

PF, pension funds have ₹9,134-cr exposure to IL&FS group firms

Beleaguered financial institution provides assets, liabilities details of four amber entities to NCLAT

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In an affidavit filed with the National Company Law Appellate Tribunal (NCLAT), Infrastructure Leasing & Financial Services (IL&FS) said provident funds and pension funds had an exposure of ₹9,134 crore to IL&FS and its group entities. Of this, the debt exposure of provident funds to IL&FS and its group entities is to the tune of ₹6,760 crore and that of pension funds is ₹2,374 crore.

Within the group, holding company IL&FS, IL&FS Financial Services (IFIN) and IL&FS Transportation Networks (ITNL) owe ₹4,278 crore, ₹2,940 crore and ₹1,916 crore, respectively, to provident and pension funds.

The affidavit says the entire exposure has been invested into project-level special purpose vehicles (SPVs) of IL&FS.

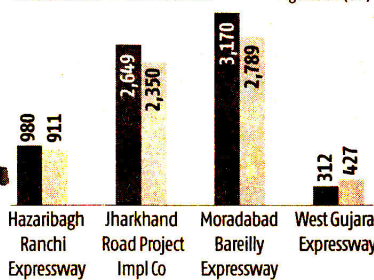
In its order on March 29, the NCLAT had sought details of assets and liabilities of four such SPVs out of the 13 entities classified under the “amber” category by IL&FS group, which the latter furnished in the affidavit.

The four amber entities are Hazaribagh Ranchi Expressway, Jharkhand Road Projects Implementation Company, Moradabad Bareilly Expressway and West Gujarat Expressway. These four firms have total assets of ₹7,112 crore and liabilities of ₹6,477 crore as of December 2018, accord-

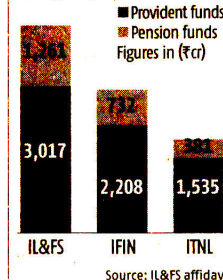


RETIREMENT PLANS AT RISK

Assets and liabilities of the four amber companies as of December 31, 2018
Figures in (₹ cr)



₹9,134-cr Borrowings of IL&FS and group firms
Figures in (₹ cr)



Source: IL&FS affidavit

ing to the affidavit.

The appellate tribunal had also directed the financial creditors of these amber companies, who had raised funds from provident and pension funds, to provide specific details of the funds.

In December 2018, ITNL, IFIN and IL&FS had provided loans of ₹1,980 crore to the four amber entities. In addition to this, Hazaribagh Ranchi Expressway had availed senior secured financial debt from provident funds aggregating ₹40 crore.

Moreover, the principal repayment due for Hazaribagh Ranchi Expressway was ₹921 crore and ₹2,362 crore for Jharkhand Road Project.

Similarly, the other two amber entities for which the tribunal had sought details — Moradabad Bareilly

Expressway and West Gujarat Expressway — have principal repayment due to the tune of ₹2,310 crore and ₹209 crore, respectively.

Amber entities are those having adequate cash flow for payment to secured creditors, but not enough to meet the claims of unsecured creditors and are permitted to make only “going concern” payments for goods and services availed by them after October 1, 2018.

The total serviceable debt of these four amber entities is ₹1,134 crore and the unserviceable debt is around ₹1,050 crore. Of the 13 entities listed under the amber category by the new board, led by Kotak Mahindra Bank Managing Director and CEO Uday Kotak, the sale process for 12 entities, including the four entities mentioned

above, has started, the affidavit said.

IL&FS group had an outstanding debt of ₹9,421 crore at the end of December 2018 of which state-owned lenders — with an exposure of ₹35,382 crore (secured and unsecured) — have been the worst hit by the group’s defaults, followed by debenture holders, with an exposure of ₹25,767 crore.

Group entities of the beleaguered IL&FS began to default because of asset liability mismatch in the second quarter of financial year 2018-19 as payment obligations on maturing loans were far greater than the cash flows.

The defaults caused a liquidity squeeze in the markets, which affected non-banking finance companies and housing finance companies adversely.