

Media Release

Kotak Special Situations Fund acquires 74% stake in HKR Roadways Limited

It funded the debt in the company for a one-time settlement with existing lenders

Mumbai, 19th May, 2021: Kotak Special Situations Fund (KSSF) – managed by Kotak Investment Advisors Limited (KIAL), today announced that it has acquired 74% stake in HKR Roadways (HKR), and funded the debt in the company for a one-time settlement (OTS) with existing lenders for a total consideration of Rs 715 crore. This successful funding and resolution of debt is the first one in the road sector for KSSF.

HKR, a special purpose vehicle (SPV) owned by a consortium led by Gayatri Group, was awarded a 25 years concession by the Andhra Pradesh Road Development Corporation (now Telangana Government). The four-lane toll highway project of the existing Hyderabad Karimnagar Ramagundan section of State Highway One (SH1) was under Design, Build, Finance, Operate and Transfer basis. The 207 km toll highway project commenced operations from June 2014. However, due to delays in the right of way and significant under performance of traffic vis-à-vis initial estimates, the account became a non-performing asset (NPA) with all lenders.

The existing consortium of lenders to HKR has sanctioned a OTS of all the dues, subject to a Swiss Challenge Auction. Post settlement of dues, HKR will no longer be a NPA account.

Eshwar Karra, CEO-Kotak Special Situations Fund, KIAL, said, “Acquiring controlling stake in stressed assets like HKR is in line with our overall strategy of settling lenders in full cash against their dues and taking over such projects. HKR requires additional capex to achieve commercial operation date (COD), and we expect a turnaround in the next few years. KSSF will continue to offer a full cash settlement, a much better option than non-cash options and is fully geared to fund pre-packaged solutions under IBC, as and when the rules are notified.”

About Kotak Investment Advisors Limited

Kotak Investment Advisors Limited (KIAL), a part of the Kotak Mahindra Bank (Kotak), focuses on the Alternate Assets business. KIAL was set up in early 2005 to bring a sharper focus to Kotak’s alternate assets practice and has raised / managed / advised in aggregate over USD 4.7 billion across different asset classes including Private Equity Funds, Real Estate Funds, Infrastructure Funds, Special Situations Fund, Listed Strategies and Investment Advisory, all led by independent investment teams.

For more information, visit alternateassets.kotak.com

About Kotak Special Situations Fund

Kotak Special Situations Fund (KSSF) is an Alternative Investment Fund under SEBI regulations managed by the Alternate Asset Management Company - Kotak Investment Advisors Ltd. KSSF currently manages a USD 1 billion fund with a mandate to invest in special situations, credit and distressed space in India.

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