



**Press Release**

**23.04.2024**

Directorate of Enforcement (ED), Hyderabad has provisionally attached movable and immovable properties to the tune of Rs. 55.73 Crore under the provisions of Prevention of Money Laundering Act (PMLA), 2002 in a bank fraud case of **M/s VMC Systems Limited**.

ED initiated investigation on the basis of FIR registered by CBI, Bangalore under various sections of IPC, 1860 against M/s VMC Systems Limited, its directors and others for defrauding Punjab National Bank and others to the tune of Rs. 539.67 Crore.

ED investigation revealed that in 2009, VMC Systems Ltd. approached PNB and SBI for part-financing its working capital requirements. Thereafter between 2009-2012, VMC Systems Ltd. availed credit facilities from a consortium of banks consisting of Corporation Bank, Andhra Bank, SBI, PNB and Karur Vysya Bank with SBI as the Lead Bank, to the tune of Rs.1673.52 Crore (principal amount). The PNB A/c of VMC slipped into NPA on 31.12.2013 followed by the remaining bank accounts. In total, the loss to the all banks as on 31.03.2018 was pegged at Rs 1745.45 Crore.

ED investigation unveiled falsification of accounts and diversion of credit facilities to multiple entities ultimately linked to VMC Systems Ltd leading to the generation of proceeds of crime. Directors of these entities, during investigation, confirmed the fraudulent nature of these transactions. Additionally, funds were channelled through entities beneficially owned and controlled by individuals associated with VMC Systems Ltd. and its promoters.

Following its bank accounts turning into non-performing assets, VMC Systems Ltd. continued its illicit activities by transferring funds, both through its own accounts and those of its associates, to entities under the control of Mrs. Himabindu and V Satish Kumar. These entities, having dummy directors who were either relatives or long-term acquaintances, served as conduits for the movement of illicit proceeds. Upon receiving these funds, they engaged in a series of sham transactions amongst themselves, aiming to obfuscate the origin and nature of the funds.

Further investigation revealed that V Satish Kumar and V Madhavi (Mrs. Himabindu's sister) among others, were indicted for wire fraud, tax evasion and money laundering conspiracy by the US District Court of Western District of Washington at Seattle on the basis of a suit filed by Kyko Global Inc., USA. The Court awarded Kyko \$133,000,000 due to Prithvi Information Solutions Ltd.'s fraudulent conduct and illegal racketeering activity. Subsequently, a settlement agreement was reached between Kyko Global and V Satish Kumar & V Madhavi, transferring assets in the subsidiaries of Prithvi Information Solutions Ltd. in the USA and the stake in a beneficially owned company in India namely Bastusilpi Construction Pvt. Ltd. to Kyko Global.

The assets attached by ED include residential house of V Satish Kumar situated at Jubilee Hills, Hyderabad; agricultural land situated in Anajpur Village, Rangareddy acquired in the name of Rajesh Kotha, benami and associate of V Satish Kumar; a tea estate spread on 580.77 acres in Cachher district, Assam valued at 11.73 Crore in the name of Emmel Infra Properties (India) Pvt. Ltd. and receivables of VMC Systems Ltd. from BSNL to the tune of Rs. 37.03 Crore.

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