

M/s TN (DK) Expressways Ltd
Minutes of Virtual Consortium Meeting held on 19.04.2022 @ 11.00 AM

The meeting of consortium lenders of M/s TN (DK) Expressways Ltd was convened on 19.04.2022 by the lead lender State Bank of India, SAMB Branch – II, Hyderabad. The virtual meeting was attended by the following participants:

1. Sri Biswajit Das, AGM & CLO, SBI, SAM Branch, Hyderabad – 8008946076
2. Sri M R Kishore, Chief Manager, SBI, SAM Branch, Hyderabad – 9989347048
3. Ms Mitali, SBI, SARG, Mumbai
4. Sri Anil Durgam, Union Bank of India – 9908718581
5. Sri Venugopal, Chief Manager, Union Bank of India
6. Mr Nayaryan Prasad, Vice President, Maximus ARC Ltd
7. Mr Hari Krishna, Vice President, Maximus ARC Ltd
8. Sri Malampati Madhu – Director – TN (DK) Expressways Limited
9. Sri Pundarikashyam – CGM (F&A) – TN (DK) Expressways Limited
10. Sri Mallikharjun Reddy – DGM (Roads) – TN (DK) Expressways Limited

Sri Biswajit Das, Asst. General Manager, SBI SAMB II, Hyderabad presided over the meeting and welcomed all.

The agenda for JLM was stated as follows

1. To adopt the minutes of previous meeting dated 06.10.2021
2. Presentation by ASM agency on operations of the company and discussion on continuation of services of M/s B Srinivas & Co, ASM agency.
3. Presentation by the company on proposed resolution plan, developments regarding Arbitration Award, Progress of MMR works etc.
3. Any other matter with the permission of the chair.

1. Confirmation of the minutes of the JLM Dt. 14.09.2021

Draft Minutes of the previous meeting held on 06.10.2021 were confirmed and adopted by the lenders. However, the company mentioned that they had not agreed for sharing of funds available in the Escrow account towards lenders dues.

2. Presentation by ASM agency on operations of the company and discussion on continuation of services of M/s B Srinivas & Co as ASM agency.

Mr Srinivas, representative of M/s B Srinivas & Co submitted the Synopsis of operations and MMR Works status, which was shared among lenders. The brief presentation furnished as under:

- a. Toll Revenue for the FY 2021-22 is Rs 56.35 Cr
- b. The company collected toll revenue from non-FASTAG users amounting to Rs 1.93 Cr for the FY2021-22 and 50% of which to be remitted to the Central Government for the FY 2021-22 as a penalty collected from the travellers.



Total amount to be remitted as on 31.03.2022 is Rs 1.21 Cr. Out of which company is having physical cash with them and lenders advised company to deposit the same with Escrow account. The same will be earmarked for further remittance to Central Government as and when required.

- c. The company has commenced the First MMR works on 30.01.2019 and completed total length of 77.725 KMs both sides of renewal waring of surface of the road pavement work in October 2020. As of now, Service road works are major portion of balance works in the First MMR. (Out of total 39.93 KM service roads, company has completed works for 20.06 KMs and 19.86 KMs work is still pending which costs Rs 6.55 Cr).
- d. Company has entered Contract Agreement with M/s TTK constructions on 26.10.2021 for an amount of Rs 78.21 Cr for Tack Coat and BC Laying works of Main Carriage Way. Further, he informed that there is huge variation of Rs 17.42 Cr between agreement and NHAI estimations.
- e. Mr Srinivas has also updated briefly on Arbitration case and advised that Hon'ble High Court vide its order dated 22.03.2022, ported the case for next hearing on 14.07.2022.

Lenders asked the company for abnormal delay in completing first MMR works and before completion of first MMR works, what is the need of second MMR as the first MMR is yet to be completed. The Company replied that due to heavy traffic on service roads, they could not complete and there is escalation of cost towards service roads to the extent of Rs 1.30 Cr due to increase in prices of oil and road material. They promised to complete the same by end of June 2022.

Mr. Das advised the ASM to share the report with the company and requested the company to respond to the concerns (mentioned below) of the ASM by sharing relevant information.

- i. Depositing of physical cash available with company
- ii. Clarification on increase in estimate for first MMR works to the extent of Rs 1.30 Cr.

The ASM agency informed that their validity of services expired on 31.03.2022 and requested lenders to extend for further one year with enhancement of fee. He requested the lenders to increase the fee to Rs 2.50 lacs against the present fee of Rs 1.50 lacs per quarter. The ASM agency officials left the meeting for further discussions among company and lenders.

The Lenders discussed and agreed to increase the fee by Rs 10,000/- per month i.e., Rs 60,000/- per month plus out of pocket expenses at actual basis.



3. Presentation by the Company on proposed Resolution Plan, Developments regarding Arbitration Award and Progress of MMR works etc.

Mr Biswajit Das, AGM, SBI requested the company for their presentation on the above mentioned points.

Mr M Madhu, Director of the company informed that the company is discussing on OTS proposals since 2019 and submitted its proposal last on 14.03.2022. Mr Biswajit Das said it was not accepted by the Bank and advised company to come forward with improved offer. The Company officials informed that they would revert on the same within few days.

The Company officials informed that the Petition filed by NHAI before HC against the Arbitration Award was posted for hearing on 14.07.2022. Lenders enquired about the stage of the case and what are the pending issues to conclude the case at the earliest. For which, company officials informed that the case was filed during 2019 and the case is not moving forward. Lenders enquired why the company is not taking interest on the case and not engaging any senior counsel to speed up the case. There was no proper reply from the company. Lenders also advised company to explore the possibility of release of amount by the HC against submission of Bank Guarantee.

The Company officials apprised on MMR works and stated that service road works are still pending towards first MMR works and second MMR works estimated at Rs 120.00 Cr. Further, they informed that the amount available in Escrow account has to be transferred to separate Escrow account to preserve the money towards second MMR works. Company officials informed that they have already entered an agreement with TTK constructions.

Lenders questioned the need and prudence of execution of second MMR when 1st MMR was conducted in 2020 and still under progress. Lenders advised the company to take up with NHAI for waiver of second MMR and related penalties as the first MMR is still under progress. Lenders expressed their concern that despite repeated reminders the company has not taken up the matter with NHAI. The Company officials informed that the present works are pending in service roads and MMR works will be done for the main carriage way. However, they informed that they have already taken up with the NHAI for waiver of second MMR. Lenders requested company to share the correspondence with NHAI and response of NHAI thereto. The company agreed to submit the same shortly.

SBI officials informed that the present balance in Escrow account on 19.04.2022 is Rs 17.54 Cr. SBI proposed to share the residual amount of Rs 8.00 Cr among lenders towards their dues after keeping aside an amount of Rs 7.88 Cr for first MMR works and an amount of Rs 2.00 Cr towards routine maintenance and other works. Mr Biswajit Das asked the views of other lenders on sharing of residual amount of Rs 8.00 Cr. Maximus ARC officials advised to continue the sharing of 30% of the toll revenue as of now and decide the rest after scrutinise the HC order dated 06.03.2020. Union Bank of India officials advised to share the amount as per HC order.



Lenders requested company officials to respond to ASM concerns, explore the possibility of release of amount from HC against BG and submit revised compromise offer as soon as possible and leave the meeting for discussion among Lenders only.

Lenders discussed on the matter of impleading in Arbitration case which is pending before High Court of Delhi. It was decided to explore the possibilities of impleading in the case.

The meeting was concluded with vote of thanks.

