

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
UNSTARRED QUESTION NO. 328  
ANSWERED ON MONDAY, THE 24<sup>th</sup> JUNE, 2019/ASHADHA 3, 1941 (SAKA)**

**SCAM IN IL&FS**

**QUESTION**

328. SHRI KAUSHALENDRA KUMAR:

Will the Minister of CORPORATE AFFAIRS  
be pleased to state:

कारपोरेट कार्य मंत्री

- (a) the present status of Infrastructure Leasing & Financial Services Limited (IL&FS) and the details regarding the debt owned by IL&FS to banks and other financial institutions;
- (b) whether a major part of PF fund has been invested in IL&FS;
- (c) if so, whether the Government is aware of its far-reaching consequences and if so, the details thereof;
- (d) the names of persons responsible for such kind of scam in IL&FS along with the details of action being taken against them; and
- (e) the time since when this kind of corruption is taking place in IL&FS and the reasons for the delay in detecting the scam by the Government that took place in IL&FS?

**ANSWER**

THE MINISTER FOR FINANCE AND  
CORPORATE AFFAIRS

वित्त एवं कारपोरेट कार्य मंत्रालय

(Ms. NIRMALA SITHARAMAN)

(श्रीमती निर्मला सीतारमण)

(a): Due to continuous failure of the Infrastructure Leasing and Financial Services Ltd. (IL&FS) to service its debt and imminent possibility of contagion effect in the financial market, the Central Government moved an application under Sections 241 and 242 of the Companies Act, 2013 before the National Company Law Tribunal (NCLT), Mumbai Bench for taking management control. The NCLT, Mumbai Bench vide its order dated 01/10/2018 approved the application filed in this regard, by suspending the erstwhile board of directors of IL&FS and appointed government nominees as directors, who have been tasked with the orderly resolution

of the IL&FS and its group companies. The entire process is being carried out under the supervision of the NCLT. In order to ensure period of calm during the resolution process, a moratorium was sought against the creditors, which has been granted on interim basis by the National Company Law Appellate Tribunal (NCLAT) until further orders. Justice (Retd.) D.K. Jain, Supreme Court of India has been appointed by the NCLAT to oversee the monetization and resolution of the assets of IL&FS and its group companies. As per the information provided by IL&FS, the fund based outstanding debt (principal amount) is Rs. 94,216 Crores and the non-fund based outstanding debt is Rs. 5,139 Crores. The resolution of IL&FS and its group companies is sub-judice before the NCLT and NCLAT.

(b): As per the information provided by IL&FS, Rs. 7099 Crores of PF fund has been invested in IL&FS group companies.

(c), (d) & (e): The resolution of IL&FS and its group companies is sub-judice before the NCLT and NCLAT. Besides the resolution of the company, the Central Government has ordered investigation to be carried out by the Serious Fraud Investigation Office (SFIO) into the affairs of IL&FS Ltd. and its subsidiary companies on 30/09/2018. The SFIO has, so far, submitted its 1st Interim Report dated 30/11/2018 and its 2nd Interim Report dated 28/05/2019, which have been filed before the NCLT.

In pursuance of the interim reports filed by SFIO, the Central Government had sought relief from the NCLT for restraining the suspects/respondents identified by SFIO, from alienation of their moveable and immoveable properties. In addition to the above, the Central Government has also filed a contempt petition against certain additional respondents for violation of the orders of restraint passed by the NCLT. The NCLT has, till date, restrained the following respondents from alienating their moveable and immoveable properties:

<b>S. NO.</b>	<b>NAME OF RESPONDENT</b>
1	Hari Sankaran
2	Arun K Saha
3	Ravi Parthasarathy
4	Vibhav Kapoor

5	K Ramchand
6	Ramesh C Bawa
7	Pradeep Puri
8	S Rengarajan
9	Mukund Sapre
10	Asha Kiran Bawa
11	Aakanksha Bawa

Further, based on the 2nd Interim Report dated 28/05/2019 submitted by SFIO, the Central Government has also filed a petition under Section 140(5) of the Companies Act, 2013 against the Statutory Auditors of IL&FS Financial Services Ltd., for *inter alia* seeking the removal of the present statutory auditors and banning them for a period of 5 years.

Furthermore, SFIO has filed a complaint before the Special Court at Mumbai against IL&FS Financial Services Ltd. and its directors, certain officers and also against its auditors, under Sections 447, 36 r.w. 447, 143 r.w. 147, 129 r.w. 448 and 184(4) of the Companies Act, 2013, Sections 68 r.w. 211 and 628 of the Companies Act, 1956 and Sections 120B, 417 and 420 of the Indian Penal Code, 1860.

The Central Government has also filed an application before the NCLT for impleading the accused, named by SFIO in its complaint before the Special Court at Mumbai, as respondents in its petition before the NCLT and has sought relief for restraining the additional suspects/respondents from alienation of their moveable and immoveable properties

The investigation by the SFIO into the affairs of IL&FS Ltd. and its subsidiary companies is ongoing and the matters before the NCLT, NCLAT and Special Court, Mumbai are sub-judice.

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