



Infrastructure Leasing & Financial Services Limited

October 24, 2020

The Sr. General Manager
Department of Corporate Services,
BSE Limited,
1st Floor, PJ Towers, Dalal Street
Mumbai 400 001

Sub: Media Release of Infrastructure Leasing and Financial Services Limited

Dear Sir / Madam:

Enclosed herewith is the Media Release for your information.

Sincerely,

Shekhar Prabhudesai
Company Secretary

Encl: a/a



MEDIA RELEASE

October 24, 2020, Mumbai

IL&FS MAINTAINS AGGREGATE DEBT ADDRESSED ESTIMATES AT OVER 50,000 CRORE IN FY21 DESPITE CHALLENGES

ADDRESSED APPROX RS 1500 CRORE ADDITIONAL DEBT IN Q2FY21, TO FURTHER ADDRESS RS 13,000 CRORE DEBT IN Q3FY21

The Management and the New Board of IL&FS Limited today shared its quarterly update on the progress of the ongoing Group resolution process, maintaining its earlier estimates of addressing more than 50 per cent of the overall debt of over Rs 99,000 crore as of October 2018.

The aggregate value of debt being addressed is pegged at Rs 56,300 crore – with over Rs 50,000 crore likely to be addressed by March 2021.

As per the last update shared in July 2020, the overall debt addressed based on cash balances stood at Rs 17,640 crore.

By September 2020, an additional debt of approx. Rs 1,460 crore has been addressed – by way of sale of Education business, recovery from Non-IL&FS group entities, increase in cash balances and debt repayment in Green entities, increasing the overall debt addressed based on cash balances to Rs 19,100 crore.

The number of entities resolved as of September 2020 stands at 173 - that is half the original number of 347 entities of the IL&FS Group.

Elsamex S.A. an IL&FS Group company with 100 step down subsidiaries, was admitted into insolvency during September 2020 quarter, thus contributing to the substantial reduction in the number of entities of the IL&FS Group.

As compared to the previous update, the Rs 7,300 crore shortfall in target for debt addressed by September 2020 is being rolled over for achievement in subsequent quarters.

The delay has been mainly caused on account of significant impact of COVID-19, which has added time and logistical complexities in the process of completing discussions with stakeholders and in obtaining approvals from lenders, regulators and judicial authorities.



As per revised estimates, Rs 13,200 crore of additional debt is projected to be addressed by December 2020. This includes Rs 8,150 crore resolved through the proposed InvIT for which an 'in-principle' approval from SEBI has been received.

Further, resolution of Rs 4,200 crore being achieved through debt restructuring has moved from September 2020 to December 2020. Resolution for Rs 10,000 crore, earlier communicated for achievement in Q3 FY21, is being moved to be achieved in subsequent periods.

The New Board of IL&FS has developed a unique "Group resolution framework" that received approval from Hon'ble NCLAT on March 12, 2020. The framework has the potential to form a benchmark for future group insolvencies in the country.

The IL&FS New Board has been following a three-pronged strategy - Resolve, Restructure and Recover - while adopting an approach of equitable distribution and balancing interests of stakeholders across the IL&FS Group under IBC and Corporate Finance principles, to resolve the debt of the Group.

For Media Queries

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IL&FS: Progress Update

October 2020

Snapshot:

INR 19,100 Cr debt addressed till Sep'20



All figures in INR Crores

	Particulars	Fund based	Non-Fund based	Total
(A)	Total External Debt O/s (Oct 8, 2018)	94,216	5,139	99,355
(B)	Debt Addressed	8,041	1,707	9,748
	Entities sold	5,333	167	5,500
	Principal paid in "Green" entities	1,137	-	1,137
	Debt discharged in "Non-Green" (1)	1,571	-	1,571
	NFB limits released	-	1,540	1,540
(C)	Available Cash Balance (Sep 30, 2020)	9,352	-	9,352
(B) + (C)	Debt addressed based on cash balance (Sep 30, 2020)	17,394	1,707	19,100
	% addressed			19%

Notes:

(1) All debt discharged in non-green entities (on account of banks debiting accounts) considered as principal paid

Where do we stand ?

