

# 2015 Global Road Achievement Awards

## Book of Winning Projects



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## URBAN PLANNING & MOBILITY

### Thiruvananthapuram City Roads Improvement Project

IL&FS Transportation Networks Limited and Kerala Road Fund Board

IL&FS Transportation Networks Limited ("ITNL") was formed in the year 2000 as a wholly owned subsidiary of infrastructure leasing and financial services limited ("IL&FS"), which has been a major player in india in infrastructure development and financing for the last 25 years. ITNL is widely recognised as the pioneer of public private partnership in domain of road sector in INDIA. ITNL acts as developer, operator and facilitator of surface transportation infrastructure projects taking from conceptualization through commissioning to operations and maintenance. Today, ITNL has evolved as a market leader in the transportation sector with more than 14,500 lane km comprised with 28 projects. ITNL's ability in turning infrastructure capacity creation into commercially viable proposition has aided the company to expand into other areas of transportation sub-sectors such as railways, urban transportation systems and border check-posts. ITNL is the first indian international road development company to have footprint in europe, latin america, africa and china. ITNL's subsidiary, elsamex s.a. ("Elsamex"), a Spanish group is involved in providing maintenance services primarily for highways and roads in many continents. ITNL is one amongst the largest road developer and operator in the world with about 34,000 lane km under its portfolio. The company is listed at Bombay stock exchange (BSE 533177) and national stock exchange (IL&FS Trans) of India. The corporate headquarters is located at Mumbai, with offices at Singapore, Dubai, Madrid, Colombia, Nigeria, Botswana, Kenya and Washington.

#### Project Background: Thiruvananthapuram City Road Improvement Project

Thiruvananthapuram, or Trivandrum, as it was conveniently re-christened by the English, is the southern-most district and Thiruvananthapuram city is the district headquarters as well as the state capital of Kerala. Thiruvananthapuram, the capital city of Kerala had been witnessing rapid urbanization. The government of Kerala implemented the Thiruvananthapuram City Road Improvement Project (TRCIP) to widen the existing 42 km of existing road network to cater the needs of rapid urbanization.

The government of Kerala started the initiative with the enactment of Kerala road fund act in 2001 and setting up of the Kerala road fund board (KRFB) in 2004 to approve the public private partnership arrange-

ments and allocate funds for TRCIP. A dedicated road fund was established to increase the comfort level of the private sector for participating in the project. The procurement of concessionaire for the TRCIP was based on a two stage (RFQ and RFP) global competitive bidding process. The project was awarded to the lowest bidder, based on the lowest annuity amount quoted, in march 2004 to an SPV, Thiruvananthapuram road development company limited (TRDCL) formed by IL&FS transportation networks limited. TRDCL had to complete work within 30 months and undertake operation and maintenance (O&M) for the next 15 years based on O&M requirements specified in the concession agreement.

The concessionaire had to ensure assured availability with each annuity period, the stretches were deemed unavailable if the same were closed for traffic use or if the riding quality thereof had deteriorated below levels prescribed as per the O&M manual. Construction risk including the time and cost overruns due to contractor default was to be borne by the operator. However, the overruns due to delays in areas such as land handover were to be borne by the public works department. The project needed acquisition of around 5000 land parcels in a thickly populated (4400 people / sq/km) urban scenario. Concessionaire is responsible for the performance risk, there are penalties for non-compliance with

contractual commitments through performance guarantee. The concessionaire had to handover the possession of project facilities in good operating condition at the end of the project. This project adopted a "life-cycle" approach to road improvement, making the concessionaire responsible for long term maintenance of the roads and ensuring better quality of services.

This is the first urban road project in India, where an attempt was made to develop and maintain a city road project through ppp arrangements and it has been proved to be successful. It's also unique in its use of a road fund for ensuring annuity payments to the private participant. The project had to be executed in the midst of people with very high literacy and political awareness and involvement of human rights groups and environmentalist made the project extremely challenging. The union government of india has lauded the public-private partnership (PPP) model adopted for the city road improvement project. The professional approach adopted by ITNL in the urban road development had made the state a model.



#### Mr. Mukund Sapre

ED, IL&FS Transportation Networks Limited & MD Elsamex S.A, Spain, Company

*"Trivandrum City Road Project is a shining example where non budgetary finance has been effectively used to finance, develop an urban road network with active participation of patient bankers (all Indian), supporting Government and peaceful and proactive citizens. We developed and delivered an entirely new paradigm of implementing urban road network improvements in the City."*