

Tamil Nadu Dindigul Karur Expressways Limited

Instrument	Amount Rated	Rating Action
	In Rs. crore	
Term Loan	177.47 (224.00 earlier)	[ICRA]D Reaffirmed

ICRA has reaffirmed the long-term rating assigned to the Rs. 177.47 crore¹ (Rs.224.00 crore earlier) term loan of Tamil Nadu Dindigul Karur Expressways Limited (TNDK) at [ICRA]D (pronounced ICRA D)².

The rating reaffirmation takes into account continued delays in repayment of debt obligations, as TNDK's toll collections have been significantly below expectations on account of continued weak traffic flow witnessed on the stretch. Although the company had gone for debt restructuring in December 2012, the continued under performance of traffic has constrained the liquidity of TNDK.

During FY2016, traffic grew by 6.1% in PCU terms, however the toll rates were revised downwards due to negative WPI. Given the poor toll collections, major maintenance reserve could not be created; as a result TNDK would be required to raise additional debt for major maintenance which falls due in the current financial year.

Going forward, ramp up in traffic volumes thereby increase in toll collections and timely debt servicing will be the key rating sensitivities.

Company Profile

TNDK is a special purpose vehicle (SPV) promoted by Madhucon Projects Ltd (MPL), Madhucon Infra Limited and Madhucon Toll Highways Limited. TNDK has been formed to strengthen and widen the existing 68 long stretch between Karur-Dindigul on NH-7. The project also includes the improvement, operations and management of the already 4 lane stretches in adjacent section from Karur Bypass (chainage 292.600 km) to end of Karur Bypass (chainage 305.600 km) covering total length of 9.60 km. The project has been awarded by NHAI on Build-Operate-Toll (BOT) (Toll) basis, with a concession period of 20 years starting Oct 2006. The project has been delayed by about seven months, with the actual COD being November 2009 instead of April 2009 scheduled earlier.

This highway is the major arterial route that serves a significant volume of passenger traffic traveling to various important cities in the state like Madurai, Kanyakumari, Rameswaram, Coimbatore & Kodaikanal. This route also forms a part of the feeder to the Tuticorin port for the Bangalore side traffic.

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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