

IL&FS Unit, Lenders Lock Horns over Future of Some Road Assets

The company is pushing for InvIT to unlock value, but lenders, citing delays, push for an outright sale

Shilpy.Sinha@timesgroup.com

Mumbai: Lenders and the management of IL&FS Transportation Networks (ITNL) are at loggerheads over the future of certain road assets.

The lenders see value in selling the assets while ITNL wants a resolution by floating an infrastructure investment trust (InvIT).

A focal point of contention is the Barwa Adda Expressway (BAEL), that has outstanding senior loans amounting to ₹1,269 crore.

Bank of Baroda, one of the lenders, has urged the management to sell the asset to a third party due to delays in debt settlement through the InvIT structure. The ITNL management, however, wants to resolve it through InvIT, which is likely to result in an additional recovery of ₹700 crore.

The differing positions of lenders and ITNL have created a deadlock for the resolution of the asset.

“IL&FS InvIT is facing prolonged

delays and this is one of the reasons why lenders are opting for faster outright sales of some road assets at lower valuations,” said a source. “Negotiations with lenders, restructuring processes, and approval delays have caused significant setbacks in completing the InvIT process.”

IL&FS planned to transfer 10 road assets under the InvIT structure as part of the strategy to resolve over ₹10,000 crore of debt in multiple phases. While four entities — Moradabad Bareilly Expressway, Sikar Bikaner Highway, Hazaribagh Ranchi Expressway, and Thiruvananthapuram Road Development Company — have been transferred to the InvIT, other assets are facing obstacles.



The tussle is now over the Barwa Adda Expressway, which ITNL says can recover an additional ₹700 crore through InvIT

It is due to these delays in restructuring and approvals for transfer to the InvIT that lenders of BAEL, led by Bank of Baroda, have asked IL&FS to consider a non-binding offer from a third party to acquire 100% of shares of BAEL, despite the bid being considerably lower than the InvIT valuation. The new board, however, has opposed the offer as it

“significantly undervalues” the assets, leading to a valuation loss of ₹700 crore, the source said.

The lenders of BAEL have filed a petition with the NCLT, requesting permission for a third-party bidder to conduct due diligence on the asset. IL&FS has objected to this petition, arguing against the request since the resolution has already been approved by the NCLT.

“We have opposed this move by lenders to sell the asset to a third party at a substantially lower valuation as NCLT has already approved the transfer of BAEL to the InvIT at a substantially higher price resulting in value maximisation for all class of lenders,” said an IL&FS spokesperson.

A Bank of Baroda spokesperson did not immediately respond to a request for comment.

Of the total loans of ₹1,269 crore held by five lenders, three lenders holding loans of ₹748 crore have already approved the restructuring proposal through the InvIT.

In the case of another asset, Chennai Nashri Tunnelway (CNTL), the board has become embroiled in a legal battle with Cube Highways. However, they have decided to proceed with transferring the asset to the InvIT at a higher valuation, pending the outcome of the legal proceedings.