

IL&FS seeks extension of bid validity for 5 road projects

New Delhi: Being steered by a government-appointed and eminent banker Uday Kotak-led board on its path to recovery, crisis-hit IL&FS has sought extension of bid validity for five road projects that are faced with debts totalling over Rs 10,000 crore.

Infrastructure Leasing and Financial Services (IL&FS) had received time-bound binding bids for these five road projects, but the validity of those bids expired on February 29.

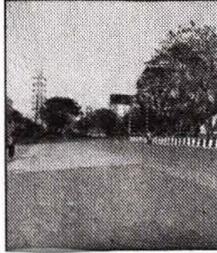
These five projects are Chenani Nashri Tunnel project (CNTL), Pune Sholapur Road Development (PSRDCL), Jorbat Shillong Expressway Limited (JSEL), Hazaribagh Ranchi Expressway (HREL) and Jharkhand Infrastructure Implementation Company (JIICL).

The five projects have received bids totalling Rs 7,489 crore, as against an aggregate debt of Rs 10,500 crore, as per an affidavit filed by the company before the National Company Law Appellate Tribunal (NCLAT).

When contacted, an IL&FS spokesperson said: "We are working with the bidders to get an extension of the bids and will follow the laid-out process for concluding the transaction on receipt of the extension."

Out of the five projects, the company recently got approval from lenders for three projects - PSRDCL, JSEL and CNTL - for bids totalling approximately Rs 6,250 crore.

However, an expired validity may pose challenges in sale of these assets in the absence



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of an extension, even if lenders have approved the bids.

After a huge crisis came to light due to outstanding debt of over Rs 90,000 crore at IL&FS, the government in October 2018 had seized control of the debt-trapped company and superseded its board by appointing a new one, led by Kotak as its chairman.

The new board, as part of the overall resolution process for the IL&FS Group, has sold a number of assets to clear dues and debt, while the process is underway for resolution of several other debt-laden projects.

Out of the five road projects, Cube Highways has emerged as the highest bidder with Rs 3,900 crore bid for CNTL having debt of approximately Rs 5,454 crore, while Autostade of Italy is the top bidder for PSRDCL project with bid of Rs 1,404 crore as against total debt of Rs 1,925 crore. Sekura Roads has made the highest bid for JSEL project at Rs 916 crore, as against total debt of Rs 1,406 crore.

According to the company's NCLAT affidavit, the binding bids received for these five road special purpose vehicles of IL&FS Transport Services Ltd (ITNL), an IL&FS subsidiary, have already been extended once.

Post the earlier extension,

the binding bids received for each of the ITNL SPVs were valid till February 29, 2020 and letters of intent were required to be issued to the respective highest bidders on or before that date. However, the company was unable to complete its process of seeking lenders' approval in time which has resulted in the bid validity expiring.

While three projects now have lenders' approvals but lapsed bids, two projects - HREL and JIICL - are also yet to get lenders' approval, which will be followed by approval from Justice D K Jain and the National Company Law Tribunal (NCLT) before letters of intent can be issued.

Sekura Roads is the highest bidder for both these projects with bids valued at Rs 727 crore and Rs 512 crore for JIICL and HREL, respectively.

In the meantime, global banking giant HSBC has filed a winding up petition in a Singapore court against an overseas subsidiary of ITNL for recovery of dues totalling more than Rs 1,000 crore.

In the first such case against a group entity of IL&FS, HSBC is seeking to recover its funds parked in bonds worth over Rs 1,050 crore maturing in 2021, which were issued by ITNL Offshore Pte Ltd. AGENCIES