

IL&FS Financial to auction off ₹5K cr corporate loans

Process to be launched this week; sale to be on cash consideration

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IL&FS FINANCIAL Services (IFIN) has proposed to auction off its external corporate loan book worth about Rs 5,000 crore through a bid process, in an attempt to reduce the overall debt of the IL&FS group.

The process will be launched this week, a source in the know of the development said. As of March 2019, the assets under management of IFIN stood at Rs 18,000 crore, which includes external, internal loans and internal investments.

The company is yet to declare its results for financial year 2019-20.

The sale of the loans would be on cash consideration.

The company's external corporate loan book includes loans to over 70 companies that have become non-performing assets (NPAs).

When contacted, a spokesperson for Infrastructure Leasing & Financial Services (IL&FS) said, "The company is launching a public process this week to invite bids for the sale of IFIN external corporate loan book."

According to the annual report of IFIN for 2018-19, it had a net loss of Rs 13,272 crore as compared to a net profit of Rs 9.5 crore in 2017-18.

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LOANS TO OVER 70 COs HAVE BECOME NPAs

■ **IL&FS Financial Services is yet to declare its financial results for fiscal year 2019-20. The sale of the loans would be on cash consideration. The company's external corporate loan book includes loans to more than 70 companies that have become non-performing assets**

■ **According to the annual report of IFIN for 2018-19, it had a net loss of Rs 13,272 crore as compared to a net profit of Rs 9.5 crore in 2017-18. IFIN's total borrowing as at end-March 2019 from various avenues (debt securities, bank loans, commercial paper, inter-corporate deposits) stood at Rs 14,916 crore**

rowing as at end-March 2019 from various avenues (debt securities, bank loans, commercial paper, inter-corporate deposits) stood at Rs 14,916 crore.

IL&FS has resolved Rs 19,100 crore, or 19 per cent, of the group's outstanding debt.

During the July-September 2020 quarter, the new management resolved debt of approximately Rs 1,460 crore by way of sale of the education business, recovery from non-IL&FS group entities, increase in cash balances and debt repayment in green (solvent) entities.

However, the target for debt resolution during the second quarter was Rs 8,800 crore, which the group missed by a wide margin of Rs 7,300 crore.

The group, however, maintained its earlier estimates of addressing more than 50 per cent of the overall debt of over

Rs 99,000 crore as of October 2018, by the end of 2020-21.

Markets regulator Sebi recently disposed of proceedings against IL&FS Financial Services without issuing any direction against it in a matter pertaining to alleged violation of underwriter norms. The firm is a Sebi registered underwriter.

The order came after the Ministry of Corporate Affairs forwarded a report to the Securities and Exchange Board of India (Sebi) to ascertain if the underwriter, which is a 100 per cent subsidiary of IL&FS, was qualified to be a "fit and proper person" to continue as a Sebi registered intermediary.

The Serious Fraud Investigation Office (SFIO) had conducted an investigation into the affairs of IL&FS and its subsidiary companies responsible for the credit crisis.