

**BEFORE THE HON'BLE NATIONAL COMPANY LAW  
APPELLATE TRIBUNAL, NEW DELHI  
(APPELLATE JURISDICTION)**

**COMPANY APPEAL (AT) NO. 346 OF 2018**

**IN THE MATTER OF:**

Union of India ... Appellant

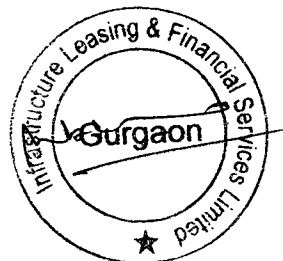
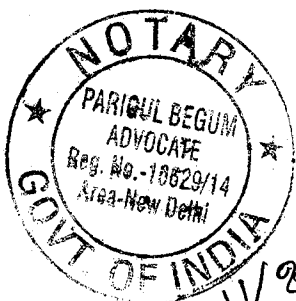
Versus

Infrastructure Leasing and Financial  
Services Limited & Ors. ... Respondents

**FURTHER AFFIDAVIT ON BEHALF OF INFRASTRUCTURE  
LEASING & FINANCIAL SERVICES LIMITED  
("IL&FS/Respondent No.1")**

I, Mr. Nand Kishore, son of Mr. Nathu Singh, aged about 64 years, working as the Director of Infrastructure Leasing and Financial Services Limited, having my office address at IL&FS Financial Centre, Plot No. C-22, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051, presently at New Delhi, do hereby solemnly affirm and state as under:-

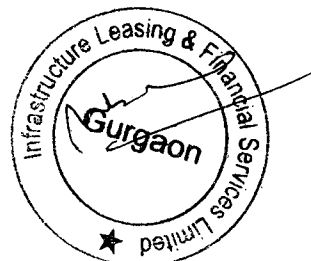
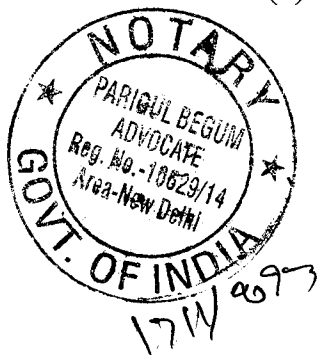
1. I am authorized to file the instant affidavit on behalf of IL&FS in the captioned appeals. I have made myself acquainted with the facts of the present case based on the records of IL&FS and am able to depose thereto.
2. At the outset, IL&FS repeats, reiterates, confirms and adopts the contents of,



- i. the affidavit dated January 24, 2019 filed by the Union of India with this Hon'ble Appellate Tribunal in the present Appeal on January 25, 2019 (January 25th Affidavit) bringing on record (a) Third Progress Report - 'Proposed Resolution Framework' dated December 17, 2018 ("**Initial Resolution Framework**" or "**Third Report**"), and (b) the Addendum to the Third Progress Report dated January 15, 2019 ("**First Addendum**"); and
- ii. the affidavit dated January 9, 2020 bringing on record the Second Addendum to the Third Progress Report dated December 5, 2019 ("**Second Addendum**").

(The Third Report, the First Addendum and the Second Addendum are collectively referred to as the "**Resolution Framework**".)

3. The present Affidavit is being filed to place before this Hon'ble Appellate Tribunal the update and progress made so far in the resolution process of the IL&FS Group entities by way of a Status Update Report. The Status Update Report sets out in detail the following:
  - (a) brief background on the Respondent No. 1 Group;
  - (b) overview on the progress made so far in the resolution of the Respondent No. 1 Group,
  - (c) key challenges in relation to the ongoing asset monetisation process, InvIT and ITPCL restructuring;

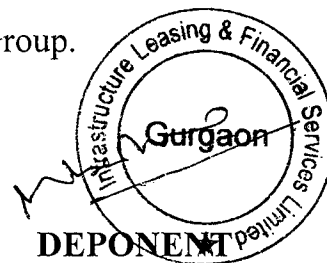


- (d) other key challenges being faced by the Respondent No. 1 Group, including in relation to pending litigations, disputes with shareholders; and
- (e) way forward for the ongoing resolution process, along with the estimated timeline for completion of the resolution process and list of entities that can be removed from the moratorium and the need for continuation of the moratorium for certain entities

The Status Update Report dated April 30, 2023 is annexed herewith and marked as **Annexure 1**.

