

**SIXTY-FOURTH REPORT
COMMITTEE ON PETITIONS
(SEVENTEENTH LOK SABHA)**

**MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND DEPARTMENT OF ECONOMIC AFFAIRS)**

AND

MINISTRY OF CORPORATE AFFAIRS

(Presented to Lok Sabha on 05.02.2024)



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2024/Magha, 1945 (Saka)

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(i)

COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Harish Dwivedi - *Chairperson*

MEMBERS

2. Shri Anto Antony
3. Prof. Sanjay Sadashivrao Mandlik
4. Shri P. Ravindhranath
5. Dr. Jayanta Kumar Roy
6. Shri Brijendra Singh
7. Shri Sunil Kumar Singh
8. Shri Sushil Kumar Singh
9. Shri Manoj Kumar Tiwari
10. Shri Prabhubhai Nagarbhai Vasava
11. Shri Rajan Baburao Vichare
12. Shri Bharat Ram Margani
13. Vacant
14. Vacant
15. Vacant

SECRETARIAT

1. Shri Raju Srivastava - Joint Secretary
2. Shri Tenzin Gyaltzen - Deputy Secretary
3. Shri Raghubir Singh - Under Secretary
4. Shri Vivek Saini - Executive Officer

**SIXTY-FOURTH REPORT OF THE COMMITTEE ON PETITIONS
(SEVENTEENTH LOK SABHA)**

INTRODUCTION

I, the Chairperson, Committee on Petitions, having been authorised by the Committee to present on their behalf, this Sixty-Fourth Report (Seventeenth Lok Sabha) of the Committee to the House on the representation of Shri Chandra Shekhar alleging serious financial frauds, continuous money laundering and unlawful activities carried out by Shri Anil Hiralal Shah @ Raju Barter, Shri Atul Hiralal Shah – popularly known as ‘Barter Brothers’, Shri Jalaj Indrasen Batra, Smt. Anju Batra, Shri Bharat Bhushan Batra in connivance with their known and unknown conspirators including Shri Sanjay Aggarwal – requesting for initiating intense investigation.

2. The Committee considered and adopted the draft Sixty-Fourth Report at their sitting held on 02 February, 2024.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;

**HARISH DWIVEDI,
Chairperson,
Committee on Petitions.**

**02 February, 2024
13 Magha, 1945 (Saka)**

REPORT

REPRESENTATION OF SHRI CHANDRA SHEKHAR ALLEGING SERIOUS FINANCIAL FRAUDS, CONTINUOUS MONEY LAUNDERING AND UNLAWFUL ACTIVITIES CARRIED OUT BY SHRI ANIL HIRALAL SHAH @ RAJU BARTER, SHRI ATUL HIRALAL SHAH – POPULARLY KNOWN AS ‘BARTER BROTHERS’, SHRI JALAJ INDRASEN BATRA, SMT. ANJU BATRA, SHRI BHARAT BHUSHAN BATRA IN CONNIVANCE WITH THEIR KNOWN AND UNKNOWN CONSPIRATORS INCLUDING SHRI SANJAY AGGARWAL – REQUESTING FOR INITIATING INTENSE INVESTIGATION.

On 4 September, 2023, Shri Chandra Shekhar submitted a representation alleging serious financial frauds, continuous money laundering and unlawful activities carried out by Shri Anil Hiralal Shah @ Raju Barter, Shri Atul Hiralal Shah – *popularly* known as ‘*Barter Brothers*’, Shri Jalaj Indrasen Batra, Smt Anju Batra, Shri Bharat Bhushan Batra in connivance with their known and unknown conspirators including Shri Sanjay Aggarwal *inter alia* requesting for initiating an intense investigation so that the aforementioned persons are not able to further manipulate stock market(s), cause financial irregularities, loss to the exchequer and dupe the gullible small investors (Annexure-I).

2. In his representation, the representationist had submitted before the Committee that serious financial frauds, continuous money laundering and unlawful activities have been carried out by the aforementioned persons resulting in defrauding the Government of an amount exceeding Rs. 25,000 crores. It has further been submitted that unlawful activities of these people have resulted in a countless number of matters being registered against them by various agencies, viz., the Central Bureau of Investigation (CBI), Enforcement Directorate(ED), Securities and Exchange Board of India (SEBI), Income Tax Authorities and the Serious Fraud Investigation Office (SFIO). The representationist has elaborated the details of financial frauds, etc., and requested the Committee for initiating an independent, impartial and intensive investigation so that the aforementioned persons are not able to further manipulate stock market(s), cause financial irregularities, loss to the exchequer and dupe the gullible small investors.

3. Since the matter relates to wider public interest, the Committee on Petitions took up the representation for detailed examination under Direction 95 of the Directions by the Speaker, Lok Sabha. Accordingly, the representation was referred to the Ministry of Finance (Department of Revenue), Ministry of Finance (Department of Economic Affairs), Ministry of Corporate Affairs and Securities and Exchange Board of India for furnishing their comments on the issues raised therein *vide* Lok Sabha Secretariat Office Memorandum dated 19 September, 2023 (Annexure-II).

