

IL&FS Resolution: NCLAT Clears Framework Proposed by Govt

In its final judgement on the insolvency proceedings against Infrastructure Leasing & Financial Services, the NCLAT on Thursday approved the resolution framework proposed by the government. Rejecting the opposition of creditors, the bench said money invested in IL&FS by LIC, SBI, Central Bank and IL&FS Employees Welfare Trust constituted public money and hence the distribution framework under IBC should not be followed.

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NCLAT Clears Insolvency Resolution Framework for IL&FS Proposed by Govt

Gaurav.Noronha
@timesgroup.com

New Delhi: In its final judgment on the insolvency proceedings against Infrastructure Leasing & Financial Services (ILFS), the National Company Law Appellate Tribunal (NCLAT) approved the resolution framework proposed by the government, on Thursday.

Rejecting the opposition of the creditors, the two-judge bench headed by Justice SJ Mukhopadhyaya said the money invested in IL&FS by the Life Insurance Corporation (LIC), State Bank of India (SBI), Central Bank of India and the ILFS Employees Welfare Trust, among others constituted public money, and hence the distribution framework under the Insolvency and Bankruptcy Code



(IBC) should not be followed.

Commenting on the order, Ramji Srinivas, counsel for the Uday Kotak-led ILFS board said, "Pro rata distribution is in fact encouraged instead of just paying off financial creditors at unit level or asset level. Instead it should be at all levels so therefore, choice of financial creditors, provident funds, investors

at all levels should be taken care off in a pro rata manner."

Setting a time limit of 90 days for the resolution process the NCLAT said, "The Union of India, the board of directors of ILFS and committee of creditors already constituted or

The move will pave way for resolution of ₹60,000 cr of a total debt of about ₹94,000 crore of ILFS and its group firms

resolution plans worth ₹40,000 crore have already been approved for various group entities of ILFS and there was likelihood of another ₹20,000 crore being cleared.

which may be constituted, are directed to conclude the resolution of all entities preferably within 90 days."

The appellate tribunal noted that taking advantage of the interim order,