

**NOMINEE DIRECTOR'S
PRESENCE AT MEETINGS****IDBI Bank
Seeks RoC
Help Over
Board Tussle
with NTADCL****Shilpy Sinha**
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Mumbai: IDBI Bank has written to the Registrar of Companies (RoC) alleging that New Tirupur Area Development Corporation (NTADCL), which underwent debt restructuring in 2011, has flouted an agreement regarding inclusion of the lender's nominee directors in its board meetings till dues are settled.

NTADCL had faced financial challenges that led to the restructuring of debt totalling ₹575.34 crore in 2011. As part of the corporate debt restructuring (CDR) exercise, IDBI Bank and some other lenders converted senior debt into equity, with IDBI Bank holding ₹6.11 crore in equity shares.



The bank has alleged that NTADCL not including its nominee director in board meetings violates the restructuring agreement

A master restructuring agreement (MRA) was signed that allowed lenders, including IDBI Bank, to have their nominee directors on NTADCL's board until all dues were settled.

After loan repayment, the company excluded the nominee directors of IDBI Bank and SBI from its board meetings, citing vacancy due to loan repayment, according to IDBI's letter to the RoC, which ET has reviewed.

Although NTADCL has repaid outstanding loans to CDR lenders, except IL&FS, lenders still hold equity worth ₹86.30 crore in the company's share capital. IDBI Bank says that since part of the debt was converted to equity, it still has the right to have its directors on the company's board to focus on continued involvement in governance matters.

In its letter to the RoC, the public sector bank said that by excluding its nominee directors from board meetings, NTADCL has violated the provision in the MRA. IDBI Bank, referring to clauses in the MRA, Articles of Association and the Companies Act, 2013, asserted its right to retain nominee directors until all dues are cleared, but, the letter said, NTADCL persisted with excluding nominee directors from its board meetings.