



# THE ECONOMIC TIMES

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Fri, 20 Sep-19; Economic Times - Delhi; Size : 265 sq.cm.;  
Circulation:134320; Page : 1



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## **IL&FS Starts Repaying ₹5,071 crore to Creditors of Three Group Firms**

Debt-laden Infrastructure Leasing and Financial Services (IL&FS) has started repaying the creditors of three group entities, with outstanding claims of ₹5,071 crore, according to an affidavit filed before an appellate tribunal on Thursday.

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# IL&FS Starts Repaying ₹5,071 cr to Creditors of 3 Group Firms

Reaches agreement to recast debt of three companies without any haircut for the lenders

Karunjit.Singh@timesgroup.com

**New Delhi:** Debt-laden Infrastructure Leasing and Financial Services (IL&FS) has started repaying the creditors of three group entities, with outstanding claims of ₹5,071 crore, according to an affidavit filed before an appellate tribunal on Thursday.

IL&FS reached an agreement to restructure the debt of Moradabad Bareilly Expressway Ltd, Jharkhand Road Project Implementation Company Ltd and West Gujarat Expressway Ltd without any haircut for the lenders.

The National Company Law Appellate Tribunal (NCLAT) passed a moratorium against the entities on October 15, 2018 for an orderly resolution of claims. IL&FS Group has total debt obligations of Rs 94,215 crore. Defaults by its group entities triggered a liquidity crunch in the non-banking financial services sector in September 2018.

Senior counsel for IL&FS Ramji Srinivas submitted that the company

## Money Matters

### IL&FS to recast debt of:

- Moradabad Bareilly Expressway
- Jharkhand Road Project Implementation Co
- West Gujarat Expressway

Reaches agreement, no haircut for the lenders



**Co has proposed** to reach agreements with lenders of 9 other group entities

### Has proposed:

**22% loss** to creditors of Thiruvananthapuram Road Development Co (has outstanding debt of **₹8,708 cr**)

**10% loss** to creditors of Chennai Nashri Tunnelway (owes Rs 5,401 cr)

**Proposed haircuts treat all lenders,** including secured, unsecured and related-party lenders, on a par

has proposed to reach agreements with the lenders of nine other group entities. It has proposed a 22% loss to the creditors of Thiruvananthapuram Road Development Company, which has an outstanding debt of Rs 8,708 crore, and a 10% loss to the creditors of Chennai Nashri Tunnelway Limited, which owes Rs 5,401 crore.

The proposed haircuts treat all lenders, including secured, unsecured and related-party lenders, on a par. Secured lenders against the proposed restructuring plans have claimed that the debt of these companies to other IL&FS group companies should

be subordinate to the external debts of these companies.

A two-member bench led by Justice SJ Mukhopadhaya, however, did not pass any direction on treatment of related-party creditors. "Other creditors such as IL&FS group entities are also lenders," he said, adding that all similarly situated lenders should be treated equally and that no one would be discriminated without exceptional grounds.

The creditors also opposed the IL&FS measures to sell assets of group entities without the outstanding debts, keeping the lenders at bay. The

IL&FS Group has sold its stake in seven wind energy subsidiaries to Orix corporation of Japan.

The bench also directed IL&FS and the Union of India to file an affidavit, outlining "the steps taken for payment of dues to funds such as pension funds, provident funds, insurance funds, etc." The pension and provident funds have a total exposure of Rs 9,134 crore to the group.

The bench had earlier said it may direct that claims of such funds be given priority over claims by other lenders. The case will be heard next on November 18.