Project Funding– 1998

- Financial close for DND was achieved in 1998 against the backdrop of the Pokhran blasts and International sanctions on India.
- This was the first private green field toll bridge to be financed on a Project recourse basis without any financial guarantees from Government/NOIDA.
- Initial funding consortium consisted of the Asian Development Bank, World Bank and the EPC Contractor
- As a result of Pokhran(May 1998), ADB and the EPC contractor withdrew from debt and equity commitments
- All debt financing was raised from a consortium of Indian Banks and FIs at a weighted cost of approx. 15%

Financing Structure

Description	Amount (Rs Crs)	% to Total
Debt*	285	70
Equity	123	30
Total	408	100

Source	Amount (Rs Crs)
***Debt**	
IL&FS (World Bank Line of Credit)	**60**
Deep Discount Bond – Public	**50**
Rupee Term Loan from FIs/Banks	**175**
Total Debt	**285**

Shareholding Pattern NTBCL

Category	No. of Holders	Total Shares	% To Equity
PROMOTER – IL&FS*	1	49,095,007	26.37
GOVERNMENT (NOIDA)	1	10,000,000	5.37
PUBLIC AND OTHERS	82,908	127,099,995	68.26
Total	**82,910**	**186,195,002**	**100.00**

* In 1992, IL&FS was 80% owned by Government institutions

Shareholder Returns

- NTBCL Equity is listed on BSE, NSE since 2001 and GDRs are listed on the AIM segment of the London Stock Exchange since 2006
- The Company has around 82,000 domestic and international shareholders
- Operations commenced in Feb 2001 and the fist dividend paid in FY 2010-11
- Return to shareholder around 6% so far

Project Cost Details

Rs. Crore

EPC Cost	212.00
Ashram Flyover/Shahadra Bridge/Approach Road	20.00
Construction Cost	**232.00**
Land Acquisition/PAP	10.00
Prelim / Preoperative Expenses	12.24
Financing Charges & Kampsax Fees	25.33
Sub-Total	**47.57**
Contingencies	
Price Escalation	**39.63**
Forex Fluctuation	
Physical Contingency	
Sub-Total	
Interest During Construction	70.17
Investment for Senior Debt Service	8.00
Depreciation Fund	10.80
Landed Project Cost	**408.17**

Debt Profile prior to CDR

Particulars	Rs in crs	Interest Rate**
DDBs	**50.00**	**14.72%**
TERM LOANs		
From Banks		
Canara Bank	16.50	14.00%
Central Bank of India	10.00	14.00%
Punjab National Bank	16.50	14.00%
State Bank of Patiala	6.00	14.50%
Union Bank of India	16.50	14.50%
Vijaya Bank	10.00	13.00%
Bank of Baroda	16.50	13.80%
State Bank Of India	41.00	13.50%
	133.00	**13.83%**
From Financial Institutions		
IFCI	5.00	16.50%
IDBI	27.77	15.60%
LIC	10.00	15.60%
	42.77	**15.71%**
From Others		
IL&FS	**60.00**	**16.00%**
Total Debt	**285.77**	**14.72%**
**** PRIOR TO CDR**		

Heavy initial losses.. need for restructuring

- In the initial years 2002-2005, the operations were unsustainable
- Traffic in 2002 : 18000 PCUs per day v/s 83000 PCUs projected.
- Given the high cost of debt (14%-16%) and lower than projected traffic, restructuring of debt became necessary
- Cumulative losses of Rs.117crs between FY 2000-2001 to FY 2004-05

Need for Restructuring

- Noida Toll Bridge was a pioneering project in the PPP format.
- At that point, infrastructure financing being new to the banking system, the loan tenors were limited 12 years
- Infrastructure projects, particularly in the road sector, typically have back ended cash flows
- In case of Noida Toll Bridge, the initial traffic was also below the projections which were based on inadequate data
- The Company started commercial operations from Feb’ 2001.
- The Company incurred heavy losses in the initial years of operations and almost the entire net worth was eroded by March 2005.

