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IL&FS seeks nod to sell insolvent firms without shareholders' okay

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IL&FS group has approached the NCLAT to seek permission to sell its stake with a "haircut" and without shareholders' approval in its companies, which are insolvent with unsustainable debts and placed under the Category II list of resolution framework.

The government sought time to file a reply from the National Company Law Appellate Tribunal (NCLAT) in the last hearing earlier this week over IL&FS' interim application to sell a stake in group entities falling under Category II, whose highest bid amount was lesser than their debts.

In this process, "lenders, as well as shareholders, would anyway have to take a haircut for their respective debt and equities," IL&FS said, adding that it would also ensure the revival of such entity, balancing the interests of stakeholders.

The resolution of such companies is in line with the process followed under the Insolvency and Bankruptcy Code, where the requirement of seeking consent from shareholders is dispensed with, IL&FS has submitted.