

'ITNL's A/c Recast Delayed as Auditor, Accountant Differ Over Fin Statements'

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Mumbai: Infrastructure Leasing & Financial Services (IL&FS) has told the appellate bankruptcy tribunal that the recast of the accounts of IL&FS Transportation Networks India (ITNL) has been delayed because the accountant and the auditor for the exercise have yet to agree on the new financial statements.

IL&FS had defaulted on payments in 2018. The financial crisis at the non-bank finance group came to light in July that year, when its roads subsidiary ITNL reported difficulties in making repayments due on bonds. The government then replaced the company's board with members nominated by it. The companies are facing probes over alleged financial irregularities by their past management and executives. The account recasting exercise at ITNL is central to the case to ascertain the exact quantum of the fraud, said a senior official privy to the development.

Another subsidiary, IL&FS Financial Service (IFIN), has substantially completed the recast and audit of the accounts for fiscal years 2014-2018. But these have not been finalised yet, since the reworked financial statements for ITNL need to be factored onto the new financial statements of IL&FS and IFIN as well, as both have substantial exposure in ITNL by way of loans and investments, reads IL&FS application filed before the National Company Law Appellate Tribunal this week.

The accountant and auditors for the exercise at ITNL are yet to agree on the language contained in the notes and other disclosures in the recast financial statements of ITNL, it added.

According to the filing, the entire recasting exercise is likely to be completed in January.

When reached for a comment, IL&FS spokesperson Sharad Goel told ET: "The process is underway and likely to be completed soon."

At least two probe agencies — the Serious Fraud Investigation Office (SFIO) and the Enforcement Directorate (ED) — are probing the alleged irregularities at IL&FS. While the SFIO is probing the company and its subsidiaries under the Company Act, the ED is investigating them on charges of money laundering.

"The recasting exercise is necessary to detail out the profit-loss ratio. It will also elaborate if the expenses undertaken were genuine or fraud. Once that is done, the exact value of the losses, of this how much or if at all the entire value was defrauded," said another person privy to the development.

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