

IL&FS receives ₹1,925 cr as termination payment for metro project

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Infrastructure Leasing and Financial Services (IL&FS) has received ₹1,925 crore as interim termination payment from Haryana Shehari Vikas Pradhikaran (HSVP) for the Gurgaon Metro Project, the company said on Sunday.

On 26 March, the Supreme Court had directed HSVP to deposit 80% of the “debt due” of over ₹2,400 crore, on the basis of an audit conducted by the Comptroller and Auditor General of India (CAG), within three months in the escrow

accounts of two special purpose vehicles (SPVs)—Rapid Metro Rail Gurgaon Ltd (RMGL) and Rapid Metro Rail Gurgaon South Ltd (RMGSL), which had developed the Gurgaon Metro Project. The SC had said that appropriation of any amount from the escrow accounts shall be subject to further orders of the NCLAT or any other competent legal authority.

Andhra Bank is the lead bank in RMGL, besides PNB, Indian Overseas Bank, Indian Bank, Punjab & Sindh Bank, UCO Bank, Bank of India and Dena Bank (Bank of Baroda). Canara Bank is the lead bank in RMGSL, besides Andhra Bank,



IL&FS had bagged the Gurgaon Metro Project in 2009, but the concession agreements were terminated in September 2019. HT

Corporation Bank (Union Bank of India), Punjab & Sindh Bank, Central Bank of India and IIFC (UK) Ltd.

“This ruling will also set a

precedence for other projects wherein infrastructure companies, including IL&FS, are seeking payment of their legitimate dues and enforceability of

valid contracts and concession agreements with various state governments,” said a company spokesperson.

This resolution of ₹1,925 crore forms part of the ₹61,000 crore total recovery estimated by the new board which represents the resolution of over 61% of overall debt of around ₹99,000 crore (fund based and non-fund based) as of October 2018. Either party, IL&FS SPVs and HSVP, have the liberty to refer disputes relating to other rights under the concession agreement and those arising from the audit report by the CAG for determining debt dues to arbitration, said the SC.

IL&FS had bagged the two-phase Gurgaon Metro Project developed through RMGL and RMGSL in 2009 and 2013. RMGL and RMGSL had terminated the concession agreements in September 2019 and demanded termination payments after the HSVP failed to meet several obligations.

HSVP had, however, refuted their claims citing concessionaire event of default and challenged the matter in the High Court of Punjab and Haryana.

In September 2019, the HC ruled that O&M of the metro link be handed over to HSVP, and directed the CAG to carry out financial audit of debt dues.