**Surat Hazira NH-6 Tollway Pvt Ltd**

**Project Brief**

* Project Length: 132 Km, Concession Period: 19 Yrs, Appointed Date: 31st Mar 2010, Concession End Date: 31st March 2029, SCOD: 13th May 2012.
* Later 0.5 km & part of service road was descoped from the project scope & de-scope payment of ~ Rs. 34 Crore is to be paid to NHAI.
* Completion got delayed due to: 1> Delay in RoW by NHAI (Bypass) 2> Delay in Utility Shifting (Industrial Area)
* Even though users have started using the project from December-2013 onwards, NHAI delayed the process of awarding PCOD and Tolling finally commenced on 19th Aug 2015 for 117.40 km post intervention of Hon’ble Delhi High Court. Project achieved full COD on 1st April 2018 for total length of 131.5 km.
* Due to delays mentioned above, project cost was revised multiple times as under:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **(Rs Crore)** | **FC** | **R1** | **R2** | **R3** | **COD** | **Incr.** | **% Incr.** |
|  | **Est.** | **Est.** | **Est.** | **Est.** | **Actual** | **Act Vs FC** | **Act Vs FC** |
| **DCCO / SCOD** | **13-May-12** | **01-Jan-14** | **31-Mar-15** | **30-Apr-16** | **1-Apr-18** | **Absolute** | **%** |
| EPC & Non-EPC Cost | 2,207 | 2,172 | 2,186 | 2,383 | 2,225 | 18 | **1%** |
| IDC | 213 | 389 | 597 | 855 | 842 | 629 | **296%** |
| **Total** | **2,419** | **2,561** | **2,783** | **3,238** | **3,067** | **648** | **27%** |
| Promoters' Equity | 303 | 303 | 343 | 368 | 385\* | 82 | **27%** |
| NHAI Grant | 302 | 302 | 302 | 302 | 302 | **-** | **-** |
| Toll for Capex | - | 142 | 53 | 168 | 62 | 62 | **NA** |
| Loans | 1,814 | 1,814 | 2,085 | 2,400 | 2,318 | 504 | **28%** |

*\*Over & above Rs. 385 Crore, Promoters have infused Rs. 50 Crore during implementation of RP*

* Its clear from the table above that entire increase in Total Project Cost is on account of increase in IDC
* Due to delay in signing of State Support Agreement, project witnessed traffic leakage due to up-gradation / revamping of adjoining roads under state government jurisdiction mainly near Icchapore, Bardoli and Ukai junction.
* Company was able to plug leakage at two points, by restriction of heavy vehicle movement through Surat city & Navsari Road for 12 hrs in a day (7 am to 1 pm & 5 pm to 11 pm) and Temporary ban on movement of heavy vehicles on Ukai road near Mandal Toll Plaza. However, the leakage at Icchapore was to be plugged by construction of Ramp at Icchapore under Change of Scope from NHAI.
* In August 2018, Resolution Plan was implemented with 52.5% i.e. Rs. 1255 Crore classified as Sustainable (Part-I) while balance Rs. 1136 Crore classified as Unsustainable Debt (Part-II). Promoters infused Rs. 50.00 Crore as part of RP. Part-I was to be serviced from operational cash flows and the account was to be upgraded by March 2020 from surplus cash flows generated primarily from implementation of Icchapore ramp. Part-II debt was to be serviced from the realization of cash claims *(Total Rs. 3,557 Cr, Company Claims: Rs. 1,617 Crore, EPC Claims: Rs. 1940 Crore)* filled against NHAI by Company in Arbitration Tribunal. M/s KPMG has conducted Forensic Study in the project & we understand no adverse comments were found in the report.
* Status of 2 key assumptions of Resolution Plan is as under:
  + Revenue (Icchapore Ramp Implementation): Surplus Revenues could not materialize on account of non-realization of Icchapore Ramp due to events / conditions outside the control of the Concessionaire (support / approval from NHAI as well as local authorities). In fact, the toll revenues further reduced from Rs. 169 Crore in FY2019 to Rs. 162 Crore in FY2020 deterioration in condition of adjacent stretch Fagne-Songarh project which was being constructed by ILFS.
  + Realization of Cash Claims: Further, Arbitration Tribunal has awarded only 959 days of extension in Concession Period without any cash claim and both NHAI & Company has already challenged the award in Hon’ble Delhi High Court.
* Company has received last tranche of NHAI O&M Grant last year and hence, going forward in absence of NHAI Grant, Part I debt servicing will not be possible.
* The status of actual revenue receipts & its utilization since implementation of RP till December-2021 is as under:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Performance since RP (Rs. Crore)** | **FY19 (A)** | **FY20(A)** | **FY21 (A)** | **FY22 (A)** | **Total** |
| Revenue from Operations | 169.27 | 162.15 | 169.96 | 185.28 | 686.67 |
| O&M Support Grant | 60.66 | 22.94 | 15.05 | 7.24 | 105.89 |
| Other Income | 0.66 | 1.90 | 1.25 | 0.71 | 4.52 |
| DSRA Release |  |  | 50.00 |  | 50.00 |
| **Total Revenue Source** | **230.59** | **186.99** | **236.26** | **193.23** | **847.07** |
| **Total O&M Expenses** | **37.61** | **30.49** | **42.13** | **81.88** | **192.11** |
|  |  |  |  |  |  |
| Interest | 119.19 | 111.55 | 106.30 | 96.02 | 433.06 |
| Principal | 62.79 | 47.73 | 79.21 | 55.28 | 245.01 |
| **Total Debt Servicing** | **181.98** | **159.28** | **185.51** | **151.30** | **678.07** |
| **Debt Service as % of Toll Revenue** | **108%** | **98%** | **109%** | **82%** | **99%** |
| **Debt Service as % of Total Revenue** | **79%** | **85%** | **79%** | **78%** | **80%** |

* Project is in operation since 2015 and hence the Major Maintenance should have been carried out in FY2021. However, since RP implementation, majority of the revenue has gone for debt servicing as depicted above.
* In Dec-2019 & Dec-2020, Bank of Baroda (with e-Dena Bank) and Central Bank of India have assigned their exposure to ARCIL.
* In consortium meeting dated 17th May 2021, Lenders post exploring all the options, unanimously agreed to take up the offer of ARCIL (i.e. 40% of total debt o/s as on 30th Sep 2020) subject to ARCIL increasing the offer substantially. In the same meeting, E&Y and Crisil have submitted the Enterprise Valuation Report amounting to Rs. 971 Crore & Rs. 913 Crore respectively @ WACC of 11
* In Sep-2021, Oct-2021 & Mar-2022, Indian Overseas Bank, IIFCL & Union Bank have assigned their exposure to ARCIL with summary of assignment till date as under:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Lender** | **% Share in Consortium** | **Cut Off Date** | **Principal O/s** | **%Offer** | **Payment** | **Pay Month** |
| BoB & Dena | 12.34% | 30-Nov-19 | 284.30 | 40.00% | 113.75 | Jan-2020 |
| CBI | 8.27% | 01-Dec-20 | 192.37 | 35.43% | 68.16 | Jan-2021 |
| IOB | 6.07% | 30-Jun-21 | 131.74 | 43.00% | 56.65 | Sep-2021 |
| IIFCL | 12.13% | 31-Aug-21 | 265.58 | 43.00% | 114.20 | Oct-2021 |
| Union Bank | 15.15% | 31-Dec-21 | 325.89 | 46.00% | 150.00 | Mar-2022 |
| **Total** | **54.00%** |  | **1199.88** | **41.90%** | **502.76** |  |