

BRIEF PROFILE OF THE COMPANY

HKR Roadways Limited (“**HKRRL**”/“**The Company**”) is a special purpose vehicle (SPV) incorporated on August 9, 2010 for design, construction, finance, operation and maintenance of four-laning of 206.858 Km of existing Hyderabad-Karimnagar-Ramagundam road (SH-1) in state of Telangana (erstwhile united Andhra Pradesh) under DBFOT (Toll) basis.

The Company entered into a Concession Agreement (CA) with Andhra Pradesh Road Development Corporation (“**Authority**”) on August 20, 2010. Post bifurcation of Erstwhile undivided Andhra Pradesh on June 02, 2014 to Andhra Pradesh and Telangana, “The Chief Engineer (R&B), PPP & EAP, Govt. of Telangana” is the Authority for the HKR project.

The concession period for the project is 25 years from the Appointed Date i.e. February 16, 2011. This includes construction period of 2.5 years. Megha Engineering & Infrastructures Ltd (MEIL) and Gayatri Projects Ltd (GPL) were appointed as EPC contactors to execute the project through a fixed cost fixed time EPC contract.

The Company envisaged the project cost at Rs. 2209.00 Crore, which broadly includes EPC cost of Rs 1750.71 Crore. The project cost was funded with a debt of Rs. 1525.00 Crore, equity of Rs. 230.00 Crore and Grant of Rs. 454.00 Crore. Currently there are 7 lenders with Canara Bank as the Lead Lender.

The original Commencement of Operations Date (COD) of the project was August 12, 2013. However, due to delay in obtaining Right of Way (RoW), approvals from railway authorities for railway over bridges (ROB) and railway under bridges (RUB) the Company approached the lenders to extend the COD. Based on the requests, the lenders accepted the revision in COD to March 31, 2015 for which Amendatory Common Loan Agreement was executed on September 29, 2014.

The Project was granted PCOD dated May 30, 2014 on completion of 190.194 km (91.94%) under the provisions in the clause 14.3 of the Concession Agreement. The Project commenced toll collection from June 1, 2014. Subsequently, the company completed an additional stretch of 4.856 km taking the total completed stretch length to 195.05 km. Post the toll revision in June 2016, the company has been collecting user fee for the stretch length of 195.05 km.

There has been a significant underperformance in traffic and revenue vis-à-vis initial estimates from the first year of operations across various vehicle categories. The account has become NPA with all lenders. The Lenders are in receipt of one-time settlement proposal of Rs 800 Crore (“**Base Offer**”) from the current promoters, for settlement of the outstanding obligations. The details of the Base Offer along with the Bid Document and access data room would be made available to the shortlisted participants after submitting a duly signed and stamped original copy of the non-disclosure agreement to be entered into with the Company.

The Transaction:

Following the above, SBI Capital Markets Limited (“**Authorized Representative**”) has been mandated by a consortium of lenders led by the Canara Bank (“**Lenders**”), to solicit bids via a competitive bid process based on ‘Swiss Challenge Method’, for one-time upfront full and final settlement of all outstanding in relation to the facilities availed by the Company from the Lenders (“**Proposed Transaction**”).

As on March 31, 2020, Company’s/Body corporates having consolidated net worth of Rs. 250 Crore or more, Debt to Equity Ratio not greater than 3:1 can submit the EOI. In case of Consortium, the consolidated net worth of one of the consortium members should be at least Rs. 250 Crore as on March 31, 2020.

FI/ Fund/ Private Equity Investor whose AUM is at least Rs. 1,000 Crore or committed funds available for investment / deployment in Indian companies is at least Rs. 500 Crore as on March 31, 2020 can also submit the EOI.

Interested parties shall submit their EOI as per the format given as Annexures in this document by 2:00 PM on March 25, 2021 by delivering the submission in a sealed envelope to Mr. B. N. Behera, Deputy General Manager, Canara Bank, Large Corporate Branch, TSR Complex, 2nd floor, 1-7-1, SP Road, Secunderabad 500 003.

