

# IL&FS weighs plan to recast part of its stressed loans from banks, MFs

Restructuring could involve seeking a reduction in interest rates and a modification of the terms of loans

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Infrastructure Leasing and Financial Services Ltd (IL&FS) Tuesday said its board is considering a plan to recast some of its stressed loans from banks and mutual funds (MFs).

In an affidavit submitted to National Company Law Appellate Tribunal (NCLAT), IL&FS said its board is already considering a restructuring proposal from lenders for one of its special purpose vehicles (SPVs) in Uttar Pradesh. IL&FS also said it is willing to consider similar proposals for other troubled group firms to exit insolvency. The restructuring could involve seeking a reduction in interest rates and a modification of the terms of loans.

Lenders to Moradabad Bareilly Expressway Ltd (MBEL), an SPV building a state highway in Uttar Pradesh, have suggested releasing cash flows from the SPV's bank accounts to the company's financial and operational creditors. Since MBEL is classified as an 'amber' asset with regard to its solvency—that is, NCLAT has allowed MBEL to temporarily suspend payments to creditors—allowing MBEL to resume payments under new terms would give its lenders some relief.

The loan recast proposal was made by secured lenders India Infradebt Ltd, L&T Infrastructure Finance, L&T Finance, L&T Infrastructure Debt Fund, Bank of Bar-



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oda and Bank of India, the affidavit said. In return for releasing these cash flows, the lenders have proposed to reduce the interest rate and modify the terms of certain secured financial debt. If the proposal is approved by both IL&FS and the lenders, MBEL will be re-classified as a fully solvent "green" asset.

IL&FS had classified 55 entities as green, 13 as amber and 82 entities as red, in descending order of their solvency rates. The group has fund-based debt of ₹94,215 crore from external creditors, of which the 'red' entities account for

₹61,375.6 crore.

In the affidavit, IL&FS also provided an update on the sale process of various assets. Sale of the wind energy business to minority

power company has debt of ₹3,337 crore. Similarly, in other assets where IL&FS is part owner, the company is in talks to sell its shareholding to its joint partner, all of

## LOAN RESTRUCTURING PLAN

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**IF** proposal gets nod, Moradabad Bareilly Expressway will be re-classified as a fully solvent "green" asset

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**THE** IL&FS group has fund-based debt of ₹94,215 crore from external creditors

investor Orix Corp. is under way, and the Tripura government has offered to buy out IL&FS's 26% stake in the ONGC Tripura Power Co. at 80% of face value. The

whom are governments or public sector companies. This includes the government of Gujarat for GIIT-City Co. (debt of ₹1,233 crore), Indian Oil for IL&FS Par-

adip Refinery Water Ltd (₹747 crore), and the government of Tamil Nadu for the Tamil Nadu Water Investment Co. and New Tirupur Area Development Corp. (₹579 crore).

ONGC has offered to buy out the Mangalore SEZ (debt of ₹551 crore) at a "substantial discount to face value", IL&FS said. IL&FS Solar Power Ltd, with debt of ₹632 crore, has not received any bids under the sale process. A public Swiss Challenge process will be invited for IL&FS Technologies Ltd, with debt of ₹111 crore, and binding bids are expected by 11 July. The sale of IL&FS Securities Services and ISSL Settlement and Transaction Services has been held up due to investigations carried out by Sebi and the Economic Offences Wing. The bidding process for the asset of IL&FS Thermal, IL&FS Transportation Networks, IL&FS Investment Managers, IL&FS Education are underway.

In the affidavit, IL&FS also raised concerns with NCLAT about Allahabad Bank, which has refused to release certain "going concern" payments in respect of Road Infrastructure Development Co. of Rajasthan amounting to ₹52.51 lakh from October to February. This, despite the NCLAT directing secured

lenders not to exercise any right of lien on IL&FS assets.

IL&FS has asked NCLAT to direct Allahabad Bank to release the payments.



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