

₹1,600-CR INTERIM PAYOUT to lenders and bondholders includes close to ₹700 cr from ITNL

IL&FS and ITNL Set to Pay First Instalment of Dues to Creditors

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Mumbai: Distressed infrastructure financier IL&FS, which collapsed five years ago triggering a funds crunch for non-bank lenders, is set to pay its first instalment to creditors.

The parent along with a unit of IL&FS Transportation Networks (ITNL) will pay about ₹1,600 crore to creditors including lenders and bondholders, three people familiar with the development said.

This is the first recovery for lenders from the parent company five years after its board was superseded. Lenders will also receive close to ₹700 crore as an interim distribution from ITNL.

These recoveries are expected to directly add to banks' bottom lines as both these accounts are fully provided for. The names of banks with exposure to the accounts could not be ascertained.

"This interim distribution follows a National Company Law Appellate Tribunal (NCLAT) order at the end of May last year when the court allowed the cash accumula-

Resolution On Track



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The payout follows an **NCLAT-approved framework** in May 2022

The appellate tribunal directed the distribution of **₹16,361 cr** of cash and InvIT units to creditors

IL&FS, ITNL, IL&FS Financial and IL&FS Cluster Development were the **entities with excess cash to be distributed**



ted in some IL&FS companies to be distributed to creditors as an interim measure. The money is expected to flow into the banks' accounts by Friday," said a person familiar with the process.

An IL&FS spokesperson confirmed that the company's board had approved an aggregate interim distribution of approximately ₹1,600 crore between the holding company ITNL and vertical holding com-

pany ITNL as part of the NCLAT-approved resolution framework.

"The money will be distributed to all secured financial creditors including debenture holders. Banks will receive the money first followed by debenture holders sometime later next month," said a second person aware of the process.

The NCLAT had directed the new board of IL&FS to distribute ₹16,361 crore of cash and InvIT units to cre-

ditors on a pro-rata basis in an order at the end of May 2022.

IL&FS, ITNL, IL&FS Financial Services and IL&FS Cluster Development Initiative were the companies with excess cash from where the distribution was initiated according to the NCLAT order.

Lenders have been insisting on the distribution of the cash accumulated in the company, fed up by the long delays in recovery.

Earlier this week, ET reported that a majority of lenders have agreed to restructure the ₹9,000-crore debt of IL&FS Tamil Nadu Power Company (ITPCL), allowing them to distribute the ₹3,134 crore cash in the company.

On Wednesday, ET reported that IL&FS Financial Services had approved an interim distribution payout of ₹807 crore, taking the total interim distribution to ₹3,200 crore by this subsidiary.

The IL&FS board targeted ₹61,000 crore or 61% of the nearly ₹1 lakh crore outstanding loans to the company when the company went bust along with its 347 subsidiaries and joint ventures in September 2018.