



MEDIA RELEASE

March 26, 2021, Mumbai

IL&FS wins Gurgaon Metro Project case: Supreme Court directs Haryana Government arm to deposit Rs 1,925 crore in escrow within 3 months

In a major development, the Hon'ble Supreme Court today ruled in favor of IL&FS in the Gurgaon Metro Project case

As part of the judgment, the Supreme Court has directed Haryana Shehri Vikas Pradhikaran (HSVP) to deposit 80% of total "debt due" (over Rs 2,400 crore), amounting to Rs 1,925 crore, within 3 months into the Escrow Accounts

The Supreme Court order added that appropriation of any amount from the said Escrow Account shall be subject to further orders of the NCLAT or any other competent legal authority.

Both parties - IL&FS SPVs and HSVP - have the liberty to refer any disputes relating to other rights, as well as those arising from the Audit Report commissioned by CAG for determining the debt due, to Arbitration

IL&FS had bagged the two-phased Gurgaon Metro Project that were developed through its subsidiary Special Purpose Vehicles (SPVs) - Rapid Metro Rail Gurgaon Limited (RMGL) and Rapid Metro Rail Gurgaon South Limited (RMGSL) - in 2009 and 2013

Due to multiple unmet obligations by the HSVP, IL&FS SPVs had terminated the concession agreements in September 2019 and demanded certain termination payments due to them under the Concession Agreement. HSVP, however, refuted the contention of IL&FS SPVs and challenged the matter in High Court of Punjab and Haryana.

The High Court ruled in September 2019 that O&M of the Metro Link be handed over to HSVP; directed CAG to carry out financial audit of total Debt Due; and thereafter HSVP to pay 80% of Debt Due determined by CAG in the escrow account within 30 days of submission of CAG report; and sought that all other disputes to be settled through arbitration

As per the Court orders, IL&FS SPVs handed over the Metro Link Project to HSVP in October 2019; and the Auditors appointed by CAG submitted their report on Debt Due (determined to be Rs 2407 crore) that was taken note by Court on September 28, 2020.

IL&FS SPVs, thereafter, moved the Supreme Court in January 2021 after HSVP did not comply with the HC order; refused to meet obligations and did not pay compensation despite CAG submitting the audit report.

The Supreme Court has now given its ruling in the matter today on March 26, 2021. The order will go a long way in protecting the interest of investors in Infra sector

For Media Queries

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