

# ED may Probe IFIN Transactions for Possible Money Laundering

New probe, based on the findings of SFIO, is likely to target six erstwhile directors of the IL&FS arm

Rashmi.Rajput@timesgroup.com

**Mumbai:** The Enforcement Directorate is likely to probe the transactions of IL&FS Financial Services (IFIN) for possible money laundering, registering a second case in the central agency's investigations into the affairs of the IL&FS Group, people in the know said.

The agency that probes money-laundering cases is expected to file an Enforcement Case Investigation Report, based on a charge sheet that the Serious Fraud Investigation Office (SFIO) has filed recently over alleged financial irregularities at IFIN.

The new probe is likely to target six erstwhile directors of IFIN, including Ravi Parthasarathy, Hari Sankaran and Ramesh Bawa, as well as others including C Sivasankaran and his group firms which had borrowed money from the company. The SFIO has named these people in its charge sheet.



The SFIO's over-800-page charge sheet filed before a special court in Mumbai on May 30, has also named the company's auditors BSR & Co and Deloitte Haskins & Sells (DHS), audit committee members and independent directors. The SFIO has charged them under certain sections of the Companies Act and the Indian Penal Code.

The ED had studied the books of IFIN during its probe into a group company, IL&FS Rail, and found that the transactions among the companies warranted a detailed investigation under the Prevention of Money Laundering Act (PMLA), said a person in the know of the development. "Now with the SFIO submitting its charge sheet, there is a predicate offence which is a requisite for a fresh case under the PMLA. A decision will soon be taken on the same," the person added.

In a related development, the ED questioned former Deloitte India CEO Udayan Sen for the second time on Tuesday. According to people in the know, Sen was questioned on the audit reports prepared by DHS when it was engaged by IL&FS for around a decade. "While the SFIO has dealt with the auditors under the provisions of the Companies Act, the ED case is that of money laundering," said one of the people. The auditors are being questioned to ascertain whether they had overlooked the distressed state of the company, and also whether they had red-flagged loans with poor or no collaterals which would turn NPAs and other irregularities including violation of RBI rules, the person said. Such acts, he said, could have helped the former management seek favours from borrowers and launder the money outside the country for their personal gains.

"The current case is that of various circuitous transactions undertaken through multilayering and floating of multiple bogus or shell companies which were floated with the sole purpose to launder funds. The biggest chunk in this is that of IL&FS road arm ITNL, whose subsidiary IL&FS Rail is being probed. IFIN gave a lot of loans to ITNL to keep it afloat. So at the end of the day, all these transactions are interlinked and part of the larger conspiracy to launder funds," said the person.