

Look-out Circulars Issued against 6 IFIN ex-Directors

The directors formed a 'coterie' that allegedly committed fraud to hurt co's interests: SFIO

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Mumbai: On the request of the Serious Fraud Investigation Office (SFIO), look-out circulars have been opened against six erstwhile directors of IL&FS Financial Services (IFIN) who are referred to as the 'coterie' in its chargesheet filed before a special Mumbai court on May 30, an official said.

The look-out circulars (LoC) have been opened by immigration authorities to prevent the accused directors "from escaping the country while the investigation against them is underway", the official told ET on the condition of anonymity.

According to the SFIO chargesheet, the six – Ravi Parthasarathy, Hari Sankaran, Ramesh Bawa, Arun Saha, Vibhav Kapoor and Karunakaran Ramchand – formed the 'coterie' that allegedly committed fraud with an intent to injure the interest of IFIN, its shareholders and creditors, resulting in wrongful loss to the company.

In his statement on oath, Deepak Pareek, erstwhile CFO of the company, has justified

Case File

On SFIO's request LoCs opened against 6 former IL&FS Financial Services directors

LoC issued to ensure they don't flee, pending investigation



Ex-CFO Pareek in his statement on oath denies anomalies pointed by RBI

Pareek says RBI guidelines on evergreening of loan doesn't apply to NBFCs

most of the anomalies pointed out by the Reserve Bank of India (RBI) in its assessment reports. On the point of 'evergreening of loans', he argued that the board of the company is empowered to set norms for lending. RBI has the power to classify credit transactions as evergreen for banks, however, similar guidelines are not applicable for NBFCs, Pareek claimed.

On being asked whether lending can be done to another entity of the same group to repay an earlier loan, he said, "NBFC prudential norms do not specify above parameter. It is the prerogative of the NBFC to undertake lending business in line with the framework established by the board of directors of the company, including grant of moratorium of principal and interest payment."

Asked about the systemic 'window dressing of the books of accounts', wherein the provisioning was avoided, Pareek stated, "The audit committee and board was also provided with the borrower wise group exposure for all the borrowers, including all

lending decisions undertaken. The audit committee meetings were attended by both the statutory and internal auditors where detailed deliberations use to be undertaken on the increase in the borrower level exposures, which were clarified by the senior management on the ultimate realisation plans."

SFIO, in its charge sheet, claimed that a ₹62-crore loan extended by IFIN to Reliance Naval and Engineering (RNEL) was without adequate collaterals. The firm's erstwhile promoter, SKIL group, is one of the borrowers of IFIN under probe by the agency. At the time when the said loan was disbursed the company wasn't taken over by Anil Ambani's firm, it said.

"Proposed facility to Reliance Naval and Engineering (RNEL) of ₹62 crore will be unsecured until NOCs were obtained from existing lenders. At the time of grant of loan, the borrower had no operations, and security was available only after one month after disbursement of loan," it said. ET has seen a copy of the charge sheet.