Number of entities reduced from 347 to 174 as of Sep 30, 2020

- **102** entities⁽¹⁾ resolved against target resolution of **33** entities for Sep'20 quarter
- Elsamex Spain entities admitted under insolvency in Spain ahead of estimated schedule and administrator appointed

INR 19,100 Cr of debt addressed as of Sep 30, 2020 - against Target of INR 26,440 Cr

- Education asset sale concluded – **INR 679 Cr** debt resolved; Additional equity consideration of around **INR 14 Cr** (including deferred consideration of **INR 6.3 Cr**)
- Recovery of ~INR **155** Cr from loans and investments to non-IL&FS group companies

Other key developments:-

- Sale process launched for IL&FS Engineering & Construction (IECCL)
- Sale process launched for The IL&FS Financial Center (TIFC), BKC
- Sale process being launched for the external loan book of IL&FS Financial Services (IFIN)

Notes:

- (1) Entities admitted under insolvency process in different jurisdictions and under control of liquidators/ resolution professionals/ administrators from date of appointment

Reasons for shortfall of Debt Addressed in Sep'20

Spillover of INR 7,300+ Cr from Sep'20 to future quarters –

- INR 4,200+ Cr to Dec'20 quarter; INR 3,100+ Cr to Mar'21 quarter

Key reasons for spillover/ shortfall

- **COVID19 impact:-**
 - Indisposition of critical team members on account of COVID-19 at lead bank leading to approval and administrative delays in a large transaction
- **Delays in transaction closure:-**
 - Inability to conduct face-to-face discussions, site-visits, due-diligence, smooth negotiations with key stakeholders – lenders, bidders (domestic and offshore) on complex transaction structures
 - Delays in receipt of annuities from certain state governments
 - *Discussions and documentation culminated in several key assets; Court filings and transaction closure conditions are ongoing*
 - **Time being taken in obtaining judicial and regulatory approvals and related processes:-**
 - Ongoing legal proceedings challenging the resolution framework, litigations by lenders and sub-contractors and other arbitrations
 - Disruption in functioning of courts on account of COVID-19, resulting in procedural delays
 - *However, the resolution process is being implemented with the continued support of judicial authorities, regulators and concession authorities*

Upcoming targets till Dec'20

Revised resolution target of INR 32,300 Cr till Dec'20 against previous target of INR 44,440 Cr

- **Spillover of INR 4,200 Cr from Sep'20 quarter** – subject to legal/regulatory clearances and approvals
- **Resolution is on track for around INR 9,000 Cr originally planned for Dec'20 quarter**
 - **InvIT Phase I** – INR 8,150 Cr - *SEBI in-principle approval received. Key formative steps in progress*
 - **Claims** – INR 650 Cr – *placed before Hon'ble NCLAT for approval*
 - **Recovery** – INR 200 Cr – *from loans and investments to non-IL&FS group companies*

Spillover of ~INR 10,000 Cr to go beyond Dec'20 period

- **Sale** – INR 9,100 Cr, **Claims** – INR 850 Cr

Revised quarter-wise resolution targets

Resolution Mode	Sep'20	By Dec'20	By Mar'21	Beyond Mar'21
Entity Sale	1,460	-	12,000	150
InvIT		8,150	2,950	-
Claim from Concession Authorities / Pre-payment etc.		650	2,450	2,500
Real Estate Sale		-	-	2,100
Restructuring of Debt		4,200	-	-
Recovery of loans and investments to non-ILFS Group		200	600	1,250
Sub-total	1,460	13,200	18,000	6,000
Cumulative – Revised Target (as of Oct'20)	19,100	32,300	50,300	56,300
Cumulative – Previous Target (as of Jul'20)	26,440	44,440	50,590	57,240

# Entities resolved – Revised Target (Oct'20)	102	19	69	86
Cumulative resolved – Rev. Target (Oct'20)	173	192	261	347
Cumulative resolved – Prev. Target (Jul'20)	104	259	285	347

THANK YOU