

IL&FS RESOLUTION

Centre moves NCLAT for interim distribution of proceeds of ₹16,200 cr

Says full debt resolution of the Group will take time; majority of creditors yet to be settled

OUR BUREAU

Mumbai, February 8

The Centre has filed an application with the National Company Law Appellate Tribunal for interim distribution of ₹16,200 crore as part of the ongoing resolution of Infrastructure Leasing and Financial Services Ltd.

The application, filed with the Delhi Bench of NCLAT, seeks interim distribution of ₹10,950 crore in cash and ₹5,250 crore of InvIT units by March 31.

The new board of IL&FS also passed a resolution for this on January 8.

“...the need for interim distribution arises because considerable amount of distributable assets (that is, cash and InvIT units) are expected to be available with various IL&FS Group entities by March 31, 2022,” the application said.

Further, while the resolution process is at an advanced stage, a majority of the creditors are yet to be settled, it added.

“The final resolution of the remaining IL&FS Group entities is likely to take a significant amount of time,” the application said.

Distribution of the proceeds to creditors has largely taken place for Category II entities, where the financial bid



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amount offered by the successful creditor was less than the liabilities of the entity.

The total amount received by creditors by December end 2021 is only ₹7,000 crore.

“...creditors of various IL&FS Group entities have, from time to time, called for interim distribution pending final resolution,” said the application.

New board's plan

It has proposed that the new board decide on the time and amount for the interim distribution.

The board will also appoint two valuers to decide the average liquidation value of the relevant IL&FS Group entities as on October 15, 2018.

It will appoint an inde-

pendent third-party consultant to ascertain the value of the security interests of the secured creditors.

The resolution consultant, Alvarez and Marshall, will prepare the interim distribution calculation, which will be validated by the independent third-party consultant.

This would be approved by the boards of the IL&FS Group entities and the holding company, which will then be authorised by the new board of IL&FS.

InvIT units

It is expected that 249 IL&FS Group entities would have been resolved by way of sale, liquidation or closure or transfer to the InvIT in exchange of InvIT units by March 31, the application said.

It is estimated that by the end of the fiscal year, debt of about ₹55,000 crore would have been resolved, it said. The remaining ₹6,000 crore of resolution is expected to take a significant amount of time.

The IL&FS Group had liabilities of nearly ₹1-lakh crore as of October 2018.

Uday Kotak, Chairman of the board of IL&FS, had in November 2021, said that the new board and management of the troubled Group had addressed debt of about ₹52,000 crore. In all it expects to resolve debt of about ₹61,000 crore.