

ED arrests 2 former IL&FS executives in PMLA probe

ENS ECONOMIC BUREAU
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THE ENFORCEMENT Directorate (ED) on Wednesday arrested two senior officials of the IL&FS Group— Arun K Saha, former Joint Managing Director of IL&FS and director of IL&FS Financial Services (IFIN) and K Ramchand, former Managing Director of IL&FS Transportation Network, (ITNL) in connection with it money laundering investigation into the collapse of IL&FS Group.

According to an ED press statement both Saha and Ramchand were arrested as they were involved in “various illegal activities detrimental to the IL&FS Group”.

“They were involved in sanctioning and disbursement of loan without taking proper security, to the Groups which were already in financial distress and unable to pay earlier loan”, the ED said.

The agency also said that both Saha and Ramchand were “involved in routing indirectly the funds from IFIN to ITNL through third parties who were contractors of ITNL, in flagrant

‘INVOLVED IN ROUTING FUNDS’

■ The agency said that both Saha and Ramchand were “involved in routing indirectly the funds from IFIN to ITNL through third parties who were contractors of ITNL, in flagrant violation of RBI norms”

■ The two officials have been arrested under Section 19 of Prevention of Money Laundering Act 2002, (PMLA)

violation of the RBI norms.”

The ED said the two officials have been arrested under section 19 of the Prevention of Money Laundering Act 2002, (PMLA), as they were “not cooperating and being evasive” in their response to the probe agency.

In February, the ED registered a money laundering case against IL&FS Rail, a subsidiary of ITNL based on a FIR regis-

tered by the Economic Offences Wing of the Delhi Police against IL&FS Rail.

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 is likely to widened its money laundering probe to include other companies of the IL&FS group based on a chargesheet filed by the SFIO on May 30. The SFIO has charged at least 30 individuals including the former top management of IL&FS and it’s independent director under section 447 of the Companies Act 2013.

The alleged financial irregularities at IL&FS came to light last September, after some group entities started defaulting on debt repayments. The entire group has been defaulting on repayments since then. The government subsequently superseded the company’s board, and appointed a new management to work on a resolution plan.