

# Firm which developed Rapid Metro asked to pay ₹1.9k crore to creditors

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**GURUGRAM:** The National Company Law Appellate Tribunal (NCLAT) on Wednesday directed IL&FS Group to distribute ₹1,925 crore it received from the Haryana Shahari Vikas Pradhikaran (HSVP) in connection with the Rapid Metro project in Gurugram to its financial creditors.

The tribunal however clarified that distribution of the amount will be subject to final resolution of the legal matters concerning the IL&FS companies.

Following the directions of the Supreme Court in 2021, the HSVP deposited the money into the escrow accounts of Rapid Metro Rail Gurgaon Limited (RMGL) and Rapid Metro Rail Gurgaon South Limited (RMGSL)—the two special purpose vehicles of the IL&FS Group developing the Gurugram Rapid Metro project—as interim termination payment.

The NCLAT order on Wednesday directed the IL&FS to distribute ₹1,925 crore to its financial creditors as per the interim distribution framework. The three member bench passed the judgement on a petition filed by Canara Bank and Union Bank of India on behalf of the IL&FS consortium of lenders.

“The distribution of 80% debt due deposited in the escrow



**Two subsidiaries of IL&FS Group developed the Rapid Metro connecting Sikanderpur to NH-48.**

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account of RMGL and RMGSL shall take place in accordance with the ‘Revised Resolution Framework’ approved by this Tribunal vide Order dated 12th March, 2020...,” said the order.

The tribunal also observed that distribution of 80% debt due shall be subject to final resolution of the concerned IL&FS subsidiaries and an undertaking should be taken from financial creditors that they shall refund any excess amount received by them in final resolution. The distribution of the said amount will be on prorata basis, said the order.

It may be recalled that the RMGL and RMGSL had developed the Rapid Metro connecting Sikanderpur to NH-48 and MG road to Gurugram Sector 56

between 2009 and 2013. After the project was completed, the concession agreement was terminated in 2019 after the IL&FS subsidiaries alleged that the HSVP failed to meet its obligations, following which the company demanded compensation as per the agreement.

A spokesperson of IL&FS had in June 2021 said the agreements pertaining to advertising rights, construction of parking, real estate developments and several other revenue streams were not activated, due to which the company decided to terminate the concession agreement.

The termination was challenged by HSVP in Punjab and Haryana high court, which asked the Comptroller and Auditor General of India (CAG) to

conduct a financial audit.

The CAG audit detected a debt of ₹797.52 crore in the accounts of RMGL and ₹1,609.88 crore for RMGSL, collectively totalling ₹2,407.40 crore. However, the HSVP, through Mass Rapid Transportation, a subsidiary of the government, objected to the audit report, following which the IL&FS companies approached the Supreme Court to get interim injunction payments in September last year. The Supreme Court directed the HSVP (Haryana) to deposit ₹ 638.01 crore in the accounts of RMGL and ₹1,287.90 crore in the accounts of RMGSL respectively, which would be towards the total compensation.

Following this order, both sides invoked arbitration under the concession agreement.

Referring to the arbitration proceedings invoked by both sides, the NCLAT said in its order on Wednesday, “Parties HSVP and RMGSL on one hand and HSVP and HMRTC on the other are free to agitate all their claims regarding audit report and other issues...against each other in the arbitration proceedings.”

When asked about the order, a spokesperson for IL&FS said the order was welcomed and would help in the final resolution of the matter involving IL&FS companies.

Meanwhile, Ajit Bahuguna, chief administrator of HSVP, said, “We will first get the copy of the order.”