

PROCEEDS OF RESOLUTION OF 191 SPVs

IL&FS Lenders to Receive ₹16kcr in Q3

₹11,296 cr will be distributed as cash payment and ₹5,065 cr as InvIT units

IL&FS had 347 cos under its fold with a total debt of ₹94,246 cr in Oct 2018

About ₹61kcr of this will be recoverable, it had indicated

NCLAT imposed a moratorium on all loan payments soon after it collapsed

NCLAT approved distribution of ₹16,361 cr on May 31 this yr



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Mumbai: After a moratorium of over three years, IL&FS lenders will receive an estimated ₹16,361 crore in the third quarter from the proceeds of the resolution of 191 special purpose vehicles (SPVs), said two people with knowledge of the matter.

Alvarez & Marsal and Grant Thornton are advising IL&FS on the bank-wise distribution of the proceeds from the recoveries. IL&FS had informed lenders last week that proceeds would be dis-

tributed in the third quarter as against the initial plan of this being done in the second quarter, said one of the persons cited above.

Of the ₹16,361 crore, a sum of ₹11,296 crore will be distributed as a cash payment to lenders and ₹5,065 crore will be given in the form of units of an infrastructure investment trust (InvIT).

The National Company Law Appellate Tribunal (NCLAT), which is overseeing the IL&FS resolution, had approved the distribution of recoveries among lenders on May 31.

Confirming the development, an

IL&FS spokesperson said that the "interim distribution will result in funds being made available to creditors of the group which includes banks, financial institutions, pension funds, provident funds, employee welfare funds, insurance funds, gratuity funds, superannuation funds and army group insurance funds among others."

He further stated that the board is hopeful of interim distribution within the current fiscal, subject to certain conditions.

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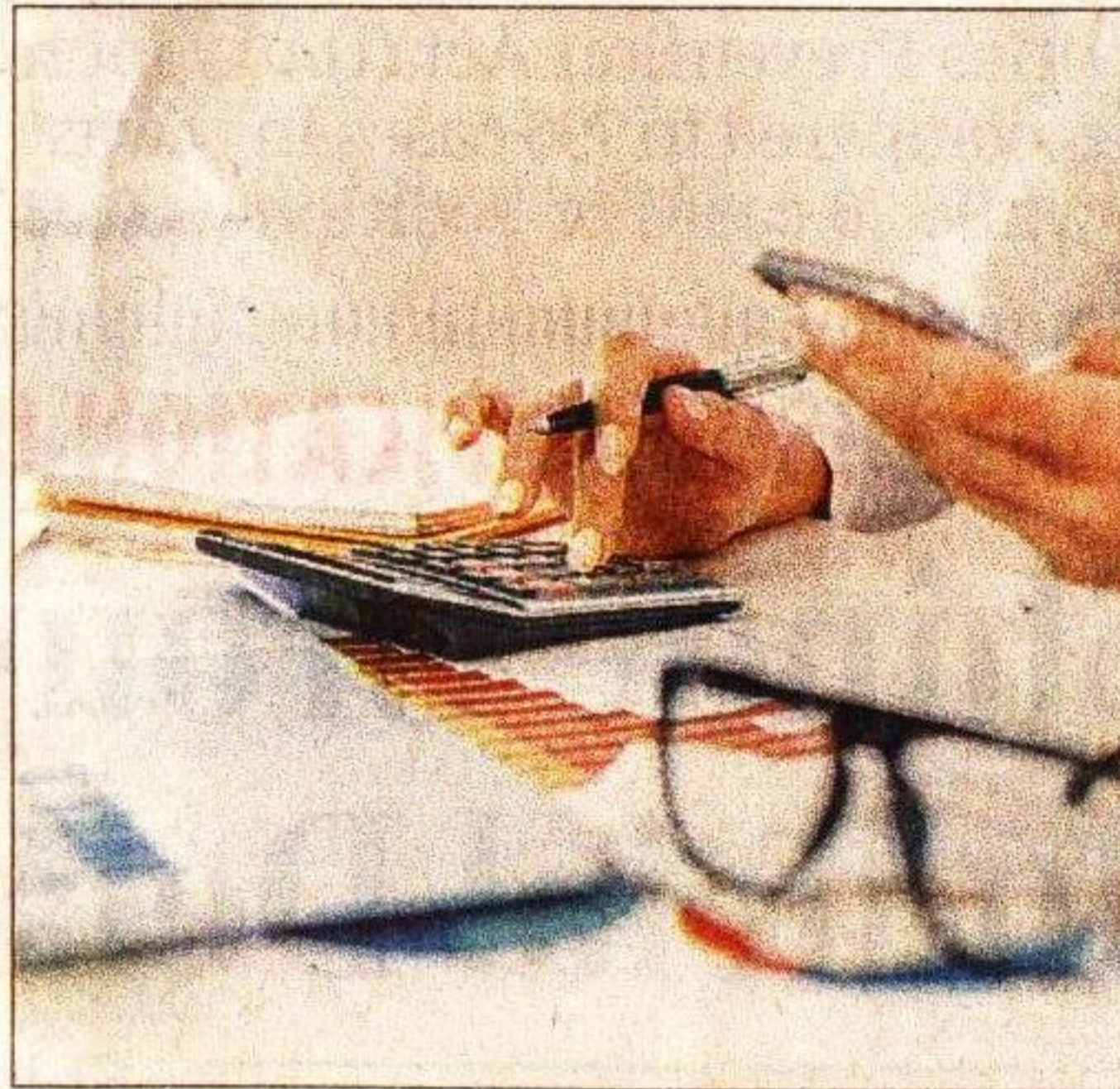
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“These criteria are linked to verification of claims or pending litigation in some cases,” a third person said.

IL&FS lenders have sought the distribution of money since it will help them boost earnings. Most banks have fully provided for the distressed SPVs of IL&FS, and thus the proceeds from recovery will be reflected in their financials.

When IL&FS collapsed in October 2018, it had 347 companies under its fold with a total debt of Rs 94,246 crore. IL&FS had indicated that, of this amount, an estimated debt of Rs 61,000 crore would be recoverable over the next few years. The finance company has undertaken the resolution of 191 group



entities through sale, liquidation closure or transfer to the InvIT, which had resulted in cash recoveries of Rs 16,742 crore as of December 7, 2021, according to an application filed by the finance company with the appellate authority.

IL&FS aims to complete the resolution of 249 companies, the same application stated. It also said that about 90% or Rs 55,000 crore debt will be resolved soon, while the rest will take a significant amount of time. In this context, IL&FS suggested to the NCLAT that “an interim distribution of proceeds be permitted so that the creditors do not have to wait till the final overall resolution of the IL&FS group is completed.”

The Ministry of Corporate Affairs seized control of financially troubled IL&FS in October 2018 and the appellate authority granted a blanket moratorium on the repayment of loans. The government appointed a new board led by Uday Kotak, MD & CEO of Kotak Mahindra Bank, to oversee the company's resolution.