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Fri, 09 Aug-19; Business Standard - Delhi; Size : 244 sq.cm.;

Circulation:108165; Page : 6

NCLAT pulls up MCA, IL&FS board for delay in resolution

Appellate tribunal asks them to file progress report latest by September 3

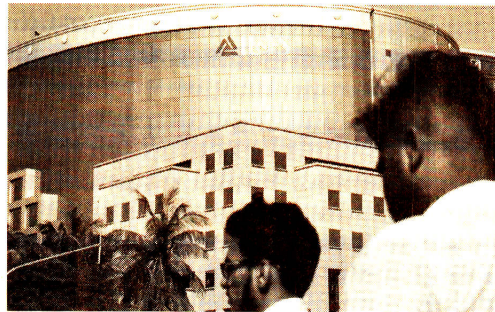
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New Delhi, 8 August

The National Company Law Appellate Tribunal (NCLAT) on Thursday pulled up the Ministry of Corporate Affairs (MCA) and the newly appointed board of Infrastructure Leasing & Financial Services (IL&FS) for inordinate delay in presenting the final resolution plan for the debt-laden firm.

"In spite of our order dated 12th July, 2019, no progress report has been filed by Union of India/IL&FS. They are allowed to file the progress report by tomorrow. We make it clear that before the next date of hearing, the Union of India must pass final order and settle the claim of all the creditors with regard to three amber or green entities," a two-judge Bench headed by Chairperson Justice S J Mukhopadhyaya said.

The three amber companies, which had to be converted to green and allowed to service debts, are Moradabad Bareilly Expressway, Jharkhand Road



By the next date of hearing on September 5, the MCA and the new IL&FS board will have to present a plan for the 82 companies currently placed in the red category

Projects Implementation Company, and West Gujarat Expressway.

By the next date of hearing on September 5, the MCA and the new IL&FS board will also have to present a plan for the 82 companies currently placed in the red category, the NCLAT said. The ministry or the board should, however, take permission from Justice D K Jain before selling or cre-

ating any third party rights in any of the red group companies, the NCLAT said. The resolution of all IL&FS group companies is being overseen by former Supreme Court judge Justice D K Jain.

The NCLAT has also allowed the MCA, as well as IL&FS, to call a meeting of the financial creditors and lenders to the debt-laden firm, and if needed "take up the matter on day to

day basis to ensure that the total process with regard to all the amber entities".

"They will keep it in mind that already 300 days approx have completed since the interim order was passed on 15th October, 2018," the NCLAT said, adding that a fresh progress report should be filed by September 3.

On February 11, the central government and the new board of IL&FS had submitted an affidavit detailing three categories — green, amber, and red. The firms of the group had been classified under these categories based on their ability to service routine debt obligations.

The companies which had enough cash to service the debt of secured and unsecured creditors were placed in the green category, while those with cash to pay only secured creditors were placed under amber. Those IL&FS companies which were not in a position to service the debt of both secured or unsecured creditors were placed in the red category.