



**PRESS RELEASE**

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Directorate of Enforcement (ED) has attached movable & immovable properties worth **Rs. 59.37 Crore** belonging to Arun Panchariya, Sanjay Aggarwal and M/s India Focus Cardinal Fund in a GDR (Global Depository Receipts) scam pertaining to M/s Farmax India Ltd., Hyderabad under the provisions of the Prevention of Money Laundering Act, 2002 (PMLA).

ED initiated PMLA investigation on the basis of Telangana Police FIR against Jalaj Batra, Sanjay Aggarwal, Arun Panchariya, Mukesh Chauradiya & others under various sections of the Indian Penal Code, 1860.

ED investigation revealed that Arun Panchariya, a person of Indian origin residing abroad, and entities connected to him i.e. Pan Asia Advisors Limited (now known as Global Finance and Capital Limited), India Focus Cardinal Fund and Vintage FZE (“Vintage” - now known as Alta Vista International FZE) along with his associates Sanjay Aggarwal, Jalaj Batra & others designed and executed a fraudulent GDR scheme in connivance with Morthala Sreenivas Reddy and Morthala Malla Reddy - the Promoters / Directors of Farmax India Ltd., to cheat & defraud the Indian investors.

When GDRs of an Indian company are subscribed abroad, the proceeds are mandated to be repatriated to India unless they are deposited abroad to meet future forex requirements. However, in the case of Farmax India Limited, despite any *bonafide* future forex requirements, GDR proceeds amounting to USD 71.91 million (equivalent to Rs. 318 Crore at prevailing exchange rate at the time of issuance of GDRs in June and August 2010) were not repatriated to India. GDR proceeds amounting to USD 56.57 million, which were received in Farmax India Ltd.’s bank account in EURAM Bank, Austria, were pledged as security against the loan taken by the GDR subscriber – M/s Vintage FZE.

Further, the non-repatriated GDRs were transferred to M/s India Focus Cardinal Fund which was controlled by Arun Panchariya. M/s India Focus Cardinal Fund converted and sold the shares acquired from M/s Vintage FZE in the Indian securities market and sale proceeds amounting to Rs. 51.76 Crore were kept with them.

Further Investigation is under progress.

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