- 4. The said Report is being filed in larger public interest as well as in furtherance of the mandate of the newly appointed directors of the IL&FS Group to ensure an orderly resolution of the IL&FS Group entities. It is humbly requested that the present Affidavit be taken on record and liberty is sought to file further such status update reports in respect of the resolution of the IL&FS Group.

*I Identify the Executant /Deponent who has signed in my Presence*



**VERIFICATION**

I, Nand Kishore, the deponent abovenamed, do hereby verify that the contents of paragraph nos 1-4 above are true to the best of my knowledge and nothing material has been concealed therefrom.  
Verified at **New Delhi** on this 30 day of April, 2023.



17/11/2023

**ATTESTED**  
*Pariqul*  
NOTARY GOVT. OF INDIA, N.D.  
**30 APR 2023**



# **STATUS UPDATE REPORT**

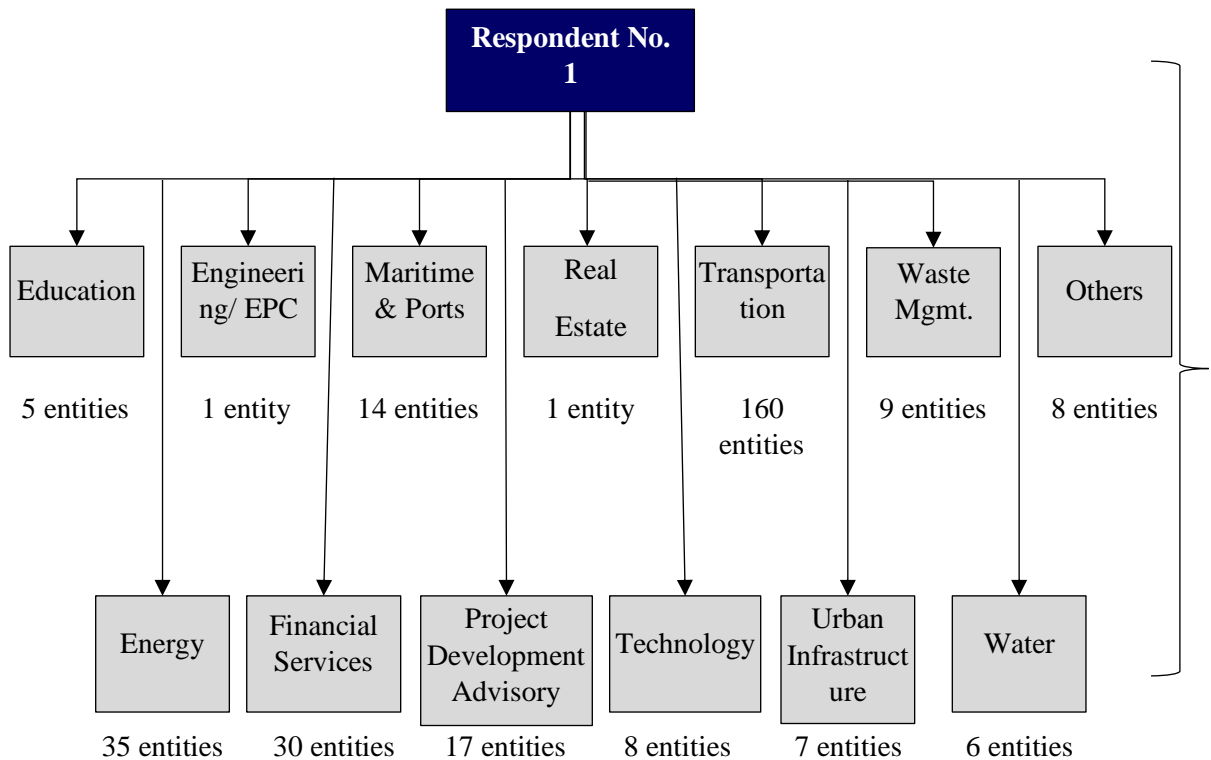
**Dated: APRIL 30, 2023**

## **II. Introduction**

1. For ease of reference, the present status update report has been divided as follows:
  - (i) brief background on the Respondent No. 1 Group;
  - (ii) overview on the progress made so far in the resolution of the Respondent No. 1 Group,
  - (iii) key challenges in relation to the ongoing asset monetisation process, InvIT and ITPCL restructuring;
  - (iv) other key challenges being faced by the Respondent No. 1 Group, including in relation to pending litigations, disputes with shareholders; and
  - (v) way forward for the ongoing resolution process, along with the estimated timeline for completion of the resolution process and list of entities that can be removed from the moratorium and the need for continuation of the moratorium for certain entities.

