**TN (DK) Expressways Limited**

* **TN (DK) Expressways Limited (TNDK)**, an SPV, was incorporated for widening of the existing 2 lane portion from Km.305.600 (End of Karur bypass) – Km. 373.275 (start of proposed flyover at Dindigul bypass) covering 68.125 kms to 4 lane and improvement, operation and maintenance of km. 292.6 (Start of Karur bypass) – km.305.600 (End of Karur bypass) covering 9.600 km onNH-7 in the state of Tamil Nadu on Build, Operate and Transfer (BOT) basis
* Concession Agreement was signed in the year 2006. PCOD was achieved on 05/11/2009 and commenced operations from 2009-10 onwards.
* The Project Cost was estimated at Rs.373.32 Cr to be funded with an Equity & Unsecured Loan of Rs.74.66 Cr, NHAI Grant of Rs.74.66 Crs and Debt of Rs.224.00 Cr.
* The Company brought in Equity & Unsecured Loan of Rs.93.71 Cr, more than what it had even agreed and the Bankers had released Rs.224.00 Cr.
* There is a large variation between actual traffic and projected traffic as per the bid documents of the project by 48% affecting the revenues badly. The actual realization during the past 13 years i.e. upto March.2022 is just about Rs.509.93 Crs against projected revenue of Rs.1054.89 Cr
* Despite the reduced toll revenues, the lenders have adjusted an amount of Rs.372.84 Crs towards interest and principal as on 15th July, 2022 against the debt of Rs.224.00 Crs given by the lenders.
* As per the concession agreement once in five years, the company needs to undertake Major maintenance works which were due in Nov. 2014. Second maintenance was fallen due in 2019 and third maintenance is falling due in 2024.
* The bankers are taking entire toll collections towards interest and principal payments and they are not releasing funds towards maintenance works and not following the waterfall mechanism laid down in the Escrow Account. Hence the company was not able to do the MMR works in 2014.
* A letter was received by the company from IE vide their letter dated 17/03/2022 levying penalties for first MMR works amounting to Rs.155.20 Crs and for second MMRs works amounting to Rs.64.39 Crs thus total penalties amounting to Rs.219.59 Crs.
* Since bankers are not following the waterfall mechanism as per Escrow Agreement and not releasing funds for maintenance works, the company had filed suit against bankers in the Hon’ble High Court
* The Hon’ble High Court had ordered the Escrow Agent to release the amounts for maintenance works and strictly follow the conditions stipulated in the waterfall mechanism of Escrow Account vide its order dated 06/03/2020.
* The first periodic Maintenance which was due in November, 2014 is almost completed in 2022 after much persuasion with the Lenders except pending of about 20 kms service road works and road furnishing works.
* The company had issued work order for second maintenance and copy of the work order was already shared with lenders. Contractor will commence the works once they receive advance amount.
* Left over Concession period is about 4.2 years only as per Concession Agreement. No investors are showing interest to come forward due to the left over concession period is only about 4.2 years.
* As per Clause No.34.11 of Concession Agreement, NHAI will retain the last two years toll revenues in the Escrow Account for renewal works while handing over of the project to NHAI at the end of concession period. Hence toll revenues available to the company is only 2.2 years.