

# Stressed power assets: Banks eye higher provisions as August 27 deadline approaches

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State Bank of India (SBI) is close to resolving seven to eight distressed power sector accounts with a debt of Rs 17,000 crore, the bank's MD Arijit Basu told a business news channel on Friday.

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With the deadline for the resolution of at least 60 large assets — each above Rs 2,000 crore — set to expire on August 27, banks are staring at a big jump in provisions as insolvency proceedings will need to be initiated for these accounts. The list of assets includes around 34 from the power sector involving a bank exposure of approximately Rs 1.74 lakh crore.

State Bank of India (SBI) is close to resolving seven to eight distressed power sector accounts with a debt of Rs 17,000 crore, the bank's MD Arijit Basu told a business news channel on Friday. Earlier in the week, SBI chairman Rajnish Kumar had said at an event that there had been "good progress" on resolving some of the distressed power sector accounts and that there are "lot of buyers" now.

SBI's solutions come days before the crucial August 27 deadline, after which stressed accounts are supposed to be referred to the National Company Law Tribunal (NCLT) for insolvency proceedings as per the Reserve Bank of India's (RBI) February 12 circular. Power producers had approached the Allahabad High Court for relief but none has been forthcoming so far with the court not having stayed the RBI circular.

"We have found interested buyers for seven to eight power sector accounts. We don't see a major spurt in NCLT references due to the August 27 deadline," Basu said.

Some of the key private sector assets where SBI is the lead banker include Adani Tiroda with an outstanding of `11,765 crore, Adhunik Power (Rs 2,473 crore), Jaypee Bara (Rs 11,494 crore), Athena unit 1 and 2 (rs 5,256 crore) and DB Power Baradhara (Rs 6,721 crore), among others.

On Tuesday, the Allahabad HC reserved its judgment on the case where private power producers wanted the RBI to allow special dispensation to the power sector regarding its February 12 circular.

As per the circular, lenders will have to come out with a resolution plan for as many as 34 stressed power plants worth `2.5 lakh crore within 180 days from the reference date of March 1, 2018, failing which insolvency proceedings will be initiated against the

debtors.

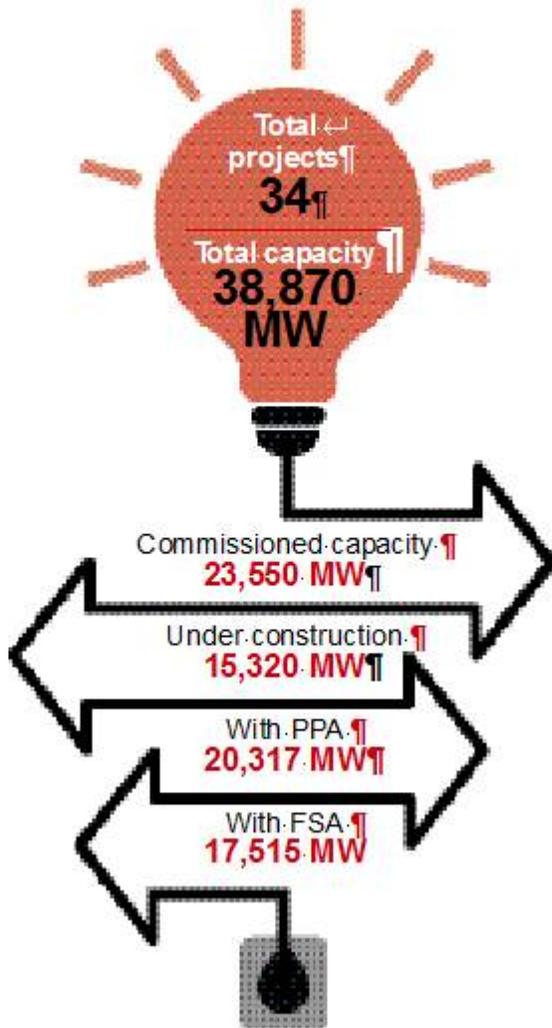
While the RBI reiterated that the circular cannot be relaxed, the industry, along with the power ministry, has maintained that the 180-day timeline for restructuring of the assets is insufficient.

Some under-construction power assets such as Athena Energy's 1,200 MW Chhattisgarh plant, East Coast Energy's 1,320 MW Andhra Pradesh unit and Lanco's 1,320 MW plant in Odisha already have been referred to the NCLT for not servicing their loans.

Power plants put up for sale by lenders include GMR's 1370 MW Raikheda plant, Coastal Energen's 1,200 MW Mutiara plant, KSK Energy's 3,600 MW Akaltara plant, Avantha Group's 600 MW Jhabua unit, SKS Power's 1,200 MW Binjkote project and Meenakshi Energy's 1,000 MW Nellore Andhra plant.

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