

Recast plan by IL&FS for J&K tunnel values it at ₹5,200cr

Improved Offer Comes After Sale To Cube Fell Through

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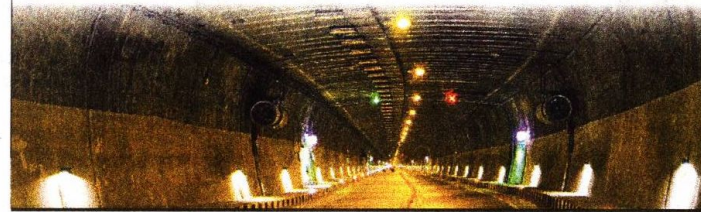
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Mumbai: IL&FS has submitted a restructuring proposal to lenders of the Chenani-Nashri Tunnelway (CNTL), offering them a better deal after a plan to sell the project to Cube Highways fell through. The proposal values the project at Rs 5,200 crore — Rs 1,300 crore more than the valuation under the Cube deal and envisages an immediate payout of Rs 300 crore of back interest dues from April 2021. The restructuring will turn the company into a 'green entity' with cash flows capable of servicing all creditors.

Under the Cube deal, secured lenders would have got 97% recovery and unsecured lenders and operational creditors would get only 36%. According to the proposal sent by IL&FS to lenders, CNTL debt will be restructured ef-

BETTER DEAL FOR LENDERS

1,300cr	₹1,295cr	₹1,270cr	₹1,000cr
Amount by which new proposal values the project higher than Cube deal	Value of unsecured loan of IL&FS Group cos	Annuity from Chenani-Nashri tunnelway every year	Owed to top 5 lenders: Federal, Canara, Indian, IOB & J&K Bank



fective April 1, 2021, and the interest will start from this date. The recovery for secured and unsecured lenders would be 100% and 90% respectively.

"We confirm CNTL is proposing a restructuring of debt, subject to applicable approvals (including NCLT decision on ongoing legal proceedings). This is in keeping with the new board's continuing effort to ensure higher and faster resolution/recovery

for all classes of stakeholders and lenders," said IL&FS spokesperson Sharad Goel.

According to sources, there is large cash in the CNTL SPV, of more than Rs 1,400 crore. So, it is now in a position to make large cash payouts. Lenders have declared the project a non-performing asset and, given the moratorium imposed as part of restructuring, are not receiving any payouts. The major

financial creditors include SBI, Canara Bank, IndusInd Bank and Standard Chartered Bank Singapore.

After the CNTL valuation was revised to Rs 5,226 crore, Cube wrote to the new board offering to marginally revise its earlier offer of Rs 3,900 crore and requested an extension of share purchase timelines. Cube had also submitted its revised proposal to NCLT for approval, which was declined. If the lenders accept the restructuring proposal, the SPV will become a profitable company and can be monetised through the InvIT route.

The Chenani-Nashri project — a single-tube bi-directional tunnel — cuts the travel distance between Jammu and Srinagar by about 40km and saves over two hours of travel time as it bypasses snow and landslide-prone areas. The tunnel was renamed after Shyama Prasad Mukherjee in 2019.