



## **FOR IMMEDIATE RELEASE**

**Media Release: 15 October 2018**

### **NCLAT interim order on October 15, 2018**

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The Union of India (acting through the Ministry of Corporate Affairs) had filed an application with the National Company Law Tribunal, Mumbai Bench under section 242 of the Companies Act, 2013 on October 12, 2018 seeking a moratorium on creditor proceedings against IL&FS Limited (and its group companies) to enable formation of an orderly resolution plan in light of the current circumstances facing the IL&FS group. The NCLT declined (in its order of 12 October 2018) to grant such reliefs and an appeal was filed by the Union of India with the National Company Law Appellate Tribunal (**NCLAT**).

After considering the submissions of the Union of India, and taking into account the larger public interest as well as those of the IL&FS group, the NCLAT passed an interim order on October 15, 2018 granting a moratorium on all creditor actions against IL&FS Limited (**IL&FS**) as well as all of its group companies.

The comprehensive moratorium prohibits initiation or continuation of legal proceedings, enforcement of security over assets of IL&FS and its group companies in addition to restricting creditors from accelerating or making demands for payment of their credit facilities, debt securities, premature withdrawal of deposits or appropriating cash balance of IL&FS or its group companies, though it will not extend to specific High Court proceedings under Article 226 of the Constitution of India or matters which fall within the jurisdiction of the Supreme Court of India.

The moratorium is effective immediately and will continue till further orders and the next date of hearing is scheduled for November 13, 2018.



In addition to providing much needed relief from precipitative creditor actions against different entities within the IL&FS group, the moratorium enables value preservation of the group's assets and will also assist the newly constituted board of directors of IL&FS in its effort to evaluate and prepare a resolution plan keeping various stakeholders in mind.

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