

IL&FS to auction its Mumbai head office

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The Uday Kotak-led board of Infrastructure Leasing and Financial Services (IL&FS) is looking to auction its iconic corporate headquarters at Mumbai's Bandra Kurla Complex (BKC) as it looks to speed up the company's insolvency resolution process that has been held up by regulatory and legal hurdles.

Nearly two years after taking control of IL&FS, the board has been able to pay down a mere 18% of the company's massive ₹1 trillion debt.

"IL&FS is in discussions with its advisers and will soon be initiating a public sale process for



The building is likely to fetch ₹1,000 crore.

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its BKC headquarters—the IL&FS Financial Center (TIFC). Distribution of sale proceeds from the sale of all assets, including TIFC, will be done in

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IL&FS looks to auction its HQ at Bandra-Kurla complex

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accordance with the resolution framework approved by the Hon'ble NCLAT vide order dated 12 March," said a company spokesperson.

Housing Development Finance Corp. (HDFC) Ltd has the first charge on the building against a ₹400 crore loan, according to an official aware of the matter. However, the resolution framework bars the company (IL&FS) from entering into any bilateral deal to repay the lender.

"The building will fetch ₹1,000 crore at the current price. The management can easily sell the building and use ₹600-700 crore to pay others," added the same official.

Back in 2018, the property had evinced interest from private equity investors Blackstone and Brookfield, according to media reports, both of which are among the country's biggest buyers of commercial real estate.

Though the IL&FS board is looking to put the building on the block during the covid crisis, real estate experts said BKC will draw strong interest from bidders because it is the city's prime business district.

"Even during this testing times, the BKC office market was active with an office space of 7,500 sq. ft being bought at ₹40,000/sq. ft. Large pension funds and PE funds are also showing keen interest in acquiring good properties in BKC, which can form a part of the proposed REIT at a later date, considering that the stage is set for REITs in India," said Anuj Puri, chairman, Anarock Property Consultants.

"All-in-all, it's not all gloom and doom in BKC amid the otherwise challenging times," he added.