4. In response thereto, the Ministry of Finance (Department of Economic Affairs)/SEBI *vide* their Office Memorandum No. F.No.9/2/2023-PM dated 10 October, 2023 (Annexure-III) furnished their comments, as under:-

The representation, inter-alia, refers about Farmax GDR issue (Involvement of Shri Sanjay Aggarwal), Universal Media Network Ltd. & Genus Commutrade Ltd. (Involvement of Barter Brothers), Vijay Textiles Ltd., (Involvement of Batra Family) and DHFL (Involvement of Shri Jalaj Indrasen Batra).

SEBI had investigated cases relating to Farmax GDR, Universal Media Network Ltd., Genus Commutrade Ltd., and Vijay Textiles Ltd., and initiated action against various entities including the Barter Brothers, Batra Family and Sanjay Aggarwal. Details of the same are as follows -

I. Farmax GDR issue :

(i) Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated against 13 entities including Farmax India Ltd, Sanjay Aggarwal, Arun Pachariya and Vintage FZE. Subsequently, orders have been passed u/s 11 and 11B of SEBI Act, 1992 on July 14, 2020 and following directions *inter-alia* were issued-

(a) Arun Pachariya, Vintage FZE, Farmax India Ltd. and Shri Sanjay Aggarwal were restrained from accessing the securities market and further

prohibited from buying, selling or dealing in securities directly or indirectly in any manner whatsoever or being associated with securities market in any manner for a period of five years and two years respectively.

(b) Arun Pachariya and Vintage FZE were directed to disgorge illegal gains of Rs. 51,74,09,103.5 and Rs. 2,57,674.35 with interest of 12% per annum within 45 days of the said order.

(ii) Following Adjudication Orders have been passed in Farmax GDR issue:-

(a) Order dated January 15, 2021 has been passed against Sanjay Aggarwal wherein penalty of Rs. 10 Lakhs has been imposed.

(b) Order dated November 25, 2020 has been passed against Arun Pachariya wherein penalty of Rs. 25 Crores has been imposed.

(c) Order dated October 29, 2020 has been passed against Farmax India Ltd wherein penalty of Rs. 12 Crores has been imposed.

II. Universal Media Network Ltd.:

(i) Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated against 18 entities including Universal Media Network Ltd., Shri Atul Hiralal Shah and Shri Raju Shah. Subsequently, order have been passed u/s 11 of SEBI Act, 1992 on October 1, 2009 and Universal Media Network Ltd. was restrained from accessing the securities market and also prohibited from buying, selling or otherwise dealing or associating with the securities

market in any manner whatsoever, for a period of two years.

Settlement orders dated September 18, 2008 were passed against Raju Shah and Atul Shah and sum of Rs.5,00,000/- and Rs.3,00,000/- had been remitted towards settlement charges, respectively. Also, the entities were directed not to deal in securities in any manner whatsoever, for a period of 12 months from the date of the order.

- (ii) Adjudication Order dated September 27, 2006 has been passed against Universal Media Network Limited wherein penalty of Rs.5.75 Lakhs has been imposed.

III. Vijay Textiles Ltd.:

- (i) Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated against 7 entities including Jalaj Batra. Subsequently, order has been passed u/s 11 of SEBI Act, 1992 and Jalaj Batra was directed not to buy, sell or deal in securities, directly or indirectly, till further directions vide order dated September 20, 2007. These directions were revoked vide order dated November 20, 2015.
- (ii) Following Adjudication Orders have been passed in the matter of Vijay Textiles Ltd. :
 - (a) Order dated January 13, 2011 has been passed against Vijay Textiles Ltd. wherein penalty of Rs.25 Lakhs has been imposed.
 - (b) Order dated January 13, 2011 has been passed against Jalaj Batra wherein penalty of Rs.5 Lakhs has been imposed.

IV. Genus Commutrade Ltd.:

- (i) Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated against 31 entities including Genus Commutrade Ltd., Raju B Shah and Atul B Shah. Subsequently, order have been passed u/s 11 of SEBI Act, 1992 on February 19, 2008 and Genus Commutrade Ltd. was debarred from accessing the securities market and prohibited from buying, selling or otherwise dealing or associating with the securities market in any manner whatsoever for a period of 2 years.

Later settlement orders dated July 4, 2008 were passed against Raju Shah and Atul Shah and sum of Rs.5,00,000/- and Rs.6,00,000/- had been remitted towards settlement charges. Also, both entities undertook a voluntary bar from buying, selling or otherwise dealing in securities market, directly or indirectly, in any manner whatsoever, for a period of one year from the date of the order.

