

MOVE TO RESOLVE ₹13,000 crore debt spread over 10 projects IL&FS InvIT for Road Assets Gets Regulator's Approval

Saloni.Shukla@timesgroup.com

Mumbai: The capital market regulator has given its nod to IL&FS to set up an infrastructure investment trust (InvIT) that would take over at least 10 road projects of the troubled infrastructure financier and help it resolve debt of nearly ₹13,000 crore.

Units of the proposed InvIT will be distributed among key lenders including State Bank of India, Punjab National Bank, Canara Bank, Bank of India and Indian Overseas Bank, people familiar with the development said.

The group is expected to start the process of setting up a sponsor company for the InvIT under its subsidiary IL&FS Transportation Networks (ITNL) by the end of this month.

Confirming that the company has received in-principle approval from the Securities and Exchanges Board of India (Sebi), IL&FS spokesperson Sharad Goel said the proposed InvIT is planned to include seven special purpose vehicles in the first phase and four SPVs in phase two.

"InvIT units will be eventually distributed to the ITNL lenders," he told ET in an email response. "The quantum of debt that will be addressed is

On Recovery Path

THE INVIT will have seven road asset SPVs in the first phase and four SPVs in the second phase

UNITS WILL BE DISTRIBUTED AMONG KEY LENDERS



SPONSOR ENTITY WILL BE SET UNDER ITNL

SEBI'S ₹100-crore net worth norm will be met by fresh equity infusion and asset transfers in sponsor entity

subject to valuation exercise that is currently being undertaken."

InvITs are instruments that work like mutual funds to pool small sums of money from several investors to invest in infrastructure assets.

Loan payment defaults by IL&FS group companies in late 2018 had triggered a credit crisis, particularly in the NBFC sector, and put the group under the insolvency resolution process.

Committee of creditors (CoC) of the company had earlier gave its

nod to the proposed InvIT.

The Sebi norm of ₹100 crore net worth for InvITs will be met by infusing fresh equity and transferring assets in the sponsor company.

"Process to transfer road assets to InvIT will now involve approvals from respective boards and lenders of these individual road SPV companies, followed by similar approvals from ITNL board, and finally by Justice DK Jain and NCLT," a person in the know said. Jain was appointed by the government last year to supervise the resolution process undertaken by debt-laden IL&FS.

As per IL&FS filings with the NCLT, road assets proposed under InvIT include Road Infrastructure Development Company of Rajasthan with a debt of ₹2,699 crore, Moradabad Bareilly Expressway with a debt of ₹2,486 crore, Jharkhand Road Projects Implementation Company with a debt of ₹2,387 crore, Pune Solapur Expressway with a debt of ₹2,000 crore, and Barwa Adda Expressway with a debt of ₹1,941 crore.

The government-appointed board of IL&FS under banker Uday Kotak has till date resolved nearly ₹18,000 crore debt. The board hopes to resolve an aggregate of nearly ₹50,000 crore, of the total ₹99,000 crore debt, by March 2021.