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# Ex-IDBI CMD Aggarwal under lens for Rs 350 crore loan to KFA boss

By [Pradeep Thakur](#), TNN | Updated: Mar 10, 2016, 12.59 PM IST

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NEW DELHI: Former IDBI Bank CMD [Yogesh Aggarwal](#) is under scrutiny of the CBI and the [Enforcement Directorate](#) (ED) for allegedly disbursing at least Rs 350 crore to former liquor baron [Vijay Mallya](#) even before the loan was sanctioned by the bank. The agencies have alleged the loan was disbursed merely on the basis of Aggarwal's conversation with Mallya.

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According to the CBI, which has filed an FIR against the former Kingfisher boss, KFA and some "unknown officials" of IDBI Bank, Mallya is alleged to have used his clout with Aggarwal to get Rs 350 crore disbursed against a pending loan application.

"The IDBI Bank had shown undue favours to [Kingfisher Airlines](#) Ltd (KFA)... in disbursement of Rs 150 crore on October 7, 2009, Rs 200 crore on November 4, 2009 and Rs 750 crore on November 27, 2009 despite weak financials, negative net worth and low credit rating of the borrower company and despite the fact that KFA being a new client and did not satisfy the norms stipulated in corporate loan policy of the bank," the CBI has said in its FIR registered in the Kingfisher's IDBI Bank loan case.

Aggarwal rejected the CBI charges when TOI spoke to him. "The disbursements were made in anticipation of the loan being sanctioned by the executive committee (EC) of the bank at its next meeting," he said, adding, there is nothing unusual in disbursing a part of the loan to meet exigencies before the loan application is sanctioned.

"Every corporate case has some negatives and some positives. If you only consider the negatives then no loan can be sanctioned by any bank," Aggarwal told TOI.

The CBI in its FIR also mentioned that A Raghunathan, the CFO of KFA, giving reference to the meeting dated October 6, 2009 between Mallya and Aggarwal, requested the bank to release a short-term loan of Rs 150 crore for a period of six months to meet certain critical obligation to overseas vendors. On the same day, a memorandum was put up before the credit committee and the "facility was sanctioned though the company was having negative financials and a negative net worth".

On November 4, 2009, Raghunathan referred to the meeting between Mallya and Aggarwal and sought an ad hoc release of Rs 200 crore, pending sanction of the proposal for corporate loan of Rs 950 crore to meet critical obligations to overseas vendors.

The proposal was sent to the IDBI's group head of corporate banking B K Batra, who recommended that the CMD may approve the proposal and confirmation of the CMD's action in releasing the facilities would be sought in the next EC meeting. Aggarwal approved the proposal, according to the CBI FIR.

"The above limits (Rs 200 crore) were sanctioned and disbursed while the original proposal for sanction of corporate loan of Rs 950 crore was pending," according to the CBI FIR. When the Rs 750-crore loan was sanctioned, Rs 200 crore was included in that amount. The amount of final loan disbursed was Rs 900 crore.

The loans were sanctioned on the basis of personal guarantee of Mallya, who also pledged the KFA brand and his leased aircraft.

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