

# IL&FS to Exit Roadstar InvIT in Debt Cleanup



The bankrupt infrastructure conglomerate IL&FS Group is preparing to divest its residual stake in Roadstar InvIT, marking another step in its protracted debt resolution plans. **Reghu Balakrishnan** reports. ►► 5

# IL&FS to Exit Roadstar InvIT in Debt Cleanup

Reghu Balakrishnan

**Mumbai:** Bankrupt infrastructure conglomerate IL&FS Group is preparing to sell its entire residual stake in Roadstar Infra Investment Trust (InvIT) as part of its protracted debt resolution plans, said people familiar with the matter.

IL&FS has mandated Axis Bank to scout for potential buyers for its 15.1% holding in Roadstar InvIT, the people said. The InvIT was created as a special platform to house the group's road assets and offer a pathway to repay creditors.

NSE-listed Roadstar InvIT currently has a market capitalisation of ₹4,555 crore. It got listed earlier this year with an enterprise valuation of ₹8,592 crore. The exercise allowed creditors to partly monetise their exposure to IL&FS and provided liquidity through a mix of cash and units worth ₹5,000 crore. Of this, ₹3,500 crore was distributed in InvIT units, while ₹1,500 crore was paid in cash.

"Sale of IL&FS's 15% stake in Roadstar InvIT forms an important part of Group's resolution initiative. We would be taking steps in this direction - including firming up of mandates etc - in due course," said a spokesperson for IL&FS.

Roadstar Infra, a wholly-owned unit of IL&FS Transportation Networks (ITNL), held 15.1% of the total InvIT units as of March-end. The balance 84.9% had been allocated largely to IL&FS creditors, with about 78% distributed to banks and financial institutions. Another 7%, currently held by other IL&FS entities, would also be transferred to creditors in due course.

The list of creditors invested in Roadstar includes some of India's largest lenders and financial institutions comprising Bank of Baroda, Canara Bank, State Bank of India, ICICI Bank, DBS, Punjab National Bank, Union Bank of India, Indian Overseas Bank, L&T Finance, and LIC Mutual Fund.

People said with the sponsors exiting, other creditors may also consider offloading their holdings over ti-

## Road to Recovery

InvIT set up to house **IL&FS** road assets; market cap of **₹4,555 cr**

It listed this year with **₹8593 cr** valuation, allowing creditors to partly monetise exposure to the group



**IL&FS** arm held **15.1%** in the platform as of **March**; **84.9%** allocated to creditors, mostly banks & institutions



me, depending on investor appetite and market conditions. Roadstar InvIT currently holds six road assets across Maharashtra, Rajasthan, Uttar Pradesh, West Bengal, Jharkhand, and Kerala.

The portfolio comprises four toll projects—Pune Sholapur Road Development (PSRDCL), Moradabad Bareilly Expressway (MBEL), Sikar Bikaner Highway (SBHL), and Barwa Ad-da Expressway (BAEL) and two annuity projects Hazaribagh Ranchi Expressway (HREL) and Thiruvananthapuram Road Development Company (TRDCL).

The three largest markets contributed nearly 79% of Roadstar's estimated operating income for FY25, per a recent report by credit rating agency Ibra.

While the portfolio provides steady cash flows, the InvIT remains exposed to risks inherent in toll road projects such as cyclical traffic growth, inflation-linked toll revisions, and political sensitivities around toll fare hikes.

Additional risks include toll leakages, competition from alternate routes, and development of new transport corridors. For instance, the upcoming Ganga Expressway, slated to become operational this fiscal year, is expected to dent traffic volume on the MBEL next fiscal, added the report.