

# IL&FS seeks legal advice to recover excess remuneration paid to directors

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IL&FS Group is seeking legal advice on the course of action against its ex-directors and two step-down units, who have refused to return the excess managerial remuneration paid to them, according to the latest affidavit filed by the debt-ridden firm before NCLAT.

IL&FS is in the process of recovering approximately ₹187 crore from the directors and independent directors of the previous board, during whose tenure the company and its two subsidiaries — IFIN and ITNL — were shown in profit through financial engineering, though they were in loss.

Earlier this year, books of accounts and financial state-

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ments of IL&FS, IFIN and ITNL were recast on the directions of the National Company Law Tribunal (NCLT) for five years — FY 2013-14 to FY 2017-18- and a loss of around ₹9,600 crore was found.

#### **PROFIT DISCREPANCY**

Originally, a profit of ₹1,869 crore was shown by the previous company management and Board, which the govern-

ment later superseded following revelations of irregularities that shook India's financial sector.

"The audited reopened books of accounts and recasted financial statements for IL&FS, IFIN and ITNL were submitted to Ministry of Corporate Affairs on July 31, 2023, June 26, 2023, and April 3, 2023" and later NCLT on June 28, 2024 also took on record the audited financial statements.

In pursuance of the audited re-casted financial statements, IL&FS has issued 10 letters dated August 13, 2024, IFIN has issued 12 letters dated August 14, 2024, and ITNL has sent 12 letters dated August 14, 2024, to their respective erstwhile directors "seeking recovery of approximately

₹187.02 crore as excess monies/ remuneration paid within 60 days period".

"The responses to above letters have started coming in and two Independent Directors, one from IL&FS and one from ITNL repaid the amount received by them without admitting any allegation and keeping their legal rights reserved," it said.

"Further, the independent directors raised the issue that under section 199 of the Companies Act, 2013, no recovery whatsoever can be made from independent and non-executive directors," it said. Moreover, its former executive and whole-time directors have responded by stating, among other things, that the provisions of sections 197 and 198 and part II of Schedule V are not applicable to them.