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IL&FS is a test case for group resolution, says Uday Kotak

SUBRATA KUMAR PANDA
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The new board of Infrastructure Leasing and Financial Services (IL&FS) expects to recover close to 50 per cent of the firm's overall debt, which stands at above ₹94,000 crore.

It also expects to complete the resolution process by July 2020 by paring a significant portion of the debt.

The board, led by Uday Kotak, managing director and chief executive officer of Kotak Mahindra Bank, has taken a series of steps including "resolution, restructuring, and recovery" to pare debt in the absence of any requisite legal framework for group-level resolution under the Insolvency and Bankruptcy Code (IBC).

Kotak, in his address to shareholders of IL&FS in the annual general meeting on Tuesday, said: "IL&FS Group had emerged a test case on group-wide resolution of stressed assets."

The IL&FS group's stake in



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seven wind power special purpose vehicles (SPVs) has been sold for nearly ₹4,300 crore, covering 100 per cent of entity-level debt and including equity value of nearly ₹590 crore.

Further, it has received binding bids for a Chinese road asset, which will resolve nearly ₹1,600 crore of debt and an add

₹980 crore to the shareholding entity's equity value.

In addition, binding bids have come for 10 road assets. Five assets — with combined financial debt of ₹9,500 crore — have been referred to the respective creditor committees for the next step.

The board is also setting up

an Infrastructure Investment Trust (InvIT) for nine road assets, with total financial debt of more than ₹11,000 crore. It has also received confirmation from the Gujarat government regarding purchase of its stake in GIFTCL, which will ease debt by ₹1,200 crore.

It has also sold real estate assets that it held, for ₹3,500 crore, and accumulated a cash reserve of ₹6,500 crore with nearly 87 per cent of the cash reserve parked in instruments like fixed deposits and money market mutual funds.

Finally, the board reduced the wage bill by 48 per cent and operating expenses by 42 per cent (annualised basis), between October 31, 2018 and October 31, 2019. Of the 55 entities classified as "green", 40 have been regularly servicing debt to the tune of ₹7,200 crore.

The board is in talks with concession authorities to expedite the release of claims in excess of ₹5,000 crore, filed by IL&FS Transportation Networks.