In case of any clarifications, please contact the following:

Contact Persons	E-mail ID
Venkitachalam S (AVP – SBICAPS)	Venkitachalam.s@sbicaps.com
B.N. Behera (DGM)	cb2657@canarabank.com

Company Details:

Name	HKR Roadways Limited
CIN	U45203TG2010PLC069897
Date of Incorporation	August 9, 2010
Constitution	Public Limited Company
Sector	Roads (Infrastructure)
Present Activity	Four-Laning of 206.858 Km of existing Hyderabad-Karimnagar-Ramagundam Road (SH-1) in state of Telangana (erstwhile united Andhra Pradesh) under DBFOT (Toll) basis.
Registered Office	6-3-1090, B-1, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad – 500082, Telangana

Capital Structure:

The capital structure of the Company as on March 01, 2021 is as under:

As on March 31, 2017	Rs. Crore
Authorized Share Capital equity 50,00,000 shares of Rs.10 each	5.00
Issued Equity Share Capital 46,42,289 equity shares of Rs.10 each fully paid up	4.64
Subscribed and Paid Up Equity Share Capital 46,42,289 equity shares of Rs.10 each	4.64

Share holding pattern:

The shareholding pattern of HKRRL as on March 01, 2021 is given below:

Name of the shareholder	No. of shares held	% of holding
Gayatri Highways Ltd.	17,17,647	37.00
Megha Engineering Infrastructure Ltd.	17,17,647	37.00
DLF & Associates	12,06,995	26.00
Total	46,42,289	100.00

Pending Capital Expenditure works:

Of the total stretch of 206.858 Km, the company is yet to complete construction of 3.69 Km due to non-availability of ROW. The fund requirement to complete the balance stretch of 3.69 Km is estimated at Rs. 152.71 Crore.

Existing Banking Arrangements:

The account has become NPA with the lead lender on June 29, 2019 and currently is NPA with all lenders. The total outstanding debt in the Company as on November 01, 2019 is Rs 1,427.80 Crore.

In Rs Crore

Bank Name	Principal Outstanding as on November 01, 2019	Total Outstanding as on November 01, 2019
Canara Bank (Lead Bank)	263.26	279.17
Punjab National Bank	258.99	280.89
Union Bank of India	303.08	323.06
Indian Overseas Bank	186.00	191.90
IIFCL	158.94	169.47
Indian Bank	86.27	93.77
Bank of Baroda	87.09	89.54
Total	1,343.63	1,427.80

Toll Collection performance:

Financial Year	Toll Collections (Rs. Cr)	Avg. Daily Collections (Rs. Lakh)
FY 2015-16	120.39	32.98
FY 2016-17	114.08	31.25
FY 2017-18	158.73	43.49
FY 2018-19	181.59	49.75
FY 2019-20	171.03	46.73
From April 01, 2020 till Feb 28, 2021	137.60	41.07

Past financial performance:

In Rs Crore

Particulars	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Net Sales	120.39	114.08	158.73	187.81	187.45
EBITDA	110.15	102.30	134.11	166.19	145.88
Finance Cost	173.91	171.72	166.95	162.16	163.27
PAT	(63.32)	(76.75)	(72.32)	(32.47)	(65.30)
Share Capital	4.64	4.64	4.64	4.64	4.64
TNW*	108.96	32.21	(40.12)	(72.51)	(137.91)
TOL	1462.50	1,484.83	1,500.42	1,483.11	1,544.24
Term Debt O/S	1,453.53	1,434.47	1,396.34	1,380.60	1,356.40
Net Block	1,426.19	1,412.71	1,372.04	1,406.20	1,358.51

*Includes Grant received from Government as Equity support

ANNEXURE I - EXPRESSION OF INTEREST (EOI) FOR ONE TIME FULL AND FINAL SETTLEMENT OF THE OUTSTANDING DEBT

(Note: On the Letterhead of the Entity/Lead Partner Submitting the EOI)

Date: _____

To,

Mr. B. N. Behera
Deputy General Manager,
Canara Bank, Large Corporate Branch,
T.S.R. Complex, 2nd floor, 1-7-1,
S. P. Road, Secunderabad 500 003, Telangana

Subject: Expression of Interest (“EOI”) – one-time upfront full and final settlement of all outstanding in relation to the facilities availed by the Company from the Lenders (“Proposed Transaction”).

Dear Sir,

In response to the advertisement in newspapers dated March 10, 2021 inviting expressions of interest as captioned above (“**Advertisement**”), we hereby submit an EOI for one-time upfront full and final settlement of all outstanding in relation to the facilities availed by the Company from the Lenders.

We have also set out the following in the formats prescribed by you:

- (a) preliminary information required in the format prescribed in Annexure II (“**Brief Details**”);
- (b) our financial qualification as Annexure III (“**Financial Qualification**”);

We undertake that the information furnished by us in this EOI and the Annexures are true, correct, complete and accurate. Further, we agree and acknowledge that:

