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Recover ₹150cr from ex-dirs: Govt to IL&FS

In a rare move, govt has asked the board of IL&FS and 2 of its arms to recover excess money of Rs 150cr, including managerial remuneration & commissions, from ex-directors. The move came after the entities restated their accounts to show losses of Rs 9,600 cr for FY 2013 to 2018 instead of Rs 1,869cr profit estimated by management & board. **P15**

IL&FS, arms told to recover ₹150cr from ex-directors

Extra Managerial Remuneration, Commission To Be Recouped

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New Delhi: In a rare move, govt has asked the board of IL&FS and two of its arms to recover excess money of Rs 150 crore, including managerial remuneration and commissions, from ex-directors after the entities restated their accounts to show losses of Rs 9,600 crore for financial years 2013 to 2018, instead of a profit of Rs 1,869 crore estimated by the management and board, which had to be superseded following massive irregularities.

Directors of IL&FS Financial Services (I-FIN) and IL&FS Transport Network, where accounts were not found to be in order, are facing similar action, official sources told **TOI**.

A large part of the amount is to be recovered from four key directors — Ravi Parthasarthy, Arun Saha, Hari Sankaran and Ramesh Bawa — with the sum adding up to over Rs 100 crore. Milind Patel, Rajesh Kotian, and Vibhav Kapoor are some of the other directors, who

RESTATING A/Cs TO SHOW LOSSES

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> Independent directors have to refund a part of the

commission paid during their tenure when restating of accounts to show losses instead of profits took place

> The list includes prominent names such as Maruti Suzuki chairman R C Bhargava, VBHC founder and director Jerry Rao, former HDFC boss K M Mistry, former LIC chairman S B Mathur, retired civil servant Michael Pinto and Rina Kamath



face similar action.

The independent directors, some of whom are big names in the corporate sector, have to refund a part of the commission paid during their tenure when the fraud was perpetuated. The list includes prominent names, such as, Maruti Suzuki chairman R C Bhargava, VBHC founder and director Jerry Rao, former HDFC boss K M Mistry, former LIC chairman S B Mathur, retired civil servant Michael Pinto and

Rina Kamath.

After **TOI** first reported about the revised accounts on May 6, a former independent director had said that board members like them should not be held responsible as they were not responsible for day-to-day functioning of the entities and went along with the accounts that were presented and discussed at the board meetings.

The boards of IL&FS, I-FIN and ITNL had recast the financial statements for five

financial years as mandated by NCLAT and submitted their findings to the ministry of corporate affairs (MCA). The company has also filed these accounts with NCLT so that they can be taken on record.

When contacted, an IL&FS spokesperson said: "All three companies, IL&FS, IFIN and ITNL, have written letters to their erstwhile directors informing them of the excess managerial remuneration paid to them between FY2013-18. They have been asked to refund the excess managerial remuneration to the company under applicable laws. These amounts have been computed based on the recasted statements for FY2013-18."

An official source said the action has been initiated under sections 197 and 198 of the Companies Act, 1956, which was replaced by a new law, had stricter provisions related to directors of companies whose boards were superseded as it made them ineligible for board seats in future.