



22.01.2026

Press Release in the case of M/S Richa Industries Limited

Directorate of Enforcement (ED), Gurugram Zonal Office, has arrested Sandeep Gupta, ex-promoter and suspended managing Director of the **M/s Richa Industries Ltd (RIL)**, under the provisions of PMLA, 2002 on 20.01.2026. Later, he was produced before Ld. Special Court, Gurugram which has granted eight days of ED custody of the accused Sandeep Gupta.

ED initiated investigation on the basis of FIR registered by the CBI under various Sections of IPC, 1860 and PC Act, 1988 for the commission of offences of Criminal conspiracy, cheating and criminal misconduct by the accused persons thereby causing wrongful gain to themselves and causing substantial losses to the public sector banks to the tune of Rs. 236 Crore during the year 2015 to 2018.

Investigation Pertaining to Bank Fraud:

Investigation findings revealed that Richa Industries Ltd. had systematically recorded fictitious sales without any actual supply of goods, including cotton fabric sales of Rs. 7.42 Crore and fabricated solar-related sales of Rs. 8.50 Crore to multiple shell companies operated by various entry operators. The invoices and ledger entries for these transactions were found to be forged and manipulated, with outstanding balances and inter-division transfers used to conceal non-receipt of payments. These actions resulted in artificial inflation of turnover and deliberate misrepresentation of the company's financial position to mislead lenders and other stakeholders.

Further, investigation revealed that Richa Industries Ltd. booked bogus purchases of ZLD plant & machines worth Rs. 9.23 Crore from a non-operational entity whose business profile, GST details and HSN codes were entirely inconsistent with such machinery supplies.

Examination of Richa Industries Ltd.'s books revealed significant diversion of funds through related party transactions. Between FY 2015–16 and FY 2017–18, about Rs. 16.40 Crore were siphoned off to group entities under the guise of loan repayments. During FY 2018–19, RIL funds were used to acquire controlling interest in Richa Krishna Constructions Pvt. Ltd., diverting a valuable Rohtak project during CIRP. In the same period, shares of Richa Infrastructure Ltd. were transferred at a gross undervaluation, causing financial loss to RIL.

Investigation Pertaining to CIRP and Liquidation Process:

Investigation revealed that Sandeep Gupta had played a major role in diverting the valuable assets of the corporate debtor just before the commencement of CIRP. He had also floated number of shell concerns and the same were utilised for diversion of assets of the corporate debtor at various time intervals.

The details are stated as below:

The CIRP of RIL commenced in December 2018 but failed to result in an approved resolution plan, leading the NCLT to order liquidation on 11.06.2025 and appoint a Liquidator. Subsequently, an e-auction for sale of RIL as a going concern was conducted on 16.10.2025 at a reserve price of Rs. 96 Crore, with the consortium of Kaveri Industries and Narendra Kumar Srivastava emerging as the successful bidder. **In the process, public Sector Banks, namely IOB and Union Bank, received Rs. 40.29 Crore against admitted claims of Rs. 696 Crore, resulting in an approximate 94% haircut.**

Further, findings during search & the investigation conducted by ED uncovered a concerted conspiracy by Sandeep Gupta, Manish Gupta and other family members to siphon off the assets of RIL and subvert the Corporate Insolvency Resolution Process (CIRP). Investigation found that in October 2018, just before initiation of CIRP, Richa Industries Ltd. issued corporate guarantees aggregating over Rs. 232 Crore to six entities, all signed by Sandeep Gupta. These beneficiary entities collectively held 48.25% voting rights in the Committee of Creditors (CoC), effectively blocking IOB and Union Bank from independently steering or approving any resolution. The timing and concentration of guarantees indicate deliberate structuring to influence CoC control during insolvency proceedings.

Investigation findings revealed that the Sandeep Gupta, being the key decision maker, incorporated a shell company, M/s Saariga Constructions Pvt. Ltd. (SCPL), using a former employee of RIL, Ms. Neha Singh as a benamidar. Through coordinated efforts, SCPL is said to have fraudulently secured voting rights in the Committee of Creditors (CoC), enabling the Gupta family to obstruct and influence the CIRP in their favour. Investigation findings revealed that during the insolvency period, Sandeep Gupta & family purportedly retained unlawful control over RIL's operations, entered into agreements, and drew remuneration in clear violation of statutory norms. Further, just before CIRP initiation, a major Mussoorie project was sub-contracted to a promoter-controlled entity, resulting in dissipation of nearly Rs. 40 Crore during CIRP period. This enabled Sandeep Gupta to divert substantial funds and continue exercising indirect control over RIL during the CIRP period, thereby undermining the insolvency resolution process and the interests of creditors.

Further, investigation is under progress.