Summary of Financial performance

Rs. million

Year ending March 31,	2002	2003	2004	2005
Total Income	118.1	187.3	258.6	317.4
Operating Expenses	64.8	82.3	82.4	91.2
Operating Profit	53.2	105.1	176.2	226.1
Depreciation/Write Offs	83.5	78.5	16.8	17.5
Interest Costs	426.0	312.5	370.5	373.6
Profit After Tax	-456.2	-286.0	-211.1	-165.0

Fee Revisions

FY	Remarks
2009-10	Not Implemented : Rates implemented on 01/04/09 & rolled back on 27/04/2009
2010-11	Not Implemented : Rates implemented on 15/02/11 & rolled back on 17/02/2011
2011-12	Partly Implemented wef November-2011
2012-13	Not Implemented : Rates implemented on 10/11/12 & rolled back on 18/11/2012
2013-14	Implemented wef 01/04/13
2014-15	Not Implemented
2015-16	Not Implemented
2016 till Oct'16	Not Implemented
Total Estimated Loss of Toll Revenue Cumulative upto 31/03/2013 was Rs 47.40 Crs	

Financial Restructuring...2002-2006

A. CORPORATE DEBT RESTRUCTURING (October 2002)

- The average daily revenue in 2001-02 was Rs. 3 Lacs as against an interest cost of Rs. 12 Lacs/day.
- The Company could not service the debts beyond March 2002 and was on the verge of becoming an NPA
- The Consortium of Lenders led by IDBI agreed to restructure the debts by
  - Reducing rate of interest from 15% p.a. to 8.5% p.a.
  - Step up interest payments in initial years
  - Rescheduling principal repayments
  - Issue of Zero Coupon Bond to lenders towards sacrifice of Interest rate

Financial Restructuring...2002-2006..contd

B. DDB RESTRUCTURING (October 2005)

- The DDBs would have matured to Rs. 450 crore by 2016. The Company was in no position to service this liability.
- The DDB holders recognised this and agreed to a scheme of restructuring envisaging sale out to IDFC/IL&FS as per takeout terms.
- The DDB restructuring paved the way of sustenance of the project
- The DDB restructuring reduced the effective rate of interest from 14.72% to 8.50%.

Financial Restructuring...2002-2006..contd

C. Issue of Global Depository Receipts (GDR), in London, 2006

- NTBCL became one of the first Toll Road Companies in the world to list on the London Stock Exchange (LSE–AIM) by issuing GDRs of US$ 50 million
- The GDR receipts were used to retire the entire Rupee term loan.

The three steps, CDR package, DDB refinancing and the GDR issue were critical in the financial turnaround of NTBCL

Audits

Independent Audit

- Independent Auditor has certified annually from 2001 onwards, the Total Cost of the Project outstanding and Returns thereof
- The last certificate issued is upto March 2016
- Annual certification from 2001 is available for examination

Project Cost v/s IRR

- The Concession Agreement for DND provided for 20% return.
- The actual return received to date is :

Equity IRR (on Dividend payout)	5.95% (Dividend amount; Rs 204.82 crs + DDT 38.25crs)
Project IRR	6.93%

- It has been stated that against a Project Cost of Rs. 400 Crs, DND has received Rs. 800 Crs and therefore recovered its investment.
- This is factually incorrect as it excludes interest payments on debt (Rs. 369 Crs) and other financial instruments.

Project Cost and Debt repayment

Rs in crores

Estimated Project Cost	**408.17**
Funding	
Equity incl. FCD	122.40
DDBs	50.00
Debt	235.77
	408.17
Repayments	
Debt	235.77
DDBs	50.00
	285.77
Interest	
Interest on DDBs	66.84
Interest on FCD	5.05
Interest on TL	213.80
Funded Interest	27.29
ZCB-B	55.54
	368.53
Repayments	
DDBs (IL&FS+IDFC)	94.43
New Loan-IL&FS	35.00
New Loan-IL&FS	12.43
	141.86

