

IFIN lent ₹9,280 crore to group firms to clear outstanding loans

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MUMBAI: IL&FS Financial Services Limited (IFIN) had lent an estimated ₹9,280 crore to its group entities to help them repay their overdue loans and to avoid classification of their loan accounts as non-performing assets, the Serious Fraud Investigation Office (SFIO) has told a special court.

The said amount was disbursed in 88 transactions over a period of four financial years—from 2013-14 to 2017-18, the court said quoting SFIO's complaint and issued process against 23 people, including nine IFIN directors and five auditors of its group companies. The issuance of process marks the beginning of a criminal proceeding.

"The transactions were found to be fraudulent," special judge



The amount was disbursed in 88 transactions over a period of four financial years. ISTOCKPHOTO

Dr AA Jogleshwar said in his order on Tuesday.

The SFIO investigation also revealed that ₹2,797 crore was transferred to IL&FS Transport Network Limited, purportedly in breach of guidelines issued by the Reserve Bank of India (RBI) for advancing loans.

The ministry of corporate affairs had in September 2018

instructed SFIO to investigate the affairs of IL&FS after allegations of irregularities surfaced, and this complaint pertained to one of its subsidiaries—IFIN.

SFIO then filed a complaint before the court set up under the Companies Act, 2013. "On perusal of the complaint and the appended documents and upon noticing the aforesaid facts and circumstances prima facie a case is made out against the accused," the special judge said.

The accused, including IFIN, its directors and senior executives, including Ravi Parthasarthi, Hari Sankaran, Arun Saha, Vaibhav Kapoor, K Ramchand and Ramesh Bawa, would now be prosecuted under section 120B (criminal conspiracy), 417 (cheating), and 420 (cheating and dishonestly inducing delivery of property) of the Indian Penal Code and sections of the Companies Act.