

NCLAT Asks Lenders Not to Take Coercive Action against IL&FS

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New Delhi: In a relief for Infrastructure Leasing & Financial Services Ltd (IL&FS), the National Company Law Appellate Tribunal (NCLAT) Wednesday directed its 11 lenders not to take any coercive steps against IL&FS and its group companies until the next date of hearing on May 14.

IL&FS' current board, formed in 2018 after dismantling the previous one to dispense of the group's debt of ₹94,000 crore, had moved the NCLAT on Tuesday to prevent the 11 public sector lenders from declaring its group companies as wilful defaulters. The appellate tribunal also issued notices to the lenders and directed them to file a reply.

"In view of NCLAT's order of October 15, 2018, the respondent shall not take any further steps to declare IL&FS as a wilful defaulter," the tribunal said.

The October 2018 order had granted protection to the non-banking financial company and its 348 group companies against proceedings in case of non-payment of loans. It also provided immunity to IL&FS' board members who were appointed in 2018 after intervention from the Centre as the debt crisis had rocked the financial industry.