

As regards unauthorised payments and expenditure, the company has filed First Information Report with the SHO Police Station, New Delhi against Shri R. S. Chowdhary, ex-Resident Director of the company. It has also been decided by the Company to file a suit against Shri R. S. Chowdhary for recovery of the remuneration and other expenses incurred by him.

**Financial Position of M/s. National Rayon Corporation Ltd. at Mohane**

2345. SHRI PIUS TIRKEY:  
SHRI SHYAM SUNDAR:  
GUPTA:

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether the financial position of M/s. National Rayon Corporation Limited at Mohane in Maharashtra has not improved in spite of Government appointing Board of Directors which assumed management in July, 1977; and

(b) if so, the steps taken by Government to recover the losses incurred by the previous management of the Company?

THE MINISTER OF EDUCATION, SOCIAL WELFARE AND CULTURE (DR. PRATAP CHANDRA CHUNDER): (a) No, Sir. After the Government appointed Directors assumed management, the financial position of the company had improved perceptibly as it made a gross profit of Rs. 148 lakhs during the period August 1977 to December 1977 as against Rs. 63 lakhs for the first 7 months of the accounting year 1977. The company has made a gross profit of Rs. 165 lakhs during the first half of 1978.

(b) The Government have received a report from the company indicating estimates of losses suffered on account of irregularities relating to credit sales of textile yarn which appeared to be a fraudulent nature, dues of

certain mills which were disputed, underpricing/antedating of sales, unauthorised brokerage on yarn sales and overpayment of purchases, unauthorised payments made to or unauthorised expenditure incurred by or on behalf of a former Director. These have been examined and the following actions have been initiated:

(i) With regard to the irregularities relating to credit sales of textile yarn Shri S. N. Kapadia, the ex-Chairman of the company and one of the associates were arrested in pursuance of the First Information Report filed with Bombay Police. Shri S. N. Kapadia was later released on bail and police investigations are still going on.

(ii) As for the dues of certain mills which are disputed, necessary legal action have been initiated.

(iii) Legal opinion has been sought by the company for initiating legal action with regard to the irregularities pertaining to underpricing/ ante dating of sales, unauthorised brokerage on yarn sales and over payment for purchases.

(iv) Suits have been filed against four trusts—Pokarna Berlia Memorial Trust, Bombay, Manjula Chunnilal Himmatlal Shah Trust, Bombay, Pranlal Chunnilal Mehta Trust, Bombay, and Sitadevi Barlia Charitable Trust, Bombay and concerned directors for recovering illegal donations paid to the Trusts by the previous management. Suits against Santokha Durlabhji Trust, Jaipur, is being filed at Jaipur.

(v) As regards unauthorised payments and expenditure, the company has held First Information Report with the SHO Police Station, New Delhi against Shri R. S. Chowdhary, ex-Resident Director of the company. It has also been decided by the company to file a suit against Shri R. S. Chowdhary for recovery of the remuneration and other expenses incurred by him.