

BOARD UNABLE TO GET NOD FOR TRANSFERS

IL&FS to Sell Stakes in Three Road Assets as InvIT Plan Fails

The distressed firm is looking to address ₹3,500-crore debt across these projects

Shilpy Sinha

Mumbai: Crisis-hit infrastructure finance firm IL&FS is set to sell its stake in three road projects as part of the resolution process after the company's new board failed to get approvals to transfer these assets to an infrastructure investment trust (InvIT) as originally planned.

The road projects are Baleshwar-Kharagpur Expressway (BKEL), Jharkhand Infrastructure Implementation Company (JIICL) and Jharkhand Road Projects Implementation Company (JRPICL).

With this sale, the board is looking to address a combined debt of ₹3,500 crore across these projects.

The IL&FS board has in several court documents cited delays in approvals from lenders, slow progress and viability concerns for BKEL. For the other two projects, failure to receive annuities and approval for transfer to InvIT from the government of Jharkhand led to the move.

The board, in its latest update to the National Company Law Appellate Tribunal (NCLAT), had cited considerable delays in approvals from lenders, including State Bank of India, slow progress and resultant setback on project viability in the case of BKEL as the reason why "transfer of the asset to the InvIT may not be possible, and alternate resolution plan would have to be formulated", said an IL&FS spokesperson.

In the case of JIICL and JRPICL, the board has cited failure to receive annuities and approval for transfer to InvIT from the government of Jharkhand.

BKEL is engaged in operating and managing about 477 lane km of Baleshwar-Kharagpur national highway in Odisha and West Bengal under a concession from the National Highways Authority of India on a toll basis.



FILE PHOTO

JIICL is engaged in operating and managing approximately 160 lane km of Section VII Ranchi Ring Road in Jharkhand while JRPICL is engaged in operating and managing about 664 lane km of roads developed under the Jharkhand Accelerated

Road Development Programme. Both these roads are under a concession from the government of Jharkhand on an annuity basis.

IL&FS had originally estimated a total debt resolution of ₹10,624 crore upon transferring

nine entities to InvIT. However, only five entities have been transferred so far. The board has proposed listing the InvIT in FY24 and resolving the pending assets through an alternate approach.

Following this, the distribution of InvIT units will be undertaken by way of an IPO.

The group has so far made a payment of ₹10,000 crore by way of interim distribution across 14 companies, including two vertical holding companies and the group holding company.

The group has so far resolved ₹35,650 crore by monetising assets and making debt repayments. The overall resolution estimate is ₹61,000 crore, representing 62% of the total debt as of October 2018.

The three projects are toll highways spread across Jharkhand and West Bengal that ran into delays in approvals from lenders and state governments for resolution