

Former chairman of IL&FS Group arrested

Case pertains to ₹200 crore fraud via subsidiary

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The Economic Offences Wing of the Tamil Nadu police arrested Ravi Parthasarathy, 69, former chairman of the IL&FS Group, in connection with the alleged cheating of a Chennai-based private limited company to the tune of ₹200 crore through its subsidiary IL&FS Transportation Networks India Limited (ITNL), Mumbai.

Mr. Parthasarathy was arrested by the police in Mumbai and brought to the city on Thursday. He was produced before the Special Court for cases under the Tamil Nadu Protection of Interests of Depositors (TNPID) Act and remanded to judicial



Ravi Parthasarathy

custody for 15 days. He has been lodged in the Saidapet sub-jail.

Last January, the Economic Offences Wing of the State Police arrested Ramchand Karunakaran, former managing director, and Hari Sankaran, former vice-chairman and director of ITNL, who were also cited as accused in this case.

Additional Director-General of Police, Economic Offences Wing, Abhash Kumar,

told *The Hindu*, “The case was registered by us last year against 21 accused, including the firms ITNL and IL&FS, for the alleged offences of cheating and criminal breach of trust in the repayment of deposit amount of ₹200 crore invested in debentures by the complainant M/s 63 Moons Technologies Private Limited, Anna Salai, Thousand Lights, Chennai. Ravi Parthasarathy has been cited as the seventh accused in this case. He has been arrested by us following the Madras High Court recently rejecting the anticipatory bail petition.”

Inflated balance sheets

ITNL, Mumbai, is one of the major subsidiaries of IL&FS. Its directors and key managerial personnel were responsible for the formulation of strategies and implemen-

tation on behalf of ITNL.

The complainant, 63 Moons Technologies, said in 2014 and 2015 that ITNL notified the public domain about the issuance of 1,000 and 2,000 non-convertible debentures having a face value of ₹10 lakh each aggregating to ₹100 crore and ₹250 crore, respectively, on private placement basis. The information memorandum was also supported with credit ratings by reputed credit rating agencies and highly inflated balance sheets by its statutory auditors, who falsely showed that ITNL and IL&FS were highly profitable.

Further, in order to induce innocent investors, the ITNL falsely assured guaranteed annual return of up to 11.80% per annum, payable on a semi-annual basis until redemption, to its investors

against their deposits with ITNL.

The complainant company relied on the representations and assurances made by ITNL and key managerial personnel, and invested ₹200 crore in debentures. In 2018, IL&FS defaulted on their financial obligations, and subsequently, ITNL also defaulted on the payment of interest on the debentures.

Detailed investigations by agencies such as the Enforcement Directorate and the Serious Fraud Investigation Office exposed the alleged role of key management personnel in mismanaging the lending business.

Lending was carried out to the entities without any due diligence. The complainant company alleged that it had lost ₹200 crore due to fraudulent representations of the accused.