

# ED Files Money Laundering Case Against IL&FS Ex-CMD, Arms

Agency searches residences of former officials of IL&FS across cities, seizes foreign currencies worth ₹6 lakh

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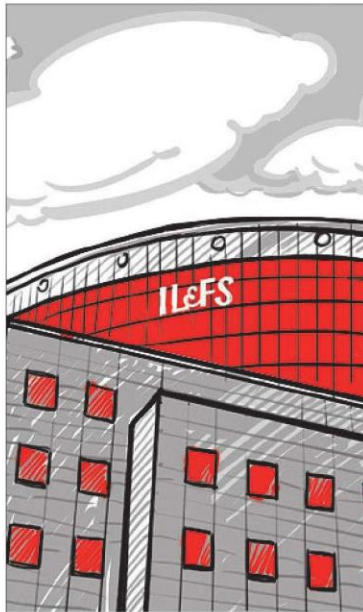
**Mumbai:** The Enforcement Directorate (ED) has registered a money laundering case against the former CMD of Infrastructure Leasing & Financial Services (IL&FS) Ravi Parthasarathy, former director Hari Sankaran, IL&FS Rail and IL&FS Transportation Networks India Limited (ITNL).

The central agency searched Mumbai, Delhi and Gurgaon residences of Parthasarathy, RC Bawa, K Ramchand, Hari Sankaran, Rajeev Banga and Rajnesh Khurana, all former officials of IL&FS. ED seized foreign currencies worth ₹6 lakh from the Mumbai residence of Ramchand, sources told ET. While the present case deals with subsidiaries of IL&FS, sources said the probe will eventually extend to the holding company's entire debt burden of ₹91,000 crore.

Meanwhile, the Securities and Exchange Board of India (Sebi) has directed IL&FS to put part sale of its assets worth ₹400 crore on hold. This was in response to complaints from Dalmia Cement (Bharat) and Navjoy Finance who said their mutual funds with Allied Financial Services was fraudulently pledged as collateral to IL&FS by the latter.

"Based on the predicate offence registered by Delhi Police, a case has been registered, following which multi-city raids were conducted," Special Director Vineet Aggarwal, ED, told ET.

The ED is likely to summon all the accused and would also likely ask present chairman of IL&FS, Uday Kotak, to clarify matters about internal investigation conducted and progress made by IL&FS in the case.



ED's case is based on the predicate offence registered with Delhi Police by Ashish Begwani, director of New Delhi-based Enso Infrastructures.

Begwani said he was lured to invest his own company Enso Infrastructures and over a period of time subscribed to shares of IL&FS Rail worth ₹99.73 crore as on September 2014. IL&FS infused the money into IL&FS Transportation, which in turn invested in IL&FS Rail and the later in Rapid MetroRail Gurgaon Limited and Rapid MetroRail Gurgaon South Limited.

Rapid MetroRail Gurgaon had awarded the contract to IL&FS Rail, which in turn, subcontracted it to IL&FS Engineering. This is how the ED unearthed the round tripping of

money through various companies.

"On the one hand, the accused were trying to project a big picture and a facade of companies as part of a behemoth, and on the other hand, they were indulging in conniving and colluding with myriad dubious/shell companies whose forte is bogus billing, inducting bogus share capital and advancing unsecured loans to beneficiaries in lieu of commission. ED said the accused persons siphoned off ₹74 crore which was used to purchase individual assets, said the ED's complaint, a source in the know said.

"The conspiracy is clear from the fact that web of companies created by accused Parthasarathy, Sankaran, Bawa and Ramchand is only to create a myriad and complex structure that does transaction between themselves to give an impression of IL&FS group is behemoth," the official said stating the ECIR.

According to ED, the shell companies were given a commission of 0.5% of the amount routed by them. Similar transactions were made by private firms Silverpoint Infratech, Suryamukhi Projects and NKG Infrastructure. Silverpoint MD told income tax department that they were involved in business of providing accommodation entries to earn commission of 0.5%, added the official.

