

## TRIMMING DEBT

# IL&FS Looks to Sell Stake in Gift City

Also plans to offload stake in Chinese road assets; these steps would resolve half its outstanding debt: Uday Kotak

**Our Bureau**

**Mumbai:** The IL&FS Group is looking to sell its stakes in Gujarat International Finance Tec-City (Gift City) and some Chinese road assets that would help it resolve ₹2,800 crore of debt.

The infrastructure group's government-appointed chairman, Uday Kotak, also informed shareholders on Tuesday that measures taken up by the new board would result in resolving half its total outstanding debt as on September 30, 2018.

The government had superseded the board of IL&FS with its own nominees in October 2018, after the group, with debt of close to ₹1

lakh crore, defaulted on certain payments to lenders and triggered panic in the market.

Kotak referred to IL&FS as a "test case" on a group-wide resolution of stressed assets.

"The combination of a complex group structure comprising financial services, infrastructure and other businesses, high level of debt and diverse nature and type of creditors at various levels of the group, represent a very unique scenario which is far removed from other well-known cases of distressed Indian companies in the recent past," said Kotak, while presenting the progress made at the group through the resolution process.

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## Stepping Up

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will help it resolve nearly ₹1,600 crore of debt. As per the proposal, it would also receive an additional ₹980 crore towards its equity holding.

In addition, it is close to resolving five road assets with combined financial debt of ₹9,500 crore. These

resolution proposals have been referred to the respective creditor committees for the next steps, Kotak said. It is also setting up an Infrastructure Investment Trust for nine road assets with total financial debt of more than ₹11,000 crore.

To resolve another ₹1,200 crore debt, it has received approval from the Gujarat government to sell the IL&FS Group's stake in the Gift City. It is selling also group-wide real estate assets worth around ₹3,500 crore. The group has so far stakes in seven special purpose vehicles that housed wind power assets for nearly ₹4,300 crore, covering 100% of the entity-level debt and including equity value of nearly ₹590 crore.

Kotak said more than 40 companies in the group were regularly servicing debt of nearly ₹7,200 crore. The group has reduced its wage bill by 48% and operating expenses by 42%, on an annualised basis, in the one year since October 31, 2018.