

# IL&FS expects to recover 50 per cent of ₹90,000-crore debt

## OUR BUREAU

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The board of IL&FS expects to recover around 50 per cent of its outstanding debt of about ₹90,000 crore, on the back of measures it has undertaken, and is working towards resolving a significant portion of the debt by July 2020.

At the bankrupt NBFC's company's 32<sup>nd</sup> AGM, and the first under a new board overseen by the government,

Uday Kotak, who heads the board, assured shareholders that around ₹45,000 crore can be recovered under very complex circumstances.

### 'Complex' process

"The combination of a complex group structure — comprising financial services, infrastructure and other businesses — a high level of debt and diverse nature and types of creditors at various levels of the Group, represent a

very unique scenario, which is far removed from the other well-known cases of distressed Indian companies in the recent past," he said.

The absence of a requisite legal framework for group resolution under the Insolvency and Bankruptcy Code (IBC) required the new board to propose a first-of-its-kind resolution framework that balanced the interest of stakeholders across classes and levels, while keeping the broad prin-

ciples of corporate finance in mind, added Kotak in his maiden address.

The Chairman also said that "Resolution, Restructuring and Recovery" formed the three vital pillars of the strategy adopted by the new board. It is committed to completing the resolution process at the earliest and is working towards addressing a significant portion of the addressable debt by July 2020, he added. Kotak pointed to a range of initiatives that can help the

debt to be reduced by 50 per cent. IL&FS sold its stake in seven wind power SPVs (special purpose vehicles) for ₹4,300 crore to ORIX, a Japanese diversified financial services group. Further, IL&FS has received a binding bid for its Chinese road asset that will resolve nearly ₹1,600-crore debt and additional ₹980 crore towards equity value for the shareholding entity. Additionally, IL&FS has received binding bids for 10 road assets. Five assets, with

a combined financial debt of ₹9,500 crore, have been referred to respective creditor committees for the next steps.

The entity will also look to monetise through an Infrastructure Investment Trust (InvIT) being set up for nine road assets with a total debt of more than ₹11,000 crore. Extensive discussions are ongoing with concession authorities to expedite the release of claims in excess of ₹5,000 crore filed by the group's transportation vertical.