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CBI files bank fraud case against IL&FS Energy Development Co. Ltd.

New Delhi, Oct 23 (PTI) The CBI has filed a case against IL&FS Energy Development Company Limited (IEDCL), its former managing director and other senior officials for allegedly causing a loss of Rs 212.34 crore to Canara Bank, officials said on Friday.

The company was sanctioned a short-term loan of Rs 100 crore under Multiple Banking Arrangements (erstwhile Syndicate Bank) for 12 months to fund its Solar Park, Wind Energy and Solar Energy projects, currently being implemented through its various project companies, the FIR alleged.

It alleged that the London branch of the erstwhile Syndicate Bank extended a term loan of USD 50 million for onward lending to the borrower's Special Purpose Vehicle existing and new projects in the infrastructure sector, and for any other end use permitted under the extant External Commercial Borrowings guidelines of the RBI.

The forensic audit conducted by Canara Bank, in which Syndicate Bank was merged, showed that the borrowed funds were diverted and deployed for purchases and activities other than those for which they were sanctioned.

The funds were routed through group and associate entities and other transactions, with inadequate supporting documentation and questionable accounting treatment, resulting in wrongful loss to the bank, the FIR alleged.

"It is further alleged that the company has also misrepresented the financials to conceal its worst financial position," it said. PTI ABS DIV