

Aditya Birla MF, S'pore Fund Exit ITNL Co

Sell ₹900 cr NCDs issued by JRPICL to an Edelweiss fund at 24% discount

Sangita.Mehta@timesgroup.com

Mumbai: Aditya Birla Sun Life Mutual Fund has exited loss-making IL&FS group-promoted Jharkhand Road Projects Implementation Company (JRPICL). It has sold its entire exposure to Edelweiss Alternative Assets Advisor Fund at a 24% discount, said three people aware of the development.

The Edelweiss fund on July 12 purchased ₹900 crore non-convertible debentures (NCDs) from Aditya Birla Sun Life MF and a Singapore fund, whom

the MF had advised.

BSE-listed IL&FS Transportation Networks (ITNL) holds 93.4% in JRPICL, while IL&FS owns 6.6%. JRPICL operates five road projects in Jharkhand. "Since the bonds of the company were rated below investment grade, the fund decided to exit," said one of the persons.

"JRPICL has a volatile history of servicing the payment obligation to its NCD holders over the last few years," said a note issued by Aditya Birla Sun Life MF to its unit holders. "The IL&FS crisis followed by state

government financial stress due to Covid-19 has led to uncertainty in cash flows. While the debt has been serviced and remains a green asset per IL&FS classification, receipt of an annuity from state government has not fully regularised, and uncertainty prevails," the same note said.

The mutual fund's recovery equates to 76.2 paise on a rupee, higher than the 29 paise (on a rupee) valuation on its books. Edelweiss Group did not respond to a request for comment.

The Aditya Birla Sun Life MF

sold ₹688 crore of principal exposure, with the Singapore fund selling about ₹212 crore in July. Both jointly recovered ₹684 crore by selling the NCDs to Edelweiss fund.

A rating report by Crisil published on January 25 said that JRPICL's liquidity has weakened over the past several months. "The company has not received scheduled annuity payments since February 2020 and had receivables of ₹286 crore as of October 22, 2020," it said.

Crisil has assigned a 'C' rating to the company's debt. The maturity period for NCDs ranges from January 2021 to January 2029.

The five road projects include Ranchi-Patratu Dam road, the Patratu Dam-Ramgarh road, the Ranchi Ring Road, the Chaibasa-Kandra-Chowka road, and the Adityapur-Kandra road.

BELOW INVESTMENT GRADE



Fund decided to exit as the bonds issued by Jharkhand Road Projects Implementation Company were rated below investment grade