

Three IL&FS Group Cos to Service ₹3,300cr Debt

IL&FS, lenders reach agreement; co tells NCLAT it will take up 10 more cos next

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New Delhi: Three group entities of debt-laden Infrastructure Leasing and Financial Services with outstanding loans of about ₹3,300 crore are set to begin servicing them after lenders and IL&FS reached agreements to restructure debt, according to submissions before an appellate tribunal.

L&T Finance and its other arms, as well as Aditya Birla Sun Life Mutual Fund, are major lenders to these three companies, with L&T Finance alone having an exposure of about ₹1,500 crore.

IL&FS on Friday also submitted before the National Company Law Appellate Tribunal (NCLAT) that it will follow a similar procedure to begin servicing debts of 10 more group entities with total outstanding debt of around ₹13,000 crore.

Ramji Srinivas, counsel for IL&FS and Union of India, told NCLAT that all lenders of West Gujarat Expressway and Jharkhand Road Project Implementation Company had signed term sheets restructuring loan agreements with IL&FS and that once final documen-

Keeping it from Falling

WEST GUJARAT Expressway, Jharkhand Road Project Implementation Co and Moradabad Bareilly Expressway Ltd will service debt

Debt of 82 other group entities is ₹61,375 cr

NCLAT BENCH asks IL&FS how it will resolve remaining debt

55 IL&FS entities are classified as 'green', 13 'amber' and 82 as 'red'



Three cos set to service debt will be reclassified as 'green' from 'amber'

tation was signed, the companies would begin servicing their debts.

Srinivas also said all lenders, barring Bank of India, had agreed to similar restructuring for loans of Moradabad Bareilly Expressway, and that Bank of India was expected to agree to terms within two days.

A two-member NCLAT bench led by Justice S J Mukhopadhyaya, however, asked the IL&FS counsel how the group planned to resolve the debt of 82 other domestic group entities — a total of ₹61,375 crore.

All group companies of IL&FS have been classified according to their ability to meet payment obligations. Group companies able to meet all payment obligations are categorised as 'green'. Those companies able to meet only operational payments and senior secured debt obligations are

categorised as 'amber'. Those that are not able to meet any payment obligations are categorised as 'red'.

The NCLAT bench gave IL&FS 15 days to reach similar agreements with 10 other 'amber' companies and questioned IL&FS on its plan for resolution of 'red' companies. "Why should we not release red companies (from the moratorium)? Let somebody who want to trigger (insolvency) because you will not be in a position (to pay lenders)," it said.

The bench also directed IL&FS to file an affidavit on the measure it would take to release payments to provident funds, pension funds and said NCLAT may direct IL&FS and Union of India to release any funds generated to these and other employee related funds who have invested in IL&FS group entities.