

IL&FS sees mgmt collusion, fraud in IFIN's bad loans

Board May Target Some Defaulters For Criminal Proceedings

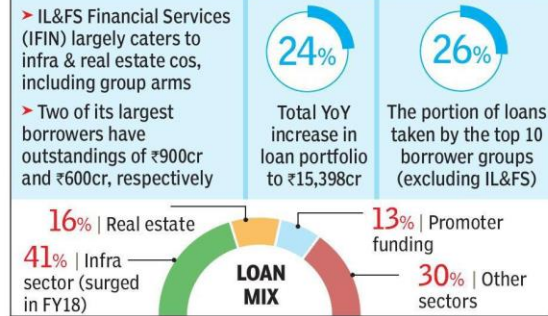
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Mumbai: The government-appointed board of IL&FS is planning to initiate criminal proceedings against several defaulters of IL&FS Financial Services (IFIN), charging them of colluding with the erstwhile management. This is after discovering large-scale irregularities, which includes ever-greening of loans and funds being routed to entities that are ineligible to borrow.

"We have initiated legal action against companies that have defaulted on due payment to IFIN, after giving them adequate notice to make payment. We also propose to take legal action in cases where loans have been sanctioned in collusion — by concerned committee of office bearers — with the borrowers," said an

WHAT DOES IFIN DO

(All figs as on Mar 31, '18)



IL&FS spokesperson in response to a query from TOI.

According to sources, of IFIN's outstanding loan book of over Rs 15,000 crore as on March 2018, nearly Rs 7,000 crore of advances, availed of by 50 entities, have turned non-performing. Bad loans surged after borrowers stop-

ped repaying, taking advantage of distress in the group, which resulted in the government replacing the management and board of the parent company. Sources said that the wilful default by these borrowers amounted to fraud.

The private lender has decided to recall the loans and

initiate recovery proceedings. A scrutiny of the loan books has revealed that around Rs 1,200-crore loans are without any security, another Rs 2,000 crore is without adequate security. Advances of close to Rs 3,000 crore have been made without proper risk assessment and another Rs 3,000 crore have been routed to other entities who were not eligible to borrow. The board has also discovered that Rs 2,500 crore was used for ever-greening earlier loans.

Sources said that the IL&FS board suspected that there was connivance between top officials at IFIN and a few borrowers as some of the irregularities were blatant. Some of the large loans were cleared by a credit committee, which included directors Hari Sankaran, Ramesh Bawa, Arun Saha and Ravi Parthasarathy.