

No action against IL&FS, board, PSBs told

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THE NATIONAL COMPANY Law Appellate Tribunal (NCLAT) has directed 11 public sector lenders not to take coercive action against IL&FS and its group companies till its next hearing on May 14.

A two-member NCLAT bench headed by justice Ashok Bhushan also issued notices to the banks, along with the Reserve Bank of India (RBI), directing them to file a reply.

“In view of the order dated October 15, 2018, the respondents (banks) shall not proceed to take any coercive action against the Applicant (IL&FS and group companies) till the next date,” said the NCLAT.

On October 15, 2018, the NCLAT had stayed all proceedings against IL&FS and other group companies till its further order. It had also



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restrained creditors of IL&FS from filing suits, in the case of non-repayment of loans.

The NCLAT direction came on Tuesday over an urgent plea moved by the newly appointed board of debt-ridden IL&FS, seeking direction to the banks restraining them from initiating or pursuing any proceedings for declaration as willful

defaulter against its group companies and their officials.

The appellate tribunal has directed to list the IL&FS application on May 14, 2024, for the next hearing.

On October 1, 2018, the NCLAT superseded the existing board of IL&FS on the recommendation of the centre after the mega-crisis in

IL&FS, which shook the finance industry.

A new board for IL&FS, which had a debt burden of ₹94,000 crore, was appointed to take charge of the affairs and the NCLAT conceived a framework for resolution of the crisis-hit group.

It also granted protection to the IL&FS companies against recovery of any further dues and immunity to the newly appointed directors of IL&FS against any proceedings for the past actions of suspended directors or any of the officers thereof.

IL&FS, in its application filed before the NCLAT, said it is 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 directors of the IL&FS companies.