

IL&FS's new board moves NCLAT, urges it to curb PSBs from tagging group firms as 'wilful defaulter'

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The newly appointed board of debt-ridden IL&FS has urgently sought appellate tribunal NCLAT's intervention to restrain 11 public sector lenders from initiating proceedings to declare group companies as "wilful defaulters".

In its petition, IL&FS said it was aggrieved by the "blatant violation and disregard" of previous NCLAT orders by the banks. IL&FS also charged banks of taking procedural action under the garb of the RBI guidelines, and "harassing the directors" of IL&FS firms.

The banks were "issuing show cause notices, calling

for a personal hearing before the wilful defaulter identification committee, threatening initiation of criminal proceedings, including initiating proceedings as well as and for declaring IL&FS companies and their current directors as wilful defaulters, as well as getting issued look out circulars," it submitted.

'Coercive actions'

"All such coercive actions/steps are attempts by the respondent banks to pressurise the IL&FS companies to directly or indirectly meet their debt demands, without having regard to the fact that the resolution/satisfaction of debts of all the creditors of



the IL&FS companies is subjudice before this tribunal," it submitted.

IL&FS has asked that the banks be restrained from pursuing proceedings against "other IL&FS companies and/or their directors and/or officers appointed after October 2018 by the IL&FS new board". It has also made the RBI a

party, and requested NCLAT to "pass an order directing Respondent No. 12 (RBI) to direct Respondent No. 1 to 11 (banks) restraining them from taking any coercive action against the applicants and other IL&FS companies." It has also requested the National Company Law Appellate Tribunal (NCLAT) to direct banks to "not take any coercive action against the applicant and other IL&FS companies and/or their directors and/or officers" during the pendency of the hearing and final disposal of the present application.

The banks are: Central Bank of India, Bank of Baroda, Indian Bank, Canara Bank, Punjab National

Bank, Indian Overseas Bank, State Bank of India, Bank of India, Jammu & Kashmir Bank, IDBI Bank and Union Bank of India. According to IL&FS, the banks were participating in the IL&FS resolution process to get their debts addressed and these parallel coercive steps were not only "squarely in the teeth" of the orders passed by NCLAT, but were the likely result of either a selective reading of such orders, or an "uncoordinated mechanical attempt" at purportedly complying with applicable RBI guidelines.

IL&FS's new board had already referred the actions of the erstwhile management for investigation.