

NCLAT directs distribution of ₹16,361 cr to IL&FS creditors

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NEW DELHI: The National Company Law Appellate Tribunal (NCLAT) has directed the new board of the debt-ridden IL&FS Group to distribute ₹16,361 crore of cash and InvIT units available across the group to its creditors on pro-rata basis.

The interim distribution award of ₹16,361 crore includes ₹11,296 crore in cash and ₹5,065 crore in InvIT units and a majority of this is to be distributed to the creditors of three large group firms, IL&FS, IFIN and ITNL.

“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 i.e ₹11,296 crore of cash and ₹5,065 crores of InvIT Units,” said an order by a two-member NCLAT bench headed by Justice Ashok Bhushan.

With regard to interim distribution, NCLAT said it “shall be implemented only after approval by the new board” and

THE INTERIM DISTRIBUTION AWARD INCLUDES ₹11,296 CR IN CASH AND ₹5,065 CR IN INVIT UNITS

“shall take place as pro rata basis”.

The Appellate tribunal has also directed IL&FS to complete the resolution process by end of this month and has directed to list the matter on July 19, 2022 for next hearing.

“We are of the view that IL&FS and its entities may take all steps to complete the resolution process as per the resolution framework and submit their Application for approval before the NCLT by 30.06.2022,” NCLAT said in an order dated May 31, 2022.

Further, the appellate tribunal said the interim distribution “shall abide by final resolution of the IL&FS entities according to the resolution framework” and the creditors shall be asked

to provide an “undertaking to refund the excess amount, if any, pursuant to the final resolution”.

Meanwhile, due to opposition from creditors it has also directed to keep four companies out of this distribution process.

The companies are—IL&FS Transportation Networks, Rapid Metro Rail Gurgaon South, Rapid Metro Rail Gurgaon and IL&FS Wind Energy.

L&FS had availed overall debt of ₹99,000 crore from multiple sources—including private and PSU banks and public funds—largely in four holding companies—IL&FS, ITNL, IFIN, and IEDCL.

These loans, provided by banks and public funds in holding companies, were further extended as unsecured and subordinated loans to underlying companies within the group.

As per the IL&FS resolution framework, the holding companies cannot receive any payments from resolution proceeds unless the underlying companies get fully and finally resolved.