

COMPANY WATCH

CORPORATE GOVERNANCE

Mother Dairy under MCA lens, 'inquiry' into books ordered

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NEW DELHI, FEBRUARY 10

THE GOVERNMENT has ordered an inquiry into the books of Mother Dairy Fruit and Vegetable Private Ltd (MDFVL), a wholly-owned subsidiary of the National Dairy Development Board.

Responding to a question in the Rajya Sabha, Minister of State for Finance and Corporate Affairs Anurag Thakur said, "An inquiry under Section 206 of the Companies Act, 2013 was ordered." Section 206 of the Companies Act gives the Registrar of Companies the power to call for information, inspect books and conduct inquiry with respect to any company. Thakur was responding to a question by Manoj Jha on losses of MDFVL in the Rajya Sabha on February 9.

MDFVL had reported losses amounting to Rs 142 crore in the year ended March 31, 2019. It reported loss of Rs 249 crore in the year ended March 31, 2020.

Though the status of the inquiry is not known, sources say it could be in relation to a complaint by an individual alleging fraud amounting to about Rs 1,000 crore at the company or linked to investments of Rs 190 crore by MDFVL in IL&FS in August 2018.

In May 2019, *The Indian Express* had reported that having received a complaint, alleging several instances of fraud

Mother Dairy Fruit and Vegetable Private Ltd is a wholly-owned arm of National Dairy Development Board

amounting to Rs 1,000 crore at MDFVL and seeking a Serious Fraud Investigation Office probe, the Department of Economic Affairs had directed the same to the Secretary, Ministry of Corporate Affairs for "necessary action". The DEA also directed the complaint to the Secretary, Ministry of Agriculture.

Besides this, the company has suffered loss on account of investments in IL&FS in 2018-19.

In the notes to account for FY19, it is mentioned, inter-alia, that "as a result of increased credit risk in relation to outstanding balances from IL&FS and the uncertainty prevailing due to proceedings pending with NCLT, the management has provided for full amount of Rs 190.85 crore year ended 31st March, 2019. The same has been disclosed as an exceptional item in results. The company, however, continues to monitor the developments in this matter closely as more information/outcome to the resolution plan of IL&FS becomes available and is committed to take appropriate legal action that may be necessary to ensure full recoverability".