

IL&FS directors get respite from NCLAT



The tribunal said banks can proceed against the directors only with its permission.

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Insolvency appellate tribunal NCLAT has extended protection given to the directors of the new board of the debt-ridden firm IL&FS from being prosecuted by banks as wilful defaulters. A two-member bench stated that the

banks will proceed against the professional directors of the newly constituted board only after obtaining permission from the National Company Law Appellate Tribunal (NCLAT).

On 4 April 2025, NCLAT passed an order to protect those directors from prosecution by banks, who are part of the newly formed board of the IL&FS after takeover by the government. However, the NCLAT had then given a go-ahead to state-run banks—Canara Bank and Indian Bank—to pursue proceedings against former IL&FS directors, who are not part of the new board, to declare them as wilful defaulters.

“The order dated April 4, 2025, is still continuing. We are of the view that the said directions as per order dated October 15, 2018, have been extended to the Professional Directors who are reappointed in the Board,” the NCLAT bench, comprising its Chairperson Justice Ashok Bhushan and Member (Technical) Barun Mitra, said.

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