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IL&FS case: NCLT turns heat on CEOs of Axis, StanChart

Threatens non-bailable warrants if they fail to attend Dec 16 hearing

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Mumbai, 25 November

The National Company Law Tribunal (NCLT) on Monday issued notices to the chief executive officers (CEOs) of Axis Bank and Standard Chartered Bank, asking them to personally appear in the contempt proceedings against them for violating the tribunal's order, failing which non-bailable warrants would be issued against them.

The bankers, the NCLT said, failed to appear in the case relating to the IL&FS fraud despite repeated notices from the ministry of corporate affairs (MCA). The matter is scheduled to be heard by the tribunal next on December 16.

The official spokesperson of Axis Bank said, "The bank respects all court/tribunal orders. However, it denies the allegations. Upon receiving the NCLT order, the bank will take appropriate steps."

Similarly, Standard Chartered said, it hasn't received the copy of the order. "Upon reviewing the contents of the order, we will decide the way forward".

Sources, however, said the CEO of Standard Chartered will be present on the next hearing.

The Bench was presided over by Bhaskara Pantula Mohan and Rajesh



Amitabh Chaudhry, CEO, Axis Bank

Sharma. Amitabh Chaudhry is the CEO of Axis Bank and Standard Chartered Bank's CEO is Zarin Daruwala.

The Mumbai Bench of the NCLT, in April this year, issued notices to Chaudhary, Daruwala, Ramesh Bawa (former managing director and CEO of IL&FS Financial Services) and his wife for violating the tribunal's order. It had also asked them to furnish their replies to the contempt pleas filed against them within two weeks.

In December 2018, the NCLT had passed an order which restrained nine erstwhile directors of the beleaguered Infrastructure Leasing and Financial Services (IL&FS), including Bawa, from disposing of their assets and creating third-party rights on their properties. On January 16, 2019, the National Company Law Appellate Tribunal allowed them to withdraw up to ₹2 lakh a



Zarin Daruwala, CEO, Standard Chartered

month from any one of the bank accounts after intimating the NCLT.

However, the MCA alleged that Bawa had transferred ₹3.84 crore from his ICICI Bank account to his daughter Akansha on December 3, 2018, despite being fully aware that a petition was being filed before the NCLT to freeze assets of the directors.

Subsequently, while the hearing for freezing of the assets of IL&FS directors was on, Bawa further transferred ₹1.14 crore from his Axis Bank account.

And, while an order was passed restraining the company's directors from disposing of their assets, Bawa had accessed his lockers in Axis Bank and Standard Chartered.

The government had alleged that the lockers, along with the bank accounts, were operated despite notices by the NCLT to banks and the Indian Banks' Association.