

# Bajpai Quits IL&FS Board Citing Personal Reasons

With his resignation, strength of the newly-appointed board has come down to six

## Our Bureau

**Mumbai:** Former Securities and Exchange Board of India (Sebi) chairman GN Bajpai resigned as director of debt-laden IL&FS Group just about a month after his appointment citing personal reasons. His exit means that the strength of the new board has dropped to six people from seven earlier. Kotak Mahindra Bank managing director Uday Kotak is the chairman of the government-appointed board seeking to find a solution to the cash-strapped company.

On Thursday, an IL&FS subsidiary company IL&FS Transportation informed stock exchanges that

the company had defaulted on ₹2.29 crore in interest payments due to debenture holders on November 1 due to insufficient funds, highlighting the problems for the group. Separately, IL&FS Transportation informed stock exchanges that independent director Neeru Singh had resigned as member of the board effective on November 1. It did not give a reason for Singh's resignation.

Meanwhile, US-based brokerage Jefferies said the total debt at the holding company is around 44% which faces a major risk of default. "Of the total IL&FS debt of ₹94,200 crore, around 19% is housed in the ultimate parent company, around 25% in intermediate holding com-

panies, and around 56% is the debt in the books of operating entity (SPV) level. We believe that the

holding company debts (cumulative around 44%) face major risk of default/cash flow shortage," Jefferies said referring to the IL&FS board's submission to the NCLT on Wednesday.

Of the total holding company debt, 44% is in form of non-convertible debentures and commercial papers, while 26% is from public sector banks, and about 15% is from

private banks. Four lenders, namely, State Bank of India (SBI), Bank of Baroda, Power Finance Corporation, Bank of India & IndusInd Bank have the most exposure to the group.

Jefferies highlighted some accounting irregularities from the plan submitted to NCLT by the new board. "Circuitous inter-group transactions to circumvent regulatory prescription, asset sales at very low prices inadequately supported by any rationale, leasing assets held by employees/relatives at price much higher than market rates, high leverage and poor return on investments creating a large asset-liability mismatch," Jefferies.

**IL&FS Transportation said that independent director Neeru Singh had resigned as member of the board from Nov 1**