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NCLAT clears action + on ex-IL&FS chiefs

The National Company Law Appellate Tribunal (NCLAT) has allowed state-owned Canara Bank and Indian Bank to pursue proceedings against former Infrastructure Leasing & Financial Services (IL&FS) directors, who are not part of the new board, to declare them as wilful defaulter.

However, the appellate tribunal said those directors who are part of the new board of IL&FS and its various subsidiaries after 1 October 2018, would remain protected.

“We are of the view that this protection shall extend to Professional Directors who have been reappointed in IL&FS and its subsidiaries who are the part of the present board. With respect to IL&FS and IL&FS Group...we grant leave to the bank to make an application for proceeding against them,” said a two-member NCLAT bench comprising chairperson justice Ashok Bhushan and member Barun Mitra.

The government had appointed a new board of IL&FS on 1 October 2018, after a ₹90,000 crore debt surfaced, which had then sent shock waves to the financial sector of the country. **PTI**