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IL&FS allowed to revise terms in HQ sale to Chronos

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The National Company Law Tribunal (NCLT) has upheld Infrastructure Leasing and Financial Services Ltd's (IL&FS) contractual right to revise the transaction value in the sale of its iconic headquarters, The IL&FS Financial Centre (TIFC), in Mumbai's premier office hub Bandra Kurla Complex (BKC).

In 2021, Chronos Properties Pvt. Ltd, an affiliate of investment firm Brookfield, had emerged as the highest bidder at ₹1,080 crore for the property as part of the resolution process for debt-laden IL&FS.

In its 28 November order, the NCLT's Mumbai Bench disposed of an application filed by Chronos seeking enforcement of its ₹1,080 crore bid for TIFC. The tribunal further ruled that IL&FS's 16 August 2024 letter enhancing the consideration to ₹1,481 crore is valid and cannot be quashed.

In June, IL&FS filed a petition in NCLT, seeking to dismiss the Brookfield-backed bid for its flagship BKC property citing bidder disqualification and non-compliance with bidding conditions. In its order, NCLT held that the letter of intent dated 21 March 2022, constitutes a concluded and binding contract between IL&FS and Chronos. However, IL&FS has a unilateral right to amend the letter, including the financial terms, under the court-approved resolution framework, the order added.

In June, IL&FS filed a petition in NCLT, seeking to dismiss the Brookfield-backed bid for its BKC property

TIFC, along with ICICI Bank's building, was one of the first properties to come up in BKC.

The former has around 4.5 lakh sq. ft of leasable area. IL&FS has been monetizing its assets to manage its debt obligations. Its failure to meet repayment obligations triggered a major liquidity crisis in 2018 that gripped India's non-banking finance sector.

An IL&FS spokesperson declined to comment on the NCLT order.

A spokesperson for Brookfield said: "Contrary to the argument by IL&FS, NCLT has found that the LoI (letter of intent) is a concluded contract between the parties. For the dispute over IL&FS unilaterally changing purchase consideration, we intend to pursue remedies including appellate avenues in accordance with law."

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