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Four banks plan to sell Kingfisher Airlines' assets to ARCs

By PTI | Updated: Feb 19, 2016, 03:32 PM IST

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NEW DELHI: As many as four banks are contemplating selling assets of beleaguered air carrier [Kingfisher Airlines](#) to asset reconstruction companies (ARCs) to recover part of their dues.

Led by [SBI](#), the 17 bank consortium is struggling to recover Rs 6,963 crore debt due from Kingfisher Airlines.

"Three-four banks are looking for stake sale to ARCs to realise some value out of Kingfisher Airlines assets that they possess," sources said.

Without disclosing the names of the banks, they added that these lenders are weighing options and are in talks with asset reconstruction companies.

Earlier this week, Punjab National Bank, one of banks of the consortium, declared Kingfisher Airlines, its guarantors Vijay Mallya and United Breweries Holdings as wilful defaulters.

[PNB](#) became the third public sector lender to declare the beleaguered air carrier a wilful defaulter. Earlier, [United Bank of India](#) and [State Bank of India](#) had done the same.

As per RBI guidelines, once declared as wilful defaulters, no additional facilities will be granted to these borrowers by any bank or financial institution.

Besides, such companies and promoters will be debarred from the institutional finance for floating new ventures for a period of 5 years from the date of removal of their name from the list of wilful defaulters.

The SBI has the highest exposure of Rs 1,600 crore to the beleaguered Kingfisher Airlines.

Other banks that have exposure to the airline include Punjab National Bank and IDBI Bank (Rs 800 crore each), Bank of India (Rs 650 crore), Bank of Baroda (Rs 550 crore), Central Bank of India (Rs 410 crore).

UCO Bank has to recover Rs 320 crore, Corporation Bank (Rs 310 crore), State Bank of Mysore (Rs 150 crore), Indian Overseas Bank (Rs 140 crore), Federal Bank (Rs 90 crore), Punjab & Sind Bank (Rs 60 crore) and Axis Bank (Rs 50 crore).

As part of the recovery process, the SBI-led bank consortium has decided to auction Kingfisher House in Mumbai next month.

SBICAP Trustee Company Ltd, which took possession of the property last year, will do the e-auctioning of the 2,401.70 square meter property on March 17.

The Trustee Company has kept reserve price of Rs 150 crore and the bid increment amount is Rs 5 lakh.

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