Kotak to leave as IL&FS resolves ₹55K crore of debt

Gopika Gopakumar

gopika.g@livemint.com

MUMBAI: Crisis-hit Infrastructure Leasing & Financial Services Ltd (IL&FS) has resolved nearly 55% of the group's outstanding debt over the last three-and-a-half years, managing director C.S. Rajan said on Tuesday. Among others, the company sold its iconic headquarters at Bandra Kurla Complex for ₹1,080 crore to reduce debt.

With this, Kotak Mahindra Bank managing director (MD) and chief executive officer (CEO) Uday Kotak, who has been serving as non-executive chairman of IL&FS, will step down on April 2, and Rajan will take charge on April 3 as chairman & MD for six months. Nearly ₹55,000 crore of IL&FS's total debt of ₹99,000 crore has been resolved, and this is 90% of the estimated debt resolution of ₹61,000 crore, Rajan said at a press conference.

"₹21,000 crore of debt has been paid back to public sector banks. Another ₹16,000 crore worth cash and InvIT units will be distributed by way of interim distribution to creditors post judicial approval," said Rajan. "Resolution of ₹14,000 crore has been filed with courts, of which ₹7,500 crore has been approved by National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT), and are in final stages of resolution," he added.

Of the 347 entities under IL&FS Group as of October 2018, a total of 246 entities have been resolved, leaving 101 entities to be resolved in the next fiscal year, he said. "An application has been filed with the NCLAT for undertaking interim distribution of ₹16,000 crore of cash and InvIT units available across the group. Over 75% of this will be distributed to creditors of three large holding companies—IL&FS, IFIN, and ITNL," Rajan said. "Earlier, ₹21,000 crore was paid to SPV (special purpose vehicle) lenders," he added.

Kotak said, "Our aim was to keep the assets as going concern and maximize creditor value. These are national assets which we needed to protect," he said. "Maximum amount of money was returned to public sector banks. I want to credit them for being smarter as they lent primarily to SPVs against securities of assets and project cash flows. The so-called smart cats which depended on rating agencies came in unsecured," he added.

The learning from the experience is to avoid complex structures, that get out of control, and such entities need proper regulatory control, Kotak said.