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Creditors Raise Objections, Block Resolution of 5 IL&FS Road Assets

Shilpy.Sinha@timesgroup.com

Mumbai: The committee of creditors (CoC) has blocked the resolution of five IL&FS Road Assets with combined debt in excess of ₹9,000 crore. The creditors have raised several objections to the resolution process, and these could further delay recoveries.

“The board has put voting by CoC in abeyance for these projects, pending NCLT approval,” said a source.

An affidavit by the board said that “of the five ITNL sale SPVs, voting had commenced for four SPVs. On account of concerns raised by the CoCs of the five SPVs, voting process has been put in abeyance.”

The IL&FS board had invited bids for 14 domestic road verticals of ITNL. Of the 14 road assets, 10 received bids but CoC was formed for only five assets. These are Jharkhand Infrastructure Implementation Company (JIICL), Chenani



Nashri Tunnelway, Jorabat Shilong Expressway, Hazaribagh Ranchi Expressway and Pune Sholapur Road Development. These assets totalled more than ₹9,000 crore of debt.

Of these assets, JIICL is categorised as a green company and PSRDCL as red, while the other three are amber companies.

The company is going in for an In-

ViT for resolving the remaining nine road assets that did not get meaningful bids.

The main objection of the creditors was to the rationale behind IL&FS to go ahead with the sale process for group companies even when the resolution framework proposed by the board is yet to be approved by NCLT, an industry source told ET.

IL&FS has proposed a resolution framework to resolve the debt crisis at NCLT and has presented a revised framework incorporating a distribution mechanism, which will be heard by the court on Thursday. The framework is yet to be approved by the tribunal.

The other objection by lenders was inclusion of IL&FS entities. Bankruptcy laws require related parties to be excluded from participating and voting in meetings of CoC.

The IL&FS board has proposed a distribution framework wherein it proposes to follow the IBC mandate until the liquidation value and distribute the balance value to all classes of creditors, pending NCLAT approval.

Some creditors also objected to the proposed cut-off date of October 15 proposed by the board to ascertain outstanding claims and admit them.

Considering these objections, the board has put the voting proposal on these assets in abeyance.