

FORENSIC REPORT ON ITNL'S FINANCES

Former IL&FS Mgmt Alleged to be Involved in ₹6.5k-cr Laundering

Report names
former chairman
Parthasarathy as
the 'prime mover'

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Mumbai: A forensic report on the finances of IL&FS Transportation Networks India (ITNL) has alleged the involvement of the earlier management of defaulting financier IL&FS, the parent of the roads company, in suspected money laundering of more than ₹6,500 crore, sources close to the probe told ET.

The report names former chairman Ravi Parthasarathy as the 'prime mover' and indicates that in at least 14 special purpose vehicles (SPVs) linked to ITNL, costs were deliberately inflated through delays using a maze of shell and dummy companies to make the projects eventually untenable.

The probe agencies are likely to make recommendations to the National Highways Authority of India (NHAI) to have more effective mechanisms in place to track the progress of a project and ensure more accountability from the firms engaged in road projects.

The IL&FS crisis first came to light in July 2018 when ITNL reported facing difficulties in making repayments due on its bonds.

The Enforcement Directorate (ED), the Serious Fraud Investigation Office (SFIO) and the Delhi Police are probing the alleged irregularities in infrastructure projects undertaken by ITNL and IL&FS.

"The overall debt liability of ITNL is around ₹40,000 crore. Probes have revealed that the road projects undertaken by IL&FS through

its subsidiaries, mainly ITNL, followed a pattern. Parthasarathy used to take a call on which SPVs to invest into. Once the contract was awarded after following the tender process, companies were floated to subcontract. Many of these entities were either bogus or created for the sole purpose of augmenting costs. Over time, the project became financially untenable. The monies raised were laundered," said an official privy to the probe detail. "The laundered sums were either used for the purpose of evergreening of loans or for creating personal assets," added the official.

The probe agencies are currently studying these alleged shell and dummy compa-



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nies and even entry operators, who they suspect were used with the intent to augment costs.

"This is where the scam lies. Tying up with the company and to show how the money was laundered is the center of the probe," added another official. In its first progress report, the new IL&FS board headed by banker Uday Kotak had stated that there were 203 entities connected to ITNL, making it the company with the maximum number of entities.

In April last year, SFIO had arrested Hari Sankaran, former vice chairman of IL&FS and IL&FS Financial Services (IFIN) MD & CEO, Ramesh Bawa. In June that year, the ED arrested former directors of IFIN Arun Saha and Karunakaran Ramchand. All the four officials are currently in judicial custody.