



Press Release  
05.11.2024

Directorate of Enforcement (ED), Lucknow Zonal Office has provisionally attached 86 land parcels (73.34 hectares) worth Rs.31.94 Crore belonging to M/s Shri Lakshmi Cotsyn Limited in Lakshmi Cotsyn Bank fraud case under the provisions of Prevention of Money Laundering Act (PMLA), 2002. The immovable properties attached are situated at Bhatapara and Baloda Bazar, Chhattisgarh and are in the form of agriculture land parcels. All these properties are registered either in the name of company or trusted employees and other gullible persons.

ED initiated investigation on the basis of FIR registered by AC-V, CBI, New Delhi under various sections of IPC, 1860 and Prevention of Corruption Act, 1988 on the basis of written complain dated 01.06.2021 received from Shri Rajeev Khurana, DGM, Central Bank of India, SAM Branch, 5, Jeevan Tara, Building, Parliament Street, New Delhi against 1) M/s Shri Lakshmi Cotsyn Limited having registered office at 19/X- 1, Krishna Puram, GT Road, Kanpur 208007 (U.P); (2) Dr. Mata Prasad Agarwal, Chairman cum Managing Director M/s Shri Lakshmi Cotsyn Ltd;. (3) Pawan Kumar Agarwal, Jt. Managing Director M/s Shri Lakshmi Cotsyn Ltd.; (4) Devesh Narain Gupta, Dy. Managing Director M/s Shri Lakshmi Cotsyn Ltd.; (5) Mrs. Sharda Agarwal, Director M/s Shri Lakshmi Cotsyn Ltd.; unknown public servants and private persons alleging therein for having committed cheating, criminal breach of trust, criminal, conspiracy, forgery, falsification of accounts and criminal misconduct for diversion/misappropriation of the public money during the period from 2010 to 2018.

ED investigation revealed that the accused Company M/s Shri Lakshmi Cotsyn Ltd. approached the consortium of 23 banks wherein Central Bank of India is the consortium leader, for financial assistance for manufacturing of blended suiting & shirting, quilted fabrics, denim fabrics, technical textile fabrics etc. Due to non- adherence of Financial Discipline the accounts were classified as NPA by the complainant banks individually as per IRAC norms. It was revealed in the forensic audit that the Accused Company did not comply with the Terms & Conditions of Loan Agreement.

The forensic audit suggested that the company inflated inventory records, improperly organized the auction process, and conducted significant sales with undisclosed related parties. The accused company lacked a formal discount policy but provided significant discounts totaling Rs. 207.29 Crore to related parties, potentially undisclosed parties, and customers in different industries, as well as to non-existent customers at the addresses listed on sale invoices. Advances to suppliers were written off without any supporting documentation, reflecting diversion/siphoning of funds in these transactions.

The company M/s Shri Laxmi Cotsyn was liquidated under the directions of Hon'ble NCLT and assets worth Rs. 265.44 Crore approx. were sold by RP to realize the debts.

Further it was found during investigation that some funds of M/s Shri Lakshmi Cotsyn Ltd. were diverted to its other group company M/s Shri Lakshmi Power Ltd. These funds were further diverted to individual persons through their ICICI bank account at Baloda Bazar and later these funds were utilized for acquiring immovable properties in the form of land in the name of trusted employees of the company and gullible tribal people of Chhattisgarh.



The case involves outstanding loan amount to the tune of Rs. 7377 Crore which has been already declared fraud by RBI and all assets of the accused company M/s Shri Lakshmi Cotsyn have been liquidated by Resolution Professional appointed by National Company Law Tribunal.

Further investigation is under progress.