

IL&FS shows ₹9,600cr loss in 5 yrs against ₹1,869cr profit

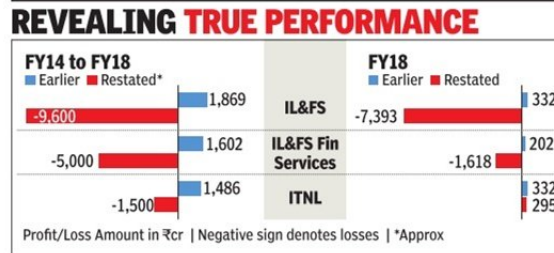
Fraud-Hit Co, 2 Arms Undertake Restatement Of Accounts

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New Delhi: Fraud-tainted IL&FS, IL&FS Financial and ITNL have undertaken a massive restatement of accounts, with IL&FS's loss now estimated at Rs 9,600 crore during five financial years ending 2017-18, against a profit of Rs 1,869 crore estimated by the management and board, which had to be superseded following massive irregularities that severely affected the country's financial sector.

There is a similar story at two other subsidiaries IL&FS Financial Services (I-FIN) and IL&FS Transportation Network (ITNL), where the accounts were not found to be in order. During 2017-18 alone, IL&FS's losses have now been estimated at Rs 7,393 crore, compared with profit of Rs 332 crore stated earlier; a govt source told TOI.

According to data shared with the ministry of corporate affairs, I-FIN's losses during the five years were pegged at



close to Rs 5,000 crore against the earlier-reported cumulative profits of Rs 1,602 crore between 2013-14 and 2017-18.

In the case of ITNL, the losses for the five financial years add up to Rs 1,500 crore, against profits of Rs 1,486 crore reported by the earlier management. The new management has forwarded the revised accounts to the govt following an order by the National Company Law Tribunal.

"IL&FS was required to reopen and recast the five-year financials for three entities—IL&FS, IFIN and ITNL—as per the NCLAT order in 2019. The recasting has been

completed and the recasted financials have been taken on record by the board of these respective companies. These records have also been forwarded to MCA and filed with NCLT to be taken on record," an IL&FS spokesperson confirmed, while responding to a query from TOI.

Audit firms—EY, Deloitte and KPMG—and their chartered accountants are in the dock for not spotting and reporting the irregularities. The revised accounts once again put the spotlight on the erstwhile management, the auditors and the independent directors, who have so far remain-

ned unscathed, despite massive fraud taking place right under their nose. Some of the key members of the management of the three companies and auditors of some of the companies are facing criminal cases for the irregularities, while the auditors and the firms are also facing disciplinary action. In the meanwhile, the new management has sold off a large part of the assets to repay a significant amount of the dues to creditors.

In October 2018, govt stepped in to take charge of the affairs of the companies citing mismanagement by the board. The govt had invoked provisions of the Companies Act as the management of IL&FS and other group companies were accused of negligence and incompetence, "falsely presenting a rosy financial statement". The companies were also investigated by the Serious Frauds Investigation Office, which had concluded that there was a failure in governance and irregularities.