

CENTRE EXTENDS UDAY KOTAK'S TERM AS IL&FS CHAIR BY 6 MTHS

Press Trust of India

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NEW DELHI: The government on Wednesday extended the term of Uday Kotak as non-executive chairman of debt-ridden IL&FS group by another six months.

The government through a gazette notification extended the term of Kotak, who is also the managing director and chief executive officer of Kotak Mahindra Bank, till April 2, 2022.

The notification was issued by the Department of Financial Services in the ministry of finance dated September 21, 2021.

Last year, the government had extended his term by 12 months till October 2, 2021. The extended six-month term will commence from October 3, 2021.

Under the Banking Regulation Act, 1949, a bank cannot be managed by any person who is a director of any other company. He or she can be given a temporary exception for three months or nine months with the concurrence of the RBI.

The statutes will "not apply to Kotak Mahindra Bank in so far as it relates to its managing director and chief executive officer Uday Kotak being on Board of Infrastructure Leasing and Financial Services Limited as its non-executive director for a further period up to the 2nd day of April, 2022," the notification said.

Kotak was appointed by the government as the head of the lender's board in 2018 to help the troubled company come out of difficulties, after the state took over the board.

The Uday Kotak-led board has discovered that there was a complex web of over 250 companies which were part of the overall IL&FS group that has an outstanding of over ₹94,000 crore to lenders. Over 90% of the flagship company's assets are classified as dud.

The board is trying to keep the company as a going concern by focusing on asset sales and has appointed a resolution professional to steer the way.