

KEY OBJECTIVES This committee will assess outstanding claims at the asset-level; cut-off date of Sept 30 proposed

IL&FS to Form Creditors' Panel to Assess Dues

Panel's Rights

- Each panel member will have voting rights based on the value of the financial debt owed
- Highest bid will be considered as having been approved by the panel if approved by two-thirds majority
- The financial bid amount will be distributed to all stakeholders
- There is a proposal to appoint a resolution consultant who will collect and verify claims of a sale company
- The resolution consultant will verify claims by each creditor of the sale company and prepare a list of creditors for such a company

Shilpy.Sinha@timesgroup.com

Mumbai: The IL&FS board will form a committee of creditors at the asset-level to assess any outstanding dues to be paid by the respective companies. The company is looking to appoint a claim advisor at the group-level for the same.

The court has ordered IL&FS to pay dues under 22 companies that are operational and with good cash flow. The new board of IL&FS has divided IL&FS group companies into three categories—green, amber and red. There are 22 companies in the green category that are operating with a positive net worth and positive cash flow to meet one year's obligations of all

creditors.

The proposal is that each member of the creditors' committee will have voting rights based on

the value of the financial debt owed. The highest bid will be considered as having been approved by the creditors' committee if approved by two-thirds majority of the creditors' committee. The financial bid amount will be distributed to all stakeholders according to the waterfall prescribed under Section 53 of the IBC and the proposed sale transaction.

The board, in its progress report, has talked about

and in some cases, a sale of business verticals comprising a basket of companies or other entities.

The proposal is to appoint a

resolution consultant who will undertake the process of collection and verification of claims of a sale company. The resolution consultant will verify the claims by each creditor of the sale company and prepare a list of creditors for such a company.

The financial, operational and statutory claims and liabilities as of September 30, 2018 will be settled. The cut-off date has been set for September 30, 2019 because the new board was appointed on October 1, 2018.

The board has suggested that after the cut-off date, only payments required to maintain the going concern status to preserve the asset value will be paid. The resolution consultant will not take into account interest, default interest or penal charges after the cut-off date. All liabilities including interest, indemnity claims, additional charges and statutory claims including employment and labour-related claims will be paid till September 30.

IL&FS group companies defaulted in payment obligations of bank loans including interest, term and short-term deposits and failed to meet the commercial paper redemption obligation dues since late August and has a total debt of Rs 91,000 crore.