## **III. Brief Background**

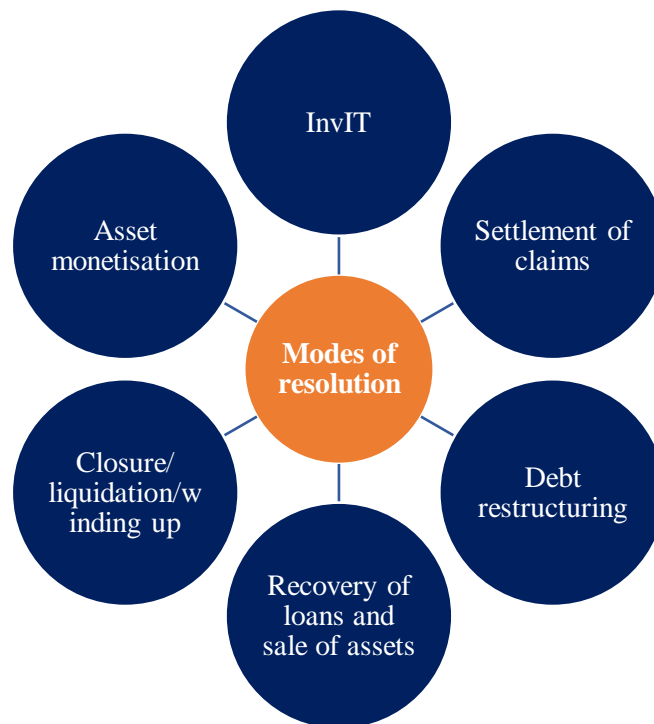
2. Respondent No. 1 is a systematically important non-banking finance company and a core investment company, registered with the Reserve Bank of India. The Respondent No. 1 Group, as of October 15, 2018, comprised of 302 entities, of which 169 entities are Domestic Group Entities, and the remaining 133 entities are Offshore Group Entities.
3. The systemic importance of the Respondent No. 1 Group was highlighted in the Original Petition. It was stated that the Respondent No. 1 Group is significant to financial markets because the majority of the debt obligations of Respondent No. 1 Group, an amount of INR 57,000 crores out of the INR 91,000 crores (estimated at the time of the Original Petition), is from the public sector banks and institutions and that the majority of the capital invested in Respondent No. 1 is by public financial institutions like the Life Insurance Corporation of India, State Bank of India, Central Bank of India etc.
4. The operations of the Respondent No. 1 Group were conducted through a complex maze of various direct and indirect holding companies, subsidiaries, associate companies as well as unincorporated entities (including where the Respondent No. 1 Group has non-controlling stakes), which is further complicated by a multi-layered structure. The Respondent No. 1 Group's structure was as follows when the New Board took charge:



5. The Respondent No. 1 Group, as of **October 8, 2018**, had availed aggregate external fund based debt of **INR 94,215 crores** (“**Aggregate External Fund Based Debt**”) (out of the total external debt outstanding of **INR 99,355 crores**), out of which **INR 48,000 crores** (i.e. almost 51% of the aggregate external fund based debt of the entire Respondent No. 1 Group) was availed by 4 key holding companies (i.e., Respondent No. 1 viz. Respondent No. 1, IFIN, ITNL and IEDCL. As set out in the February 2020 Affidavit, a significant amount of borrowings raised by the 4 key holding companies of the Respondent No. 1 Group (which account for almost 51% of the Aggregate External Fund Based Debt of the entire Respondent No. 1 Group) have been on-lent to other members of the Respondent No. 1 Group to help in financing the generation of assets and viable businesses, without which the creditors of the special purpose vehicles/ operating level companies also would not have been serviced fully.

