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## Federal Bank sells stressed loans of GOL Offshore

GOL Offshore is a key player in offshore oilfield service segments in country

Nupur Anand | Mumbai  
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Private sector lender Federal Bank, which has been battling high non-performing assets (NPAs), has sold the loans of GOL Offshore (formerly Great Offshore) to asset reconstruction companies (ARCs).

"The account was standard in our book, but we could foresee trouble brewing. We sold it to ARCs for Rs 140 crore in the October-December quarter. We got the right price for it," said a source from the bank, who did not wish to be named.

GOL Offshore is one of the key players in the offshore oilfield service segment. It provides drilling, offshore support services and marine and air logistics to oil & gas companies.

For the half-year ended September 30, the company posted net loss of Rs 25.84 crore compared with a profit of Rs 82 lakh in the year-ago period.

The company had been in trouble for non-payments of

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loans earlier, too. According to reports, two lenders had taken the company to the court regarding outstanding on external commercial borrowings. Earlier, a group of lenders had formed a joint lenders' forum after GOL Offshore's loans began to show signs of stress.

"I would be misrepresenting if I say there is no stress; there is. But, the magnitude has come down and the recoverability of the ones that have gone through is what we are now seeking to recover. There is one account that we have after the quarter completed our transactions in ARC for Rs 140 crore. The impact will be in Q3," Shyam Srinivassan, managing director and chief

executive officer of Federal Bank said in the earnings analyst conference call after the second quarter results.

With stress increasing in the corporate sector, the bank had seen its asset quality deteriorating in the past couple of quarters. In the quarter ended September, the gross NPA as a percentage of total advances increased to 2.90 per cent, compared to 2.1 per cent in the corresponding period a year ago. However, now the lender believes the worst is over, in terms of asset quality.

Now that the clean-up of the loan book has been taken care of, the bank is looking at growing its corporate loan book. It believes the external environment is beginning to show an uptick.

The lender is also looking to grow the corporate book by increasing the working capital finance exposure instead of aiming for large ticket-size loans. Until the July-September quarter, the bank had been shrinking its corporate loan book. At the end of the September quarter, corporate advances were at Rs 15,272 crore — down from Rs 16,138 crore in the corresponding quarter a year ago.

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