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DISBURSAL OF NEW LOANS RULED OUT

3 Go First Lenders Open to Rejigging Airline's Debt

Turbulent Times

Go First owes banks ₹4,500-5,000 cr



LENDERS' EXPOSURE TO AIRLINE

Central Bank	₹1,987 cr*
BoB	₹1,430 cr
Deutsche Bank	₹1,320 cr
IDBI Bank	₹ 58 cr
Axis Bank	₹ 30 cr

*Based on exchange filings Source: Acuite Ratings

Wadia Group has infused ₹3,200 cr in last 3 yrs

Promoters have pledged collateral of ₹3,000 cr

Central Bank, BoB, Deutsche fear a steep haircut if recast move delayed; NCLT to hear insolvency plea today

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Mumbai: Go First lenders Central Bank of India, Bank of Baroda and Deutsche Bank have declined to provide additional finance immediately to the Wadia Group-promoted airline but are open to a debt recast involving a longer tenure for repayments, said people aware of the development.

Go First, which filed a voluntary insolvency resolution plea with the bankruptcy court on Tuesday, has put lenders in a quandary. Although the bank loans and debt facilities are classified as standard accounts now, lenders fear a steep haircut if a debt

recast is not implemented soon. Banks have provided debt facilities of ₹4,500-5,000 crore, said one of the persons cited above. According to media reports, the company stated in its insolvency petition that it has financial liabilities of ₹6,521 crore. The Delhi bench of National Company Law Tribunal (NCLT) will hear Go First's voluntary insolvency petition today (May 4).

The Central Bank of India has the highest exposure of ₹1,987 crore which includes ₹1,305 crore loans and ₹682 crore provided under credit guarantee scheme during the outbreak of pandemic, as per a stock exchange filing. The bank has made a provision of ₹1,500 crore against these loans, it said. BoB's exposure stands at ₹1,430 crore and Deutsche Bank at ₹1,320 crore, according to disclosures by ratings firms Acuite Ratings and Research in a January 19 report.

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Recovery Challenges

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Central Bank and Bank of Baroda did not respond to ET's queries. Deutsche Bank declined to comment. IDBI Bank has exposure of ₹58 crore while that of Axis Bank is ₹30 crore, the Acuite report stated.

A separate January 23 report by Brickwork Ratings said that JM Financial Credit Solutions has provided a Rs 150 crore long-term loan.

For over a year, existing lenders have refrained from providing new loans to the company partly due to the losses incurred by it. Last week, the Wadia Group informed lenders that in the absence of new loans, it would be forced to consider the voluntary in-

solveny resolution as an alternative to protect the company's assets, according to a lender. Wadia has pledged real estate valued at Rs 3,000 crore as collateral to lenders.

The difficulties in the recovery of debt from bankrupt Jet Airways and Kingfisher Airlines also contributed to lenders not disbursing new loans to Go First.

Lenders haven't got anything from the Jet Airways filing even though it was admitted for insolvency four years ago. In the case of Kingfisher Airlines, lenders have recovered the principal loans by selling promoter Vijay Mallya's real estate besides the pledged shares of United Spirits and Mangalore Chemicals and Fertilizers.