

NCLAT seeks resolution of IL&FS cases in 90 days

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New Delhi: The National Company Law Appellate Tribunal (NCLAT) on Thursday approved the resolution framework for troubled IL&FS Group and sought the conclusion of resolution of all the entities, preferably within 90 days, while also clearing the formula for distribution of the sale proceeds to clear liabilities that add up to Rs 91,000 crore.

In a 101-page order, NCLAT chairman Justice S J Mukhopadhyaya set aside the question of jurisdiction and asserted that the cases will be decided by appellate tribunal.

The crucial ruling sets the stage for what could be a move towards resolution of a large number of cases involving over 300 companies that were part of the IL&FS Group. The government had opted to supersede the management and take charge through a hand-picked board of directors led by

CRUCIAL RULING

banker Uday Kotak, citing mismanagement at the group. While some companies have been resolved through a variety of methods including sale, the fate of a large number of companies is unclear, prompting some of the investors and lenders to seek priority in getting a share of the pie.

NCLAT sided with the government's formula of pro-rata distribution of the proceeds among stakeholders. "The maximisation of the asset and distribution of it to all the stakeholders are the object to be kept in mind, while following any resolution framework for the IL&FS Group companies," the order said. It rejected demand from financial and operational creditors for distribution of the proceeds in line with section 53 of the IBC as "public interest" was involved.