#### IV. Progress made in the Resolution Process – Overview

6. The following modes of resolution are being undertaken by the New Board for resolution of the Respondent No. 1 Group, by following a multi-pronged approach:



7. The New Board was tasked with resolving the Respondent No. 1 Group, and on account of the various measures undertaken by it, the overall debt resolution across the Respondent No. 1 Group is estimated to reach approximately INR 61,000 crores, which aggregates to approximately **61.39%** of the total external debt outstanding of **INR 99,355 crores**.
8. As on March 31, 2023, the total debt discharged to creditors of the Respondent No. 1 Group aggregates to **INR 28,848 crores**. The term “debt discharged to creditors” can be further categorised into the following:
- (i) **Debt resolved through monetisation and termination:**
- (a) This entails the following:
- (I) where a Category 1 bid (i.e. where equity value is attributed by the H1 bidder) is received from the H1 bidder in terms of the Resolution Framework, the debt of a Respondent No. 1 Group entity that is taken over by the H1 bidder pursuant to sale of the relevant Respondent No. 1 Group entity;
- (II) where a Category 2 bid (i.e. where no equity value is attributed by the H1 bidder) is received from the H1 bidder in terms of the Resolution Framework, the debt of a Respondent No. 1 Group entity that is **discharged** pursuant to distribution of the bid process to the creditors of such Respondent No. 1 Group entity in accordance with the Revised Distribution Framework;
- (III) where the concession agreement/ contract entered into by the relevant Respondent No. 1 Group entity is terminated/ settled, the termination payments/ settlement payments received by the relevant Respondent No. 1 Group entity from the concessioning authority (for example – NHAI)/ counterparty to the relevant contract. Such termination/ settlement amounts are subsequently distributed to the creditors of such

Respondent No. 1 Group entity in accordance with the Revised Distribution Framework towards discharge of the debt owed by such Respondent No. 1 Group entity.

- (b) As on March 31, 2023, the debt resolved through such monetisation and termination measures aggregates to **INR 17,894 crores**.

(ii) **Debt discharged and release of fund based and non-fund based limits:**

Since the New Board took charge, the New Board has been engaged in termination/ cancellation of the non-fund based limits availed by the Respondent No. 1 Group entities, pursuant to release/ termination/ cancellation of the relevant bank guarantees or letters of credits issued by such Respondent No. 1 Group entities from these non-fund based limits. These efforts (along with discharge of fund based debt) have resulted in debt resolution of approximately **INR 4,958 crores (as of March 31, 2023)**.

(iii) **Debt discharged by way of interim distribution**

- (a) On January 28, 2022, the Union of India filed the Interim Distribution Application, seeking *inter alia* a relief to permit and approve a proposal for interim distribution (the process for which was set out in the Interim Distribution Application) of the cash and InvIT units in Domestic Group Entities. Subsequently, after hearing objections and considering their replies, *vide* orders dated May 31, 2022, July 6, 2022, January 19, 2023, February 13, 2023 and April 26, 2023, this Hon'ble Tribunal approved the application for interim distribution for certain Domestic Group Entities. Further, *vide* orders dated January 19, 2023 and order dated February 13, 2023, this Hon'ble Tribunal permitted interim distribution for all Respondent No. 1 Group entities.
- (b) Subsequently, as on March 31, 2023, the interim distribution for RMGL for an amount of INR 635 crores, RMGSL for an amount of INR 1,273 crores, IFIN for an amount of INR 3,200 crores and CNTL for an amount of INR 920 crores has successfully been completed, after following the procedure approved by this Hon'ble Tribunal *vide* order dated May 31, 2022.
- (c) Accordingly, as on March 31, 2023, the total debt discharged by way of interim distribution aggregated to INR 6,153 crores, out of which **INR 5,996 crores** has been discharged to external financial creditors.
- (d) In this backdrop, a brief snapshot on the interim distribution status for the Respondent No. 1 Group as on date is stated hereinbelow:

*All amounts in INR crores*

Sr. No	Entity	Cash distributed until March 31, 2023 (Completed)	To be distributed as part of interim distribution (by quarter ending June 30, 2023) <sup>1</sup>
1	RMGL	635	-
2	RMGSL	1,273	-

1 Net distributable pool for some entities may be lower depending on the buffers to be set aside for resolution process costs, going concern expenses etc.



