

Uday Kotak-led board to address half of ₹97k-crore debt through asset monetisation, restructuring and floating InVITs

50% Debt Recovery by Mar 2020: IL&FS

Our Bureau

Mumbai: In the past one year of government superseding the IL&FS board, the Uday Kotak-led board has nil resolution through asset monetisation and expects to recover 50% or address ₹47,000 crore of debt by March 2020.

The board is looking to address half of ₹97,000-crore debt through asset monetisation, restructuring and floating InVITs for assets that have low or no bids.

"I am reasonably hopeful to pass 50% mark assuming InVIT process moves forward," said Uday Kotak, non-executive director, IL&FS. "We would like to complete as much as we can between now and March 2020. We would like to see if we can move faster than that."

In terms of debt restructuring, the company has restructured total debt of ₹5,100 crore by converting three entities from amber to green.

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UDAY KOTAK



The restructuring of another ₹10,400 crore is underway.

Resolution through sale of wind, road and education is likely to fetch around ₹18,000 crore. Sale of wind asset to Orix is likely to complete by October 20 and will address ₹4,300 crore of debt. The board is actively considering alternatives such as InVIT for value maximisation of assets with debt of ₹10,300 crore. The company has received binding bid for Chongqing Yuhe road asset which has debt ₹1,600 crore.

The company has started discus-

sion with lenders to float InVITs for assets that have received low or no bids. It is considering the swiss challenge process for sale of technology, environment and BPO assets. The board expects recovery of ₹3,000 crore to ₹3,500 crore through the sale of real estate assets, including the IL&FS headquarters in Bandra Kurla Complex.

"Actual value recovered, received or resolved will be in early ₹30,000 crore," said Kotak. "The company is sitting on ₹5,000 crore cash but is waiting for court's order on distri-

bution of funds."

CS Rajan, board member, IL&FS, said that onerous commercial agreements with counterparties has been a challenge for them.

"We found that terms agreed to by the previous management was onerous for IL&FS," said Vineet Nayar, chairman, IL&FS. "We were required to handle many things. Coming here has been an experience for us." IL&FS had leverage of 17 times and the new board was faced with a serious problem of liquidity in the beginning. ILFS took solvency exercise on 165 companies and segregated companies under green, amber and red.

IL&FS has prepared budgets for 75 entities. It is looking to recover ₹1,200 crore loans in IPIN from non-IL&FS entities.

"What helped us survive is the moratorium that government secured from NCLAT and gave us the calm period," said N Sivaraman, a member of the board.

Uday Kotak Gets 1-year Extension

MUMBAI The government has given a special one-year extension to Kotak Mahindra Bank chairman Uday Kotak to stay on the board of Infrastructure Leasing and Financial Services (IL&FS) as its non-executive director. Kotak was initially appointed for three months to be at the helm of the resolution process. In February, his term was extended by nine months. The fresh extension gives Kotak time till October 2, 2020.

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