

**RESTRUCTURING PLAN** contours agreed upon, but creditors want cash to be distributed first while the company is keen to have all approvals first, leading to a deadlock, say sources

# ‘IL&FS TN Power has ₹3,000 cr of Cash and a Hurdle to Resolution’

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**Mumbai:** The ₹9,000-crore debt resolution of IL&FS Tamil Nadu Power Company (ITPCL) has been deadlocked with lenders demanding the distribution of cash with the company before a restructuring plan can be implemented.


Although the broad contours of a restructuring plan have been agreed upon, its implementation hinges on approval from individual lenders as well as the National Company Law Appellate Tribunal (NCLAT), people familiar with the matter said.

ITPCL is a special purpose vehicle promoted by IL&FS, with a 3,180 MW coal-based thermal power plant at Cuddalore in Tamil Nadu. The company is currently operating a 1,200 MW (2×600 MW) capacity. If resolved, this will be one of the largest accounts of the infrastructure and finance company which collapsed in September 2018.

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### A Roadblock


 **IL&FS Tamil Nadu Power Co** has a **3,180 MW** coal-based thermal plant at Cuddalore

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**There are 17 lenders** led by Punjab National Bank, and includes Union Bank of India, Bank of India, Bank of Baroda and SBI

**Lenders want the company** to distribute **₹3,000 crore** cash with it before considering the restructuring plan

**If resolved, it will be one of the largest accounts of the IL&FS group**



the power producer before considering the restructuring plan.

“The cash has been collected in the company over the last five years or so and can be distributed before the approvals of restructuring are given. But the company wants to get all approvals for the restructuring first which is where there is a deadlock,” said a person familiar with the situation.

There are 17 lenders to the company led by Punjab National Bank and in-

cluding Union Bank of India, Bank of India, Bank of Baroda and SBI.

The restructuring plan has classified about ₹6,000 crore of sustainable debt that can be recovered. About a year ago, responding to a petition by operational creditors of the company, the NCLAT had directed lenders to also offer a “fair and reasonable” settlement to these operational creditors.

“The restructuring plan envisages a recovery of about 34% or ₹450

crore on total dues of ₹1,300 crore of operational creditors. For the sustainable debt of financial creditors, the recovery expected is 52%. The cut-off date for the plan was set as April 2021. Payments for operational creditors have to happen within five years while for financial creditors the timeline is 13 years,” said a person aware of the details.

According to RBI rules, 60% of the lenders by value or 75% by number have to ratify the plan following which it has to be submitted to the NCLAT.

An IL&FS spokesperson confirmed that the restructuring plan is being worked out for the account.

“The final restructuring proposal of ITPCL’s debt, covering both financial and operational creditors as directed by NCLAT as per the order passed in July 2022, is underway and the approval by lenders is expected soon. Once it (lenders approval) is received, ITPCL will approach NCLAT for necessary approval to implement the final debt restructuring proposal,” the spokesperson said.