"Ideally, these companies or Sebi should have approached the police or ED as this pertains to fraud. Directing IL&FS to hold on to its sale of assets worth ₹400 crore will only affect the cash strapped company," explained a senior official from IL&FS on condition of anonymity.

Allied Financial Services denied all allegations and said that while Dalmia Cement (Bharat) and Navjoy Finance are their clients, it has not pledged their mutual funds as collaterals and haven't availed any loan from IL&FS.

IL&FS didn't respond to an email seeking comment for the story.

Meanwhile, on Tuesday, Justice (Retd) DK Jain visited the BKC office of IL&FS as part of NCLAT order, to supervise the operation of the resolution process of the IL&FS Group companies and met various officials.

**Sebi has asked the holding entity to put on hold plan to sell part of its assets**

# IL&FS to be probed for money laundering

## ED Searches Premises Of Firm, Ex-Execs

TIMES NEWS NETWORK

**New Delhi:** Infrastructure Leasing and Financial Services (IL&FS) Ltd came under Enforcement Directorate scrutiny on Wednesday after the agency registered a money laundering probe against the company and some of its former executives, converting a Delhi Police economic offences wing FIR into a Prevention of Money Laundering Act case.

The agency officials conducted searches at six premises of the company and its former officials, including former chairman Ravi Parthasarthy, in Delhi-NCR and Mumbai and seized foreign currencies worth Rs 6 lakh and property documents. The company has defaulted on payments and has

**ED conducted searches at six premises of IL&FS and its former officials, including former chairman Ravi Parthasarthy, in Delhi-NCR and Mumbai**

a debt of over Rs 91,000 crore.

The ED's case is based on the Delhi Police FIR lodged by Enso Infrastructure's Ashish Begwani claiming a loss of Rs 70 crore due to alleged frauds by IL&FS officials. Begwani had alleged that company officials were misusing money.

The ED is probing alleged "cheating and forgery on part of IL&FS group and its managing committee" during 2010 to 2018. The group has taken investments on the basis of false projections and has been involved in forging the books of accounts and in providing loans to subsidiaries and layering and routing the funds,

the EoW FIR had alleged.

"Searches were conducted at the residential premises of key officials of erstwhile management of IL&FS group in Mumbai, Delhi and Gurugram... Foreign currencies amounting to Rs 6 lakh, various incriminating documents have been recovered and seized," ED said. Further investigations are in progress.

The government had sacked the firm's board last October after it declared bankruptcy and appointed a new board headed by banker Uday Kotak. A case was filed before the National Company Law Tribunal. Out of Rs 91,000 crore of outstanding loans, a number of subsidiaries of the company seem to be in the red and unable to repay loans of at least Rs 65,000 crore, according to a recent assessment presented before the NCLT. A major part of the investments made by provident funds also in the risk category and would be considered for repayment after meeting obligations towards secured creditors.

**ENFORCEMENT DIRECTORATE RAIDS MULTIPLE LOCATIONS**

# ED may summon top IL&FS officials

**KHUSHBOONARAYAN**  
MUMBAI, FEBRUARY 20

THE ENFORCEMENT Directorate (ED) is likely to summon the top officials of IL&FS Rail Ltd, the former chairman of IL&FS, Ravi Parthasarthy and former managing director Hari Sankaran in connection with the money laundering case registered by the agency on February 19. The ED on Wednesday searched the residence of Parthasarthy, Sankaran, a few top officials of IL&FS Rail in Mumbai, Delhi and Gurgaon. The money laundering case registered by the ED is based on an FIR registered by the Economic Offences Wing of the Delhi Police against IL&FS Rail.

IL&FS Rail is a subsidiary of IL&FS Transportation Networks Ltd. The IL&FS Group that has total liabilities of Rs 94,000 crore has also come under the scanner of the Serious Fraud Investigation Office (SFIO). The SFIO has found several irregularities across corporate governance and financial parameters that led to a default crisis at IL&FS.

