

## ● VOLUNTARY LIQUIDATION

# IL&FS seeks to dissolve 15 group firms

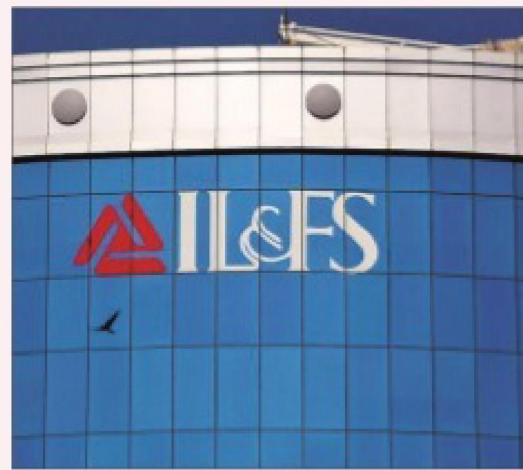
**Board aims to recover around ₹15 crore from the liquidation of these companies**

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Mumbai, June 10

**IN ORDER TO** wrap up inactive entities, the IL&FS board will initiate voluntary liquidation of 15 small group companies soon, a senior official with knowledge of the matter said. The board aims to recover around ₹15 crore from the liquidation of these companies, wherein the IL&FS group is a majority shareholder, the official said. A plea is likely to be filed soon with the ministry of corporate affairs (MCA) for the liquidation of these companies, including Khambhat Port, the official said.

In a board meeting held on June 7, the government-appointed board of IL&FS approved undertaking voluntary or summary liquidation of 15 group companies engaged in sectors including roads, airport and port services and solar power, the official said. IL&FS group holds above 75% stake in all of these companies.

“About 15 entities are there which do not have significant business. Those com-



panies have to be terminated, and their registrations nullified. We are trying to go for voluntary liquidation or summary liquidation for those to give them a logical conclusion and reduce the total number of group companies,” the official said, adding that IL&FS is likely to engage auditors to look into the accounts of these companies this week. Currently, there are 169 companies under the umbrella of the IL&FS group.

Voluntary liquidation is allowed under Section 59 of the Insolvency and Bankruptcy Code, 2016, provided the company being liquidated can pay its entire dues from the proceeds of assets being sold in the process. The majority of directors need to file an affidavit with the MCA declaring the same, along with audited financial

### CONDITIONS FOR VOLUNTARY LIQUIDATION

- Voluntary liquidation is allowed under Section 59 of the Insolvency and Bankruptcy Code, 2016
- The company being liquidated should pay its entire dues from the proceeds of assets being sold in the process
- The majority of directors need to file an affidavit with the MCA declaring the same, along with audited financial results of the company
- The board may also take approval from lenders to repeat this process for around 20 more group companies

results of the company.

The board may also take approval from lenders to repeat this process for around 20 more group companies, the official said. “There are 35 companies which we want to wind up, but 15 we have taken up for first round. Based on our experience with the first phase of voluntary liquidation and recover-ability of the remaining companies, we will proceed with the additional cases,” the official said.

Following an order passed by the National Company Appellate Law Tribunal (NCLAT) in February, the government-appointed board of IL&FS classified its group companies into green, amber and red. 50 companies categorised as “green” can fully service their debt; 13 “amber”

companies can only service their debt to senior secured financial and operational creditors and 80 “red” companies are unable to service their debt altogether.

The financial irregularities in the books of IL&FS came into scrutiny last year, after the company failed to fulfil short-term and long-term debt obligations to the tune of ₹91,000 crore.

The insolvency process was initiated and in October 2018, the Mumbai bench of the tribunal ordered the suspension of the IL&FS board, to be replaced by a government appointed board. Uday Kotak, managing director, Kotak Mahindra Bank, was appointed non-executive chairman of the new board, which currently oversees the resolution process of the company.