

# IL&FS exposure: Banks seek 6-month waiver from RBI on asset classification

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The Indian Banks' Association (IBA), representing the country's top lenders, wants the Reserve Bank of India and the Centre to exempt banks from asset classification with regard to the loan exposure to the beleaguered IL&FS group for six months.

The nervousness on the part of the lenders is understandable as they expect their provisioning to balloon with about ₹50,000 crore of the total ₹90,000-crore exposure to the group likely to turn into NPA by the end of this year.

This comes even as the National Company Law Appellate Tribunal (NCLAT) is set to hear, on December 17, a pro-



The NCLAT will hear a proposal next week to extend the 90-day moratorium on loans taken by IL&FS and its subsidiaries REUTERS

posal to extend the 90-day moratorium on loans taken by Infrastructure Leasing and Financial Services (IL&FS) and its subsidiaries.

The lenders, including financial institutions, have been opposing the moratorium.

According to two sources in the banking sector, some 12 big lenders will seek relief from the RBI and the Centre if the moratorium on IL&FS loans is extended.

"The IBA, in a meeting on Wednesday, discussed at length the issues and challenges arising out of the 90-day moratorium on loans taken by IL&FS.

"The meeting was attended by lenders including State Bank of India, Bank of Baroda, Canara Bank, PNB, IDBI, Axis Bank and YES Bank," said a source close to the development.

"The IBA will write to the RBI and the Centre seeking a dispensation. If the NCLAT at the next hearing gives another 90-day moratorium,

which is expected, then it will have repercussions for the lenders," said a banker on condition of anonymity.

## Revival plan

Meanwhile, the government has informed the appellate tribunal that it has submitted a revival plan for IL&FS, which is likely to take shape over the next six to nine months.

It also sought continuation of the moratorium for a three-month period.

The Ministry of Corporate Affairs had approached the NCLAT after the Mumbai Bench of the National Company Law Tribunal turned down its plea for a 90-day moratorium on creditor proceedings.