

IL&FS sells 50% in GIFT City to Gujarat govt, pares debt by ₹1.2K cr

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DEBT-RIDDEN and scandal-hit shadow banking group IL&FS has completed the sale of a 50 per cent stake in Gujarat International Finance Tec-City (GIFT City) to the Gujarat government. The deal will generate a paltry ₹32 crore in equity value, but will result in a ₹1,200 crore-odd reduction in IL&FS' consolidated debt.

"This development represents another key milestone in the overall resolution for the IL&FS group under the new board. As part of the overall resolution plan to address a significant portion of the Group's debt, the sale of a number of other Group assets are currently in various stages of progress," the group said in a release on Monday.



According to the statement, the stake in GIFT City was bought by Gujarat Urban Development Company Ltd (GUDCL) on behalf of the Gujarat government. IL&FS pointed out that the sale will additionally reduce its consolidated debt by ₹1,230 crore, a particularly important datum, since the group's current outstanding debt stands at over ₹94,000

crore. The stake sale had been approved by the National Company Law Tribunal (NCLT) last month.

As the joint venture partner and the owner of the rest of the 50 per cent stake in Gujarat GIFT City, GUDCL had offered to purchase IL&FS's share in GIFTCL through exercise of a contemplated right of first refusal under the joint venture agreement. Keeping to the resolution framework for the IL&FS Group, the offer by GUDCL was placed before the committee of creditors (CoC) of the group for its approval, the release said.

The proposal was approved by almost 80.09 per cent (by value) of the Committee of Creditors (CoC) of IL&FS.

GIFTCL is developing an international financial services city in the Ahmedabad-Gandhinagar region.