

ROADS UNIT ITNL ALSO UNDER SCANNER

MCA Looks to Freeze IL&FS Ex-Directors' Properties

Likely to seek court order; probe to focus on group's infra projects

More Trouble

A tough week ahead for IL&FS as govt plans more action

MULTIPLE FRONTS

I-T dept will move NLCT to widen the IL&FS probe

After IFIN, another IL&FS co ITNL to face probe

SFIO is currently working on ITNL's chargesheet

Taxman may look into allegations of inflated project cost



AUDITORS REGROUP

IL&FS Group auditors under regulatory glare

Auditors have been named in the first chargesheet

Form group to approach MCA

The group includes partners of Big Four



Sugata Ghosh & Rashmi Rajput

Mumbai: The Ministry of Corporate Affairs (MCA) is expected to move court for freezing the bank accounts and properties of some of the past directors of IL&FS group.

The ministry would soon apply before the National Company Law Tribunal to widen the net in the IL&FS probe, said persons familiar with the matter.

Till now, assets of executive directors of IL&FS group have been attached by the court. "Now, the MCA is likely to request the court to extend the earlier orders to cover past directors, probably including some of the non-executive board members... former auditors may also be included," said a senior lawyer.

The ministry had taken a similar action against directors of Gitanjali Group,

AION Set to Become DHFL's Single Largest Shareholder



AION Capital – a JV between Apollo Global Management and ICICI Venture – is poised to

become the single largest shareholder in DHFL in a deal that involves a possible rights issue after an initial investment by Leon Black's firm. Lone Star is also said to be in race, reports **Shilpy Sinha. >> 7**

which was charged with diverting funds from state-owned banks using unauthorised letters of undertaking or guarantees.

The MCA had originally moved NCLT on October 1, 2018, seeking the replacement of IL&FS board of directors on the ground

that a probe by the Registrar of Companies had prima facie concluded that mismanagement and compromise in corporate governance norms were perpetrated by indiscriminately raising short- and long-term borrowings. Once the court passes an interim order freezing the assets, limited withdrawal of funds is allowed for the sustenance of accountholders.

Meanwhile, it's learnt that the income tax department had a meeting last week with its investigation division in weighing a possible probe into suspicions that the costs of multiple IL&FS infrastructure projects was inflated.

The I-T department had probed IL&FS Rail, an arm of ITNL. A probe now would focus on allegations of shell companies floated to award contracts and divert fund for a commission of 0.5% of the amount routed.

ED Complaint Flags Bogus Deals with Private Cos >> 17

ED Complaint Underlines Bogus Deals with Pvt Cos

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According to an ED complaint on IL&FS Rail, "... transaction made with private firms — Silverpoint Infratech, Suryamukhi Projects, NKG Infrastructure, Ethical Constructions, Prathyusha Resources & Infrastructure were bogus..."

"In case of Silverpoint that was probed by the income tax department, their managing director disclosed that they were involved in the business of providing accommodation entries to earn a commission of 0.5%," added an agency official.

In a related development, the bids for the domestic road vertical of IL&FS group (ITNL) have been delayed further.

The incumbent government-appointed board had set a deadline of May 15 for finalising bids from interested parties for its 22 projects from which the board expected divestment of Rs 26,000 crore.

According to sources, the divestment has suffered on three counts: no representation and warranty extended by the board, the fair value of the projects were yet to be ascertained and the verification of the authenticity of the orders and applicable concessions relating to the projects. "This is also a matter of interest for both the I-T department and the Enforcement Directorate (ED)," added the official.

When approached for a comment, IL&FS group's chief communication officer Sharad Goel declined to comment.

"This would require an enquiry into the affairs and books of ITNL (IL&FS Transportation Networks India Ltd) and various special purpose vehicles which were floated to construct infrastructure projects — that could focus on whether there were fake invoices, role of auditors and nature of documentation etc," said a source. ITNL is the largest arm of the IL&FS group.

"The Serious Fraud Investigation Office (SFIO) chargesheet on IFIN, the NBFC, largely talks about evergreening of loans. But if irregularities are found in ITNL, it could take the investigation to another level. There would be questions, whether funds were diverted (with bogus bills), what was the amount, where did the money go, were politicians involved etc," he said.

SFIO is currently working on the chargesheet on ITNL.

The IL&FS probe has turned the glare on large auditors who have been interrogated and named in the chargesheet. Questions that have cropped up are: Whether the auditors were working hand in glove with the IL&FS management? Did the auditors violate their code of ethics? Or, is the SFIO treading a gray area? To articulate their views and present them before the MCA, senior chartered accountants in Mumbai have formed a group, which includes a few partners of the Big 4 firms.