

LENDER LOOKS TO MOVE SC AGAINST NCLAT ORDER

HDFC may Contest IL&FS Building Sale

Shilpy Sinha & Maulik Vyas

Mumbai: Mortgage lender HDFC is contemplating approaching the Supreme Court to challenge a decision by the National Company Appellate Tribunal (NCLAT) allowing the sale of the IL&FS headquarters in Mumbai to Brookfield, a Canadian investor.

NCLAT had turned down HDFC's appeal for a stay on the sale of the property located in the Bandra Kurla Complex, which is regarded as one of the prime locations in Mumbai's business district. IL&FS had been permitted to sell the property after the infrastructure lending firm went bust in India's biggest-ever bankruptcy.

"IL&FS has already filed a caveat before the Supreme Court in this regard," said an IL&FS spokesperson in a response to ET's queries. The caveat is filed to ensure that the court doesn't pass any order on the matter until the company is heard.

An HDFC spokesperson did not respond to a request for comment.

HDFC had previously offered to provide a lease rental discounting loan of ₹400 crore to IL&FS, and a master facility agreement had been executed on June 25, 2018. However, in October 2018, the NCLT Mumbai bench stayed the enforcement of any security interest created over the assets of IL&FS and its 348 group companies.

Following this order, IL&FS infor-

med HDFC Bank, where an escrow account was set up and requested that the amount be reversed. The NCLAT also issued a directive in May 2019 prohibiting banks from recovering any dues from the distressed IL&FS group or its companies until their resolutions were addressed.

Meanwhile, IL&FS invited expressions of interest for the property's sale, and the committee of creditors approved Brookfield Private Capital entity Project Holding Seven's (DIFC) bid of ₹1,080 crore by a 73.5% vote.

The sale was approved despite HDFC's representative objecting to the agenda item as the matter was pending before the court. In

January 2022, the board approved the sale, which includes 12,651.95 square meters of land at Plot No. C-22, in the G Block of Bandra Kurla Complex together with the IL&FS Financial Centre.

The sale was not concluded as HDFC approached the court again in September 2022 to restrain IL&FS from proceeding with the sale.

IL&FS has resolved debt worth ₹56,943 crore as of September 2022, which is nearly 93% of the total estimated debt that it committed to resolving, according to an affidavit submitted to the NCLAT.



NCLAT allowed sale of the IL&FS headquarters to Brookfield and turned down HDFC's stay appeal