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NCLAT Reserves Order on IL&FS Engg Sale

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New Delhi: National Company Law Appellate Tribunal (NCLAT) on Tuesday reserved its order in ICICI Bank's application opposing the sale of IL&FS Engineering and Construction Company Limited (IECCL), an entity of IL&FS Group, as only 42.25% of its share capital has been up for sale instead of 100%. Howen International Fund SPC, the successful bidder for IECCL, has offered ₹800 crore for the 42.25% stake.

ICICI Bank's counsel argued that IECCL's 100% share capital should be sold since it will fetch a better value.

IL&FS' debt resolution framework

allowed the bidder to bid for only 42.25% of IECCL share capital, which represented IL&FS' share, but get 100% of IECCL's shareholding. But IL&FS sought exemption of IECCL from the above arrangement as a 100% transfer of share capital would result in delisting of IECCL, which the successful bidder wants to avoid.

Further, a 100% share capital sale would result in starting the process from scratch, which may prolong the process. Ramji Srinivasan, senior advocate and Raunak Dhillon appearing for IL&FS argued that yielding to the lender's demand can hamper IECCL's resolution process since the sole bidder would abandon the process.