- (a) the EOI will be evaluated by the Evaluation Committee based on the information provided in the Annexures to determine whether we qualify to submit a proposal for the Proposed Transaction;
- (b) the Evaluation Committee reserves the right to determine whether or not we qualify for the submission of the proposal and may reject the EOI submitted by us without assigning any reason whatsoever and without any liability to the Lenders or Authorised Representative;
- (c) the Evaluation Committee reserves the right to request for additional information from us for the purpose of evaluation of the EOI;
- (d) meeting the qualification criteria set out in Annexure I alone does not automatically entitle us to participate in the next stage of the Bidding Process.
- (e) we will continue to meet the qualification criteria throughout the Bidding Process, any change in Consortium or any material adverse change affecting the Bidder’s ability to perform shall be intimated within 3 (three) business days to Evaluation Committee immediately by emailing to hkr@sbicaps.com;
- (f) the Bidder is ‘fit and proper’ person not under any legal disability to be a promoter under applicable law including listing agreements and SEBI regulations and RBI guidelines as may be relevant.
- (g) the Bidder, promoter or the guarantor is neither a defaulter or NPA or SMA as on the date of EOI submission and further we satisfy the same throughout the Bidding Process. If any of us (“the Bidder, the promoter or the guarantor”) is classified as default or NPA or SMA during the Bidding Process after the submission of

EOI, we shall intimate the same within 3 (three) business days to Evaluation Committee immediately by emailing to hkr@sbicaps.com;

Sincerely yours,

On behalf of [*Insert the name of the entity submitting the EOI*]¹

Signature: _____

Name of Signatory:

Designation:

Company Seal/Stamp

¹ Note: The person signing the EOI and other supporting documents should be an authorized signatory. The authorized signatory should be supported by necessary board resolutions and corporate authorizations, and power of attorney..

ANNEXURE II - BRIEF DETAILS

(**Note 1:** In case of Consortium, the details set out below are to be provided for each member of the Consortium.)

(**Note 2:** An undertaking covering the details set out below is required to be submitted by the Bidder on the letter head of the Bidder signed by an authorised signatory of the Bidder.)

(**Note 3:** Access to Data room will be provided only to Qualified Bidders as may be determined at the discretion of the Lenders.)

1. Name and Address:

- (a) Name of the Company/ Organisation:
- (b) Address:
- (c) Telephone No:
- (d) Fax:
- (e) Email:
- (f) CIN:
- (g) GSTIN:
- (h) PAN:

2. Date of Establishment:

3. Core Area of Expertise:

4. Contact Person:

- (a) Name:
- (b) Designation:
- (c) Telephone No:
- (d) Email:

5. Group / Company Profile:

S.No	Particulars	Details	
		FY	AUM
1	If the entity is a financial investor/fund entity <i>[Note: Where the entity submitting the EOI is a financial investor/ fund entity, please additionally provide details pertaining to “assets under management” for the preceding three years and the committed funds available as on March 31, 2020, for investment in Indian assets.]</i>	2018	
		2019	
		2020	
2	Experience of the Group / Company in the relevant sector (including no. of years of experience):		
3	History if any, of the Company or affiliates of the Company being declared a ‘wilful defaulter’, ‘non-cooperative borrower’, ‘non-impaired asset’ or ‘non-performing asset’:		

4	<p>External Rating of the Bidder*:</p> <p><i>*Rating of the Lead bidder in case of consortium</i></p>	
5	<p>Details of Company / Group Company/ Affiliate or Promoters (Name/ Directors/ Activity/ Bankers/ limits/ IRAC Status) and details of non-performing assets in any Group Companies</p>	
6	<p>Company / Group Company/ Affiliate or Promoters under RBI Defaulters' / CIBIL lists / ECGC SAL List / IBG Defaulter List/ SEBI debarred list</p>	
7	<p>Role/interest and stake* of each member in the Consortium (if applicable).</p> <p><i>*stake of each member in the consortium should be at least 26%</i></p>	
8	<p>If the interested party is a foreign company/ Other Corporate Bodies ("OCB"), specify list of statutory approvals from Government of India/ Reserve Bank of India applied for/ obtained/awaited.</p>	

ANNEXURE III - FORMAT FOR FINANCIAL CAPACITY EVALUATION

(Rs. Crore)

Name of Bidder/ Group Companies/ Affiliates#	Turnover			EBITDA			PAT			Net Worth			Debt		
	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20

#if the Bidder is a Financial Institution/ Fund/ Private Equity, they shall also mention the Asset Under Management (Rs. Cr/ USD Million) and Committed funds available for investment/ deployment in Indian companies or Indian assets.

Name of Bidder/ Group Companies/ Affiliates	TNW [^]			TOL ^{&}			TOL/ TNW			Debt to Equity Ratio			Return on Assets (%)		
	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20

[^]TNW shall means the Net worth of the Company minus intangible assets and intangible asset under development

[&]TOL shall means the Total Outside Liabilities of the Bidder

Signature: _____

Name of Signatory:

Designation:

Company Seal/Stamp