Sources said the ED, searched

## 4 PLACES IN MUMBAI, 3 IN DELHI, GURGAON SEARCHED

■ IL&FS Rail is a subsidiary of IL&FS Transportation Networks Ltd. The IL&FS Group with total liabilities of Rs 94,000 crore has also come under the lens of SFIO

■ Enforcement Directorate searched four places in Mumbai and three in Delhi and Gurgaon in connection with its probe, sources said

four places in Mumbai and three in Delhi and Gurgaon in connection with its probe. The agency's case is based on a complaint filed by Enso Infrastructure (P) Ltd with the EOW Delhi. Enso has accused IL&FS Rail of "siphoning" money through "shell companies". The Delhi-based infrastructure company has, according to its complaint invested Rs 170 crore in IL&FS Rail for acquiring a 15 per cent stake in the IL&FS Rail.

Interestingly, sources in the income tax department said that the promoter of Enso Infrastructure, the complainant in the IL&FS Rail case is a facilitator of accommodation entries as well as hawala services. The tax agency had searched the promoter of Enso and his alleged shell firms in

2016, said tax sources.

However, Enso in its complaint to EOW has alleged that IL&FS Rail and its officials along with Parthasarthy and Sankaran lured it to invest in IL&FS Rail based on "rosy projections" and withheld information pertaining to the company.

"The accused (IL&FS Rail), in connivance and collusion with each other, have indulged in initially locating and identifying dubious companies, which claimed to have been engaged in the work of infrastructure development, and later issuing fictitious purchase orders for non-existent works," said Enso in its complaint. Enso said that up to Rs 74 crore was allegedly siphoned by IL&FS Rail through this route.

On January 29, *The Indian Express* had reported that an ongoing tax investigation against IL&FS Rail has used accommodation entries from "shell companies" to show expenses running into crores of rupees for non-existent infrastructure work.

The I-T department has allegedly identified multiple contracts that IL&FS Rail awarded to shell companies and procured fake invoices against non-existent work to lower its profits.

For instance, the tax department has alleged that for financial year 2013-14, IL&FS Rail received "bogus invoices" of over Rs 20.18 crore from a Kolkata-based Silverpoint Infratech Ltd, a firm allegedly "involved in facilitating accommodation entries to beneficiaries in the garb of bogus work contract expenses/ unsecured loan entry/ share capital" for a commission of 0.50 per cent. The IT probe has found that while Silverpoint had "an income of Rs 251 crore, it did not have the business premises to carry out its operations". The probe has found that Silverpoint did not have adequate infrastructure or manpower to complete any contractual work.

## ED FILES MONEY LAUNDERING CASE AGAINST IL&FS OFFICIALS

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**MUMBAI:** The Enforcement Directorate (ED) on Tuesday registered a money laundering case against the top officials of Infrastructure Leasing and Financial Services (IL&FS), including its former chairman Ravi Parthasarathy.

Raids were conducted at six locations in the city, along with those in Delhi and Gurugram. The case was registered under the Prevention of Money Laundering Act, 2002 that deals with the profit of crimes, emanating from the predicate offences. In this case, the predicate offence has been registered by Delhi Economic Offence Wing on the basis of a complaint filed for alleged cheating and forgery on part of IL&FS group and its managing committee from 2010 to 2018.

"It was alleged in the FIR that the group has taken investments on the basis of false projections. It has been involved in forging the account books and providing loans to subsidiaries and related companies, thereby layering and routing the funds," the ED statement read, following the searches. The agency stated that searches under PMLA were conducted at the residential premises of key officials of erstwhile management of IL&FS group. During the search proceedings, foreign currencies amounting to about ₹6 lakh, various property documents, and incriminating documents/records/media have been recovered and seized.

Following the crises last year, the government superseded the board of IL&FS and unveiled an investigation into the management by the Serious Fraud Investigation Office. The troubles at IL&FS had been intensifying since July last year, when Parthasarathy stepped down, citing health reasons.