

IL&FS Challenges NCLAT Order on Fund Disbursal from ITNL Arm

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Mumbai: Infrastructure Leasing & Financial Services (IL&FS) has filed an appeal in the Supreme Court challenging the National Company Law Appellate Tribunal's (NCLAT) September 19 order that allowed an interim distribution of funds from the escrow account of Baleshwar Kharagpur Expressway. The escrow account belongs to an arm of IL&FS Transportation Networks (ITNL).

NCLAT passed an order in response to an application filed by the State Bank of India (SBI), directing the distribution of ₹263.44 crore to lenders under the interim distribution arrangement. However, IL&FS has challenged this decision, arguing that the interim distribution it follows is based on a different set of rules approved by NCLAT, which apply to all IL&FS Group companies.

IL&FS claimed the NCLAT order breaches the "principle of equitable distribution to all creditors", a framework designed for the resolution of IL&FS Group entities. IL&FS was referred for an in-court resolution process in October 2018 for a resolution of ₹1 lakh crore debt across over 300 entities.