Sr. No	Entity	Cash distributed until March 31, 2023 (Completed)	To be distributed as part of interim distribution (by quarter ending June 30, 2023) <sup>1</sup>
3	IFIN	3,200	-
4	RBEL	8.4	-
5	ICDI	20	-
6	STAMP	2	-
7	VPPL	95	-
9	CNTL	920 <sup>2</sup>	-
8	IDML	-	90
10	IMICL	-	180
11	IEDCL	-	550
12	EHEL	-	31
13	TEL	-	6.8
14	SCOL	-	38
15	IL&FS	-	890
16	IAL	-	6
17.	ITNL	-	990
	<b>Total</b>	<b>6,153</b>	<b>2,782</b>

9. In addition to the debt discharged to creditors (as set out in paragraph 8 above), the following progress has been made in the ongoing resolution process for the Respondent No. 1 Group:

(i) **Cash and InvIT units**

As on March 31, 2023:

- (a) the cash balances across the Respondent No. 1 Group aggregates to **INR 14,994<sup>3</sup> crores** of which cash available for interim/ final distribution is **INR 4,451 crores** and the balance cash of **INR 10,543 crores** is available in entities undergoing resolution (either filed or to be filed with courts).
- (b) Such cash includes the cash accumulated across Respondent No. 1 and its group entities owing to multiple factors, such as loan recoveries, business operations, amounts received by such entities pursuant to the resolution of another Respondent No. 1 Group entity;
- (c) the value of the InvIT units held by certain Respondent No. 1 Group entities aggregates to **INR 2,546 crores**. Such units have been received by the relevant Respondent No. 1 Group entities pursuant to transfer of certain InvIT SPVs to the InvIT, details of which are set out in paragraph 13.1(i) below.

<sup>2</sup> Disbursement of INR 140 crores to Deutsche Bank to be completed post creditor compliance.

<sup>3</sup> Cash balances for the key entities are as on April 13, 2023.

(ii) **Application approved by courts; pending closure**

- (a) In terms of the Resolution Framework, approval of the Hon’ble NCLT is required to be obtained prior to consummation of the resolution mechanism identified for the relevant Domestic Group Entities. In respect of Offshore Group Entities, the Hon’ble NCLT is required to take on record the approval received by Justice (Retd.) D.K. Jain. Accordingly, various applications have been filed (and approved) before the Hon’ble NCLT.
- (b) In certain cases where approval of the Hon’ble NCLT has been received, the consummation of the resolution of such Respondent No. 1 Group entity is pending on account of various factors such as conditions precedent to closing. Some of the challenges faced by the Respondent No. 1 Group in this regard are set out in this affidavit.
- (c) The resolution value in respect of such Respondent No. 1 Group entities (where the application has been approved/ taken on record by the Hon’ble NCLT, but where closing is yet to take place) aggregates to **INR 6,634 crores (net of cash and debt already discharged)**, as on March 31, 2023.

(iii) **Applications filed with courts; pending approvals from courts**

Similarly, certain applications filed before the Hon’ble NCLT continue to be pending for approval/ noting. The resolution value in respect of such Respondent No. 1 Group entities (where the application is yet to be approved/ taken on record by the Hon’ble NCLT) aggregates to **INR 1,539 crores (net of cash and debt already discharged)**, as on March 31, 2023

10. Additionally, it is pertinent to note that “Green” entities in the Respondent No. 1 Group have serviced/ been servicing their debt obligations in full, in terms of the order passed by this Hon’ble Tribunal on February 11, 2019. The debt serviced by such “Green” entities until March 31, 2023 aggregates to **INR 1,232 crores**.
11. Set out below is a brief snapshot on the progress made in terms of entity resolution till March 31, 2023:

Domicile	Total	Fully resolved (A)	Approved by courts; pending transaction closure (B)	Applications filed with courts pending approvals (C)	Entities resolved basis court filings (A) + (B) + (C)	Entities remaining to be filed
Domestic	169	47	18*	18	83	86
Offshore	133	115	1	6	122	11
<b>Total</b>	<b>302</b>	<b>162</b>	<b>19</b>	<b>24</b>	<b>205</b>	<b>97</b>

\* Includes entity monetization – 1, InvIT – 5 entities, 2<sup>nd</sup> stage non-core entities – 12