

# IL&FS board plans to settle 60% of its debt by end of FY22

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**T**he government-appointed board of troubled Infrastructure Leasing and Financial Services (IL&FS) expects to resolve about 60% of the entity's outstanding dues of around ₹1 trillion by the end of this fiscal.

In its quarterly update on the resolution process of the conglomerate, the board said debt worth ₹43,000 crore has been resolved, and the number of subsidiaries of the company has been slashed from 347 to 186.

"The total debt owed by IL&FS to financial creditors was around ₹1 trillion, including non-fund-based exposure. Today, we have addressed ₹43,000 crore of that, roughly around 43% of the total debt," said Uday Kotak, non-executive chairman of IL&FS.

Kotak expects to resolve liabilities worth ₹50,000 crore by the end of September and ₹61,000 crore by the end of March 2022.

IL&FS, which began operations as a road construction financier, ended up with around 347 subsidiaries and amassing a massive debt pile in the process. The government seized the non-bank lender after it defaulted on a series of payments in August 2018.

In October that year, the government named Kotak Mahindra Bank founder Uday Kotak as chairman of the debt-ridden financier.

"The group has further enhanced its estimates of aggregate debt recovery to ₹61,000 crore—an increase of ₹5,000 crore over its earlier estimate of ₹56,000 crore. The increased estimate represents the resolution of nearly 62% of overall fund-based and non-fund-based group debt of approximately ₹99,000 crore,



The board said ₹43,000 crore of debt has been resolved. MINT

as of October 2018," the company said in a statement.

The upgrade in potentially addressable debt by ₹5,000 crore (to ₹61,000 crore) has been largely on account of improved valuations, better operating performance, and enhanced recoveries from non-group exposures.

IL&FS has also resolved to bring the number of unresolved entities to below 100 by September 2021.

"The new board has been able to maximize the recoveries for all classes of creditors by following a three-pronged strategy of resolution, restructuring, and recovery while keeping the tenets of corporate governance and corporate finance in mind," the company said.

The aggregate addressed debt of ₹43,000 crore comprises ₹26,800 crore through asset monetization initiatives and accrued cash balance, ₹14,350 crore of additional net recovery expected from resolution and restructuring applications filed with and awaiting approval of the NCLT (Mumbai) and NCLAT, and ₹1,926 crore from Supreme Court verdict passed in favour of Rapid Metro Gurgaon.

It estimates to address about ₹8,000 crore of additional debt by September 2021.