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## IndusInd Acted on SBI, LIC Assurance



IL&FS investors LIC and SBI had requested IndusInd Bank to lend to the group months before the crisis began, report **Sachin Dave & Saloni Shukla. >> 12**

# Loans to IL&FS: IndusInd Bank Acted on Assurance from SBI, LIC

Stakeholders' assurances gave an impression that everything was on track in the company

**Sachin Dave & Saloni Shukla**

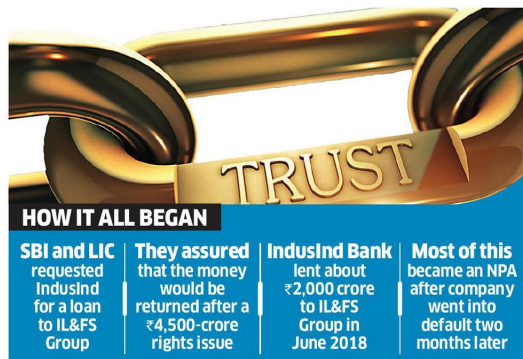
**Mumbai:** Two key investors in Infrastructure Leasing & Financial Services — Life Insurance Corporation and State Bank of India — had asked IndusInd Bank to advance a loan to the group, going out of their way to provide assurances to the lender, just months before the default crisis hit the group, said two people with direct knowledge of the matter.

SBI and LIC had requested IndusInd for a loan to IL&FS Group with the assurance that the money would be returned after an upcoming ₹4,500-crore rights issue, the people said.

Following the assurances, IndusInd Bank lent about ₹2,000 crore to the IL&FS Group in June 2018, most of which became a non-performing asset after the company went into default just two months later.

“Several meetings between IndusInd Bank and the stakeholders were held in June last year; just two months before IL&FS went bust.”

“The bank executives were under the impression that every-



thing was on track, especially when the promoters were trying to keep the company afloat,” one person told ET.

According to another person, the bank executives mentioned the meetings in their statement to the Serious Fraud Investigation Office.

The senior executives accused in the case claim that the assurances by SBI and LIC had led them to believe that everything was on track and that they must continue with the daily oper-

ations normally.

Emails sent to SBI and LIC did not elicit any response.

“The bank’s exposure to the holding company of the infrastructure group referred to, per terms of sanction, carried some mandatory contractual prepayments from their originally planned rights issue/liquidity support via certain shareholders,” an IndusInd Bank spokesperson said.

The private lender had disclosed loans of ₹3,000 crore to

IL&FS and its group companies. It made a 70% provisioning on the loans to the holding company and created a 25% provision cover on its exposure to the group’s special purpose vehicles.

It wrote off ₹1,000 crore of loan exposure to the group.

Many senior executives who were part of IL&FS Financial Services (FIN) are being investigated for their role in the alleged financial fraud.

The SFIO has accused about 30 individuals and companies, including senior executives, independent directors and auditors of IFIN in its chargesheet.

The SFIO is looking to widen the scope of its probe to other group companies.

ET was the first to report on June 5 that the SFIO had begun investigations into IL&FS Transportation Network and the holding company.

The ministry of corporate affairs on Monday took the unprecedented step of seeking a ban on auditors Deloitte Haskins & Sells and BSR & Co, a KPMG affiliate firm, for their alleged role in helping hide bad loans at IFIN.