

# Four banks oppose NSEL-FTIL merger in high court

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Four banks with loans to Financial Technologies (FTIL) have asked the high court here to be allowed to intervene in opposition to the Union government's proposal to merge scam-hit National Spot Exchange (NSEL) with the former, its promoter.

The four are Union Bank of India, DBS Bank, Syndicate Bank and Standard Chartered Bank. It appears they filed the plea last month. The HC

has asked them to file a detailed reply by February 4, the next date of hearing.

The ministry of corporate affairs had proposed the merger, on a recommendation from the Forward Markets Commission, the commodities market regulator, and the department of economic affairs. The HC has asked for status quo, till it hears the arguments for and against.

The proposed move was an attempt to speed the repayment to investors of the ₹5,600 crore on which NSEL had defaulted in July 2013. However, it is yet not

proven that the ₹5,600 liability is of NSEL.

The FTIL counsel had earlier argued the relevant section of the Companies Act invoked by the government had never been used for forcible merger of any private companies. Also, that the board of directors of both companies have to accept such a merger, after which it needs central Government approval.

FTIL had earlier also said it feared the default of its subsidiary would be transferred on its books, adversely hitting its shareholders.