

IDFC Bank sells bad loans worth Rs 5,000 crore to Edelweiss ARC

By [Saikat Das](#) & [Joel Rebello](#), ET Bureau | Updated: Mar 27, 2017, 07:33 PM IST

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Mumbai: IDFC Bank has sold nine stressed loan portfolios to [Edelweiss](#) BSE 2.03 % Asset Reconstruction Company for about Rs 5,000 crore in the largest such transaction this financial year, a move that may pave the way for other lenders struggling to get rid of thousands of crores of bad loans.

The portfolios sold include [Ruchi Soya](#) BSE 0.19 %, Essar (linked to Hazira port debt) and Lanco loans, people familiar with the matter told ET.

"The loan portfolio totalled Rs 5,000 crore. This was a portfolio sale bundled together with some dud loans, which have no hope in recovery," said an executive with direct knowledge of the deal. "A chunk of the loans is from Essar and Lanco and the recovery process will start only next fiscal."

The deal was completed earlier this month, with Edelweiss the sole buyer and IDFC Bank the only seller of the loans. This is the largest bad loan portfolio sale for the fiscal year ending March 2017, bankers said.

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IDFC Bank and Edelweiss did not immediately respond to emails seeking comment on the transaction. The bank had approached other asset reconstruction companies earlier but price remained a challenge with rising demand for cash.

The bank's gross non-performing assets widened to Rs 3,586.7 crore, or 7% of gross advances, in the three months ended December from Rs 1,462.25 crore, or 3.09%, a year earlier, according to the lender's [earnings](#) statement.

IDFC Bank's winding up petition filed against Ruchi Soya Industries Ltd., the country's largest soya oil producer, was dismissed by the Bombay High Court in February, which may have prompted the sale of the loan in a bid to recover the amount. The company borrowed about Rs 200 crore from the private sector lender.

Company Summary

NSE BSE

Ruchi Soya ▼ -0.05 (-0.19%) +

Edelweiss ▲ 3.40 (2.02%) +

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