

NCLAT directs IL&FS board to distribute ₹16,361 cr to creditors on a pro-rata basis

IL&FS also told to complete the resolution process by June 30

OUR BUREAU

Mumbai, June 4

The National Company Law Appellate Tribunal (NCLAT) has directed the new board of Infrastructure Leasing and Financial Services (IL&FS) to distribute ₹16,361 crore of cash and InvIT units to creditors on a pro-rata basis.

“The interim distribution shall be confined only to the entities as reflected in Annexure-6, except those excluded and for the amount of ₹16,361 crore, that is ₹11,296 crore of cash and ₹5,065 crore of InvIT units,” said the NCLAT in its order on May 31.

The funds would be distributed to the creditors of IL&FS, IL&FS Financial Services, and IL&FS Cluster Development Initiative, among others.

“Over 75 per cent of this would be distributed to the creditors of three large holding companies – IL&FS, IFIN and ITNL – which have a large base of public fund creditors,” said an IL&FS spokesperson.

IL&FS Transportation Networks, Rapid Metro Rail Gurgaon South, Rapid Metro Rail Gurgaon and IL&FS Wind Energy have been kept out of the resolution process by the NCLAT, due to opposition from creditors.

The two-member NCLAT bench, headed by Chairperson Justice Ashok Bhushan, said the “interim distribution shall require approval of the new board of the IL&FS, which contains all details regarding creditors’ amount to be paid to them and the interim distribution be implemented only after such resolution of the new board”.

Excess amount

The creditors will be asked to



give undertaking to refund the excess amount, if any, pursuant to the final resolution, it has also directed.

The NCLAT has also directed IL&FS to complete the resolution process by June 30 and list the matter for July 19 for the next hearing.

“We are conscious that the final resolution of IL&FS Group is under way.

“We have noticed that in the order dated 12.03.2020, this Tribunal directed IL&FS to conclude the resolution process within 30 days,” it said, noting that more than two years have passed since the March 2020 order and

resolution regarding only a few of the entities have arrived as on date.

Application filed

IL&FS had, in February this year, filed an application with the NCLAT for interim distribution of funds.

“...the need for interim distribution arises because considerable amount of distributable assets (that is, cash and InvIT units) is 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 had further said.

Total debt

IL&FS had over ₹99,000 crore of debt, of which, the new board had addressed ₹55,000 crore of them by March end this year. It has retained its overall resolution estimate of ₹61,000 crore.