

# Lenders Gear Up for IL&FS Jammu Tunnel Debt Recast

Approve proposal to appoint forensic auditor, valuer, rating co for move

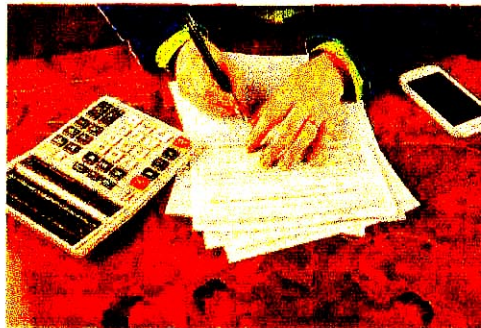
## Our Bureau

**Mumbai:** Lenders to IL&FS' Jammu tunnel project have approved a proposal to appoint a valuer, forensic auditor and ratings firm for restructuring the debt of the company, according to a stock exchange disclosure by IL&FS Transportation Network (ITNL) on Tuesday.

ITNL has proposed a debt recast of ₹5,454 crore loans to Chenani Nushri Tunnelway Ltd (CNTL), its special purpose company that constructed India's longest tunnel.

Under the proposed scheme, the CNTL debt will be transferred to an infrastructure investment trust (InvIT) at ₹5,257 crore — as per an RBSA valuation report, as reported.

“The debt recast plan is progres-



sing well” and “voting for restructuring proposal is yet to start — expected next week,” IL&FS said in the statement to stock exchanges. However, lenders said it is early to say if the plan itself would be put for a vote next week. “A debt recast plan can be put to vote only after a valuation report, a forensic report and credit rating (approving the recast plan) is circulated among lenders,” an executive at a lender said.

Voting is likely called for approval to transfer the debt to InvIT,

the same person said.

Secured lenders have opposed IL&FS' proposal on distributing ₹1,500 crore among all classes of lenders including secured, unsecured and IL&FS group lenders. The IL&FS group will benefit if the cash is distributed to all classes of lenders since its share in the debt is 24%.

Secured lenders justified their claim on grounds that since a moratorium was imposed after IL&FS collapsed in mid-October, the payment that was due to them was not made, which was the cash balance lying in the SPV.

“Lenders had raised certain queries on the proposal including distribution plan” and “their queries were adequately addressed and clarified”, IL&FS said. However, lenders told ET that IL&FS had so far refused to modify the distribution of the ₹1,500 crore proceeds.