

IL&FS unsecured creditors may recover 10-20%

JOYDEEP GHOSH

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UNSECURED CREDITORS IN Infrastructure Leasing & Financial Services (IL&FS) could recover 10-20% of their investments of over ₹10,000 crore.

Among these creditors are private sector provident and pension funds of companies like Infosys, Tata Power and Lupin. Government-owned Food Corporation of India, State Bank of India, Indian Oil Corporation and Army pension funds like the Army Group Insurance Fund had also invested in non-convertible debentures of IL&FS.

Around ₹16,360 crore — including ₹11,295-crore cash and ₹5,065-crore InvIT units — is now available across the IL&FS Group. The new board's proposal of interim dividend payouts across group firms, including holdcos, without waiting for a final resolution was approved by the National Company Law Appellate Tribunal (NCLAT) in May.

PAYOUT PLANS



New IL&FS board has set resolution target at ₹61,000 cr or 61% of the near ₹1-trn outstanding loans

■ Unsecured creditors may recover 10-20% of their ₹10,000-cr investments

■ They include pvt sector provident & pension funds of firms like Infosys, Tata Power and Lupin

■ Govt-owned FCI, SBI, Indian Oil & Army pension funds are also investors

“The first payout under interim dividend was done for Rapid Metro Gurgaon Rail (RMGL), as per framework

approved by NCLAT, and more would soon follow,” an IL&FS spokesperson said.

Earlier this month, IL&FS distributed ₹623.38 crore, on an interim basis, to the secured lenders/secured financial creditors of RMGL comprising Union Bank of India, Bank of India, Indian Bank, Punjab & Sind Bank, UCO Bank, Bank of Baroda, Punjab National Bank and Indian Overseas Bank. The total claims of these lenders were ₹715 crore and translates into a recovery of 83%.

So far, the new IL&FS board has maintained its resolution target at ₹61,000 crore or 61% of the near ₹1 trillion outstanding loans. It has also announced that ₹55,000 crore of the overall resolution would be completed by this year, subject to approvals.

Now, the disbursement of additional amounts to the unsecured financial creditors and unsecured creditors is also under process.

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IL&FS' unsecured creditors may recover 10-20%

SINCE THE PAYMENT is being made on a pro-rata basis, projects in which unsecured lenders have a higher share of investment are expected to get more.

This would come as a relief for these provident and pension funds since secured creditors such as banks, non-banking financial institutions, mutual funds, insurance companies and others get priority, if one goes by the legal route. Unsecured credi-

tors are last in preference and seniority list with respect to payout of resolution proceeds and usually get a raw deal as they are only considered after full payment is made to secured creditors. The IL&FS interim distribution was proposed to facilitate payout to all class of creditors with a condition that any excess payouts at the interim stage will have to be returned to the Group at or prior to the final distribution stage.

IL&FS' new board, while proposing an interim distribution payment of resolution proceeds on a pro-rata basis for all class of creditors, argued that all public fund creditors are invested in holding companies and have yet not received any payouts. Also, as per the resolution framework, payouts can only be made for any company after all its downstream companies have been completely resolved.