

₹55,000 crore of IL&FS debt resolved so far

Uday Kotak to step down as Chairman

OUR BUREAU

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Uday Kotak will step down as the Chairman of the board of IL&FS after his term ends on April 2. CS Rajan, Managing Director of IL&FS, has been named Chairman and Managing Director for six months with effect from April 3 by the Ministry of Corporate Affairs.

The Centre had in October 2018 taken control of debt ridden IL&FS and replaced the board with a new set up led by Uday Kotak. The Group had over ₹99,000 crore of debt at the time.

Three-and-a-half years after it took over, the new board and management of troubled Infrastructure Leasing and Financial Services (IL&FS) has addressed ₹55,000 crore of debt and has retained its overall resolution estimate of ₹61,000 crore.

Kotak hoped the board will do even better than the estimated ₹61,000 crore of resolution.



Uday Kotak

“This will be a matter of great satisfaction in a country where group resolution gives single-digit numbers,” he said.

The ₹55,000 crore of debt addressed till date represents over 90 per cent of the overall estimated resolution value and the board is hopeful that the resolution of a substantial part of the remaining ₹6,000 crore debt comprising 22-23 entities will be completed in 2022-23.

“The overall resolution estimate of 62 per cent is double the average recovery of 31 per cent under the IBC,” Rajan said at a press conference.

Giving an update about the progress of resolution, Rajan said ₹21,000 crore of debt has

been discharged through monetisation of assets and debt repayment, largely to public sector lenders.

The group also has nearly ₹20,000 crore of cash and InVIT unit balance while resolution of ₹14,000 crore has been filed with courts. Of this amount, ₹7,500 crore has been approved and transaction closure is underway, Rajan said.

An application has been filed with the NCLAT for interim distribution of ₹16,000 crore of cash and InVIT units available across the Group. “Over 75 per cent of this would be distributed to creditors of three large holding companies — IL&FS, IFIN and ITNL—which have a large base of public fund creditors,” Rajan further said.

In all, of the 347 entities under the IL&FS Group as of October 2018, a total of 246 entities stand resolved, leaving 101 to be resolved in the next financial year. It is now up to the government to decide what has to be done with the remaining companies as many of them are defunct. Additionally, land parcels, office

buildings and residential properties may also become part of the residual resolution at a later stage.

IL&FS headquarters sale

As part of the resolution, the iconic IL&FS headquarters (TIFC) in BKC Mumbai has been sold to Brookfield for ₹1,080 crore. A letter of intent has been signed with Brookfield and the sale will be completed in 2022. “This amounts to about ₹29,000 per square feet, which is broadly in the range of other properties in BKC,” Kotak said.

Both Kotak and Rajan highlighted a number of challenges in the resolution of the debt that impacted timelines.

“The challenge we faced was the structure of IL&FS,” Kotak said, noting that at the time of the IL&FS crisis, there was no IBC process for NBFCs. “Even today, most NBFCs (under resolution) are single companies. IL&FS is a very complicated entity under the guise of an NBFC,” he said. Kotak said the issue of group resolution still needs to be addressed. “IL&FS is a case study,” he said.