



Press Release - 30.07.2022
ED attaches assets worth Rs 110 Crore in Karvy Scam

Directorate of Enforcement (ED) identified additional assets and has provisionally attached properties in the form of lands, buildings, share holdings, cash, foreign currency and jewellery worth Rs 110 Crore under the Prevention of Money Laundering Act (PMLA), 2002, in the money laundering investigation against M/s Karvy Stock Broking Ltd (KSBL) and its Chairman Comandur Parthasarathy and others. ED had previously attached assets worth Rs 1984.84 Crore in the same case. C Parthasarathy and Group CFO Mr G Hari Krishna were arrested by ED and are presently on bail.

ED initiated money laundering investigation on the basis of FIRs filed by the CCS Hyderabad Police, on the complaints of lending Banks who complained that the Karvy Group had availed large amounts of loans by illegally pledging their clients' shares worth about Rs 2800 Crore and the said loans have become NPA after the release of the client's securities as per the orders of NSE & SEBI. Subsequently, the loans were diverted from the stated purpose by a set of high ranking functionaries working under the overall control of the CMD. Funds were diverted to related companies like - KDMSL, KRIL which was set up for real estate ventures, diverted loan funds were routed via multiple defunct NBFCs to KFSL-NBFC to wash its bad debts and large chunks of loan proceeds were transferred into Shell Insurance companies which did massive speculative share trading with KSBL as the Stock Broker and ostensibly suffered massive losses. Very complex web of financial transactions, using several shell entities and NBFCs. Large amounts of proceeds of crime have been 'invested' by infusing in the form of investments/share capital/short term advances/loans to group companies. This has resulted in enhancement of the value of the subsidiary companies of KSBL. Now the accused are trying to sell these subsidiary businesses at a profit to yield indirect windfall gains to the main accused.

C. Parthasarthy had made arrangement through his group companies to pay financial benefits to his sons Rajat Parthasarthy and Adhiraj Parthasarthy in the garb of salary and reimbursement of household expenses and thus the proceeds of crime were projected as untainted money in the hands of the family members. Further, investigation revealed that Shri V.Mahesh, MD of KDMSL, Senior official and KMP of the Karvy group is a close associate of C. Parthasathy and he actively assisted and planned the execution of money laundering operations.

In order to safeguard the proceeds of crime from alienation ED has identified and attached and seized movable assets totaling to Rs 110.70 Crore. Thereby total attachment of Rs 2095 Crore has been done in this case. Further investigation is in progress.
