

# ED Files 1st Prosecution Complaint in IL&FS Case, Names Ex-directors

Provisionally attaches assets worth ₹570 crore, including those of Siva Group's, under PMLA

## Our Bureau

**Mumbai:** The Enforcement Directorate on Friday submitted its first prosecution complaint in the Infrastructure Leasing & Financial Services (IL&FS) case. While the document, which is similar to a charge sheet, names some former directors of IL&FS and group companies and businessman C Sivasankaran, it does not contain names of auditors and credit ratings firms, two people in the know of the matter told ET.

The ED has also provisionally attached assets worth ₹570 crore under the Prevention of Money Laundering Act (PMLA), including some belonging to Sivasankaran's Siva group, which had defaulted on loans taken from the IL&FS group.

The prosecution complaint was filed before a special PMLA court in Mumbai. This will further complicate the problems for the former directors who have already been charged by the Serious Fraud Investigation Office under certain



sections of the Companies Act and the Indian Penal Code.

The ED, which probes money laundering cases, had arrested former directors of IL&FS Financial Services (IFIN) Arun Saha and Karunakaran Ramchand in June.

"Under the PMLA, an accused can apply for bail if the investigation agency fails to file a charge sheet under the stipulated 60-day period. In the ED's case, Saha and Ramchand were arrested on June 19 and therefore the charge sheet has been submitted on Friday to deny them the same,"

## UNDER THE SCANNER

Plaint names some former directors of IL&FS and group companies and C Sivasankaran, but does not have names of auditors, credit ratings firms

said one of people.

According to the people, ED's probe revealed that in IFIN, an IL&FS subsidiary, there had allegedly been laundering of more than ₹5,000 crore of shareholders' money. The agency has identified 'performance-related perquisite' as a part of proceeds of crime.

"In its charge sheet, the ED has stated that arrested accused Arun Saha, Karunakaran Ramchand and other members of the coterie didn't exercise their due diligence, for their personal benefit," said one of the people.

The prosecution complaint, which

highlights how IFIN ensured 'ever-greening of loans' and artificially maintained its rating, also attaches the central bank's inspection reports that observed that the company had indirectly financed a group firm, IL&FS Transportation Networks India Ltd (ITNL), to help it make payments, the people said. Despite the inspection report, no steps were taken to stop further financing of ITNL through third parties, they added.

During the course of the probe, the ED had raided the premises of Sivasankaran, ABG promoter Rishi Agarwal, SKIL Infrastructure executive chairman Nikhil Gandhi and Viren Ahuja, the promoter of Flemingo Geowork. The agency had questioned auditors and audit partners from Deloitte Haskins & Sells and BSR & Associates who audited the books of IL&FS and its subsidiaries during the period under probe. The two audit firms are facing debarment proceedings before the National Company Law Tribunal. It had also questioned executives of some credit ratings firms.