Project IRR as per Certified Return

Rs in crores

Date	Project Cost +major Maint	Surplus (Income-Exp-Tax)	Net Invt	IRR
6-Feb-01	325.99	-	325.99	
31-Mar-01	-	0.17	(0.17)	
31-Mar-02	5.71	2.57	3.13	
31-Mar-03	0.37	8.32	(7.95)	-82.855%
31-Mar-04	0.08	15.20	(15.12)	-60.302%
31-Mar-05	2.90	19.72	(16.82)	-45.147%
31-Mar-06	0.75	24.73	(23.98)	-32.174%
31-Mar-07	8.85	34.95	(26.11)	-23.453%
31-Mar-08	53.59	46.81	6.78	-25.840%
31-Mar-09	2.66	54.61	(51.95)	-13.481%
31-Mar-10	(0.29)	55.30	(55.60)	-7.484%
31-Mar-11	-	62.48	(62.48)	-3.327%
31-Mar-12	-	74.08	(74.08)	-0.060%
31-Mar-13	7.55	85.12	(77.57)	2.320%
31-Mar-14	6.48	94.72	(88.24)	4.274%
31-Mar-15	12.67	102.05	(89.37)	5.743%
31-Mar-16	4.23	99.13	(94.89)	**6.932%**
	431.55	**779.97**		

Project Cost Certified by Independent Auditor as per Appendix F of Concession Agreement
Project Cost Includes Cost of Const of MVLR+ Office Building +Advt Structure & Major Maintenance
Surplus= Income-O&M Expenses-Taxes as defined in Concession Agreement
Net Investment= Project Cost + Major Maint -Surplus

Illustration – Excluding O&M Expenses and taxes

Rs in crores

Date	Project Cost +major Maint	Surplus = Income	Net Invt	IRR
6-Feb-01	325.99	-	325.99	
31-Mar-01	-	1.16	(1.16)	
31-Mar-02	5.55	10.37	(4.82)	
31-Mar-03	(2.39)	17.97	(20.36)	-71.650%
31-Mar-04	(0.67)	24.95	(25.62)	-49.829%
31-Mar-05	0.21	30.77	(30.57)	-34.074%
31-Mar-06	(0.78)	39.03	(39.81)	-21.939%
31-Mar-07	7.22	47.19	(39.97)	-14.287%
31-Mar-08	53.88	67.35	(13.47)	-12.222%
31-Mar-09	2.66	78.02	(75.36)	-4.437%
31-Mar-10	(0.29)	83.51	(83.80)	0.417%
31-Mar-11	(0.20)	85.50	(85.70)	3.634%
31-Mar-12	-	95.64	(95.64)	6.116%
31-Mar-13	7.55	108.54	(100.99)	7.988%
31-Mar-14	6.48	120.17	(113.69)	9.528%
31-Mar-15	12.67	128.84	(116.17)	10.701%
31-Mar-16	4.23	129.75	(125.52)	**11.664%**
	422.13	**1,068.77**		

Traffic – Projected v/s Actual

Year	Average Daily Traffic-Nos		
	Projected *	Actual	% of Projected
2001	86479	17158	20%
2002	97081	22509	23%
2003	107612	38474	36%
2004	118255	47547	40%
2005	144210	52860	37%
2006	153493	60840	40%
2007	162805	68652	42%
2008	172145	84261	49%
2009	181428	99779	55%
2010	190741	104277	55%
2011	199993	102394	51%
2012	209233	107870	52%
2013	218473	114721	53%
2014	227725	113591	50%
2015	237060	115162	49%
2016	246219	116949	47%

* **Project consultant (Kampsax) report March 1998**

Toll Revenue– Projected v/s Actual

Year	Revenue- Rs in Crs		
	Projected *	Actual	% of projected
2001	6.86	1.16	17%
2002	56.00	9.77	17%
2003	64.67	16.61	26%
2004	75.95	22.58	30%
2005	95.67	27.04	28%
2006	108.02	33.07	31%
2007	119.18	39.59	33%
2008	133.61	54.89	41%
2009	149.33	66.26	44%
2010	164.96	70.92	43%
2011	182.20	69.87	38%
2012	203.89	77.40	38%
2013	224.22	88.84	40%
2014	248.74	99.36	40%
2015	274.48	103.46	38%
2016	302.01	111.69	37%

*** Project consultant (Kampsax) report March 1998**

Aggregate cost and income over life of project

Particulars	Rs in Crs
Project Cost as per Concession Agreement (Incl. Major Maint)	431.55
O&M Expenses*	309.69
Interest*	307.01
Depreciation*	88.01
Total Expenses	**1136.26**
Total Income*	**1103.54**
Net	**(32.72)**

***As per Statutory Accounts from 2001 to March-2016**

THANK YOU