- (ii) Following Adjudication Orders have been passed against Genus Commutrade Ltd:-
- (a) Order dated September 22, 2009 has been passed against Genus Commutrade Ltd wherein penalty of Rs.2 Lakhs has been imposed.
- (b) Consent order dated May 27, 2011 have been passed against Shri Atul Hiralal Shah and he remitted a sum Rs.3,00,000/- towards the consent terms for the adjudication proceedings initiated against him.

5. The Ministry of Corporate Affairs [Office of the Director General (Corporate Affairs)] *vide* their letter No.CL-II-17/31/2021-O/oDGC&CoA-MCA dated 11th December, 2023 (Annexure-IV) furnished the following comments:-

Pursuant to an order of the Hon'ble High Court of Rajasthan dated 15.12.2021, on the petition of Stepping Stone Constructions Private Limited against Barter Brothers, Shri Anil Hiralal Shah and Shri Atul Hiralal Shah, both together popularly known as the "Barter Brothers", regarding the use of various owned Companies for carrying out stock market scam through share price manipulation, fraud, etc., investigation of 04 Companies owned and controlled by the "Barter Brothers" namely, Anushthan Buildcon Pvt. Ltd., Neminath Trades Pvt. Ltd., Real Marketing Pvt. Ltd., Rajshah Enterprises Pvt. Ltd., were assigned to SFIO vide order dated 20.09.2022. It was observed by the Ministry that the Barter Brothers, through aforementioned 04 Companies are *prima facie* involved in circular trading, money laundering and other unlawful activities.

The present representation of Shri Chandra Shekhar dated 04.09.2023 includes allegations against 03 Companies namely, DHFL, Vijay Textiles Limited and Farmax India Limited regarding unlawful activities such as financial frauds, money laundering, etc.

In this regard, it is to state that Inspection u/s 206(5) of Companies Act, 2013 of books and papers of Farmax India Limited and Inquiry u/s 206(4) of Companies Act, 2013 in the affairs of Vijay Textiles Limited have been ordered *vide* order dated 11.12.2023. Further, as DHFL is under investigation by SFIO, allegations related to the fraud of Rs 22,500 crores by DHFL have been forwarded to SFIO *vide* letter dated 11.12.2023 for examining the same during the course of investigation of DHFL.

6. Further, the Ministry of Finance (Department of Revenue) *vide* their Office Memorandum No.H-11016/50/2023-Coord. Dated 15th December, 2023 (Annexure-V) furnished the following comments:-

Enforcement Directorate's Reply regarding the representation of Shri Chandra Shekhar against 'Barter Brothers'

It is submitted that Directorate of Enforcement is conducting PMLA investigation in the case of GDR issue of M/s Farmax Ltd., details of which are as mentioned below:-

Case Details:

FIR 664/2013 dated 29.10.2013 was registered by Dundigal Police Station on the orders of the Hon'ble VI Metropolitan Magistrate, Cyberabad at Medchal: Rangareddy District, based on a private complaint filed in SR No. 7751 of 2013 dated 18.10.2013 by M/s Farmax India Ltd. (*hereinafter referred to as 'Farmax'*). The said FIR was later transferred to CID, Telangana Police. The FIR was registered against Shri Jalaj Batra, Shri Sanjay Aggarwal, Shri Arun Panchariya, Shri Mukesh Chauradiya, Shri Nithish Bangera (*incorrectly mentioned as Shri Nitish Chauradiya*) u/s 406, 407, 415 to 420, 120-B read with Section 34 of IPC and Section 156(3) of CrPC for alleged cheating of the Company by the accused to the amount of Rs. 318 crores by allegedly assuring the Company to raise Global Depository Receipts, misusing signed empty papers and forging pledge documents. Since offences under Sections 120-B and 420 of IPC, 1860 are scheduled offences under the Prevention of Money Laundering Act (PMLA), 2002, and since proceeds of crime were, *prima facie*, generated out of the commission of the scheduled offence, an Enforcement Case Information Report (ECIR) vide ECIR/HYZO/26/2022 dated 05.05.2022 was recorded by the Hyderabad Zonal Office of the Enforcement Directorate and investigation under PMLA, 2002 was initiated against Shri Jalaj Batra, Shri Sanjay Aggarwal, Shri Arun Panchariya, Shri Mukesh Chauradiya, Shri Nithish Bangera and others.

In the instant case, LOC was issued against Shri Sanjay Raghunath Aggarwal, Shri Nithish Bangera, Shri Sanjay Aggarwal, Shri Mukesh Chauradiya, Shri Jalaj Batra and Shri Arun Panchariya. Based on that, Shri Sanjay Aggarwal was arrested on 26.09.2022 and he was produced in the Special Court of PMLA cases, Nampally, Hyderabad on 27.09.2022. The Court granted his custody to ED for six days, i.e., from 06.10.2022 to 11.10.2022 *vide* CrI. M.P. No. 2371 of 2022 and further he was remanded to judicial custody. Further, Sanjay Raghunath Aggarwal filed an application seeking bail *vide* CrI. M.P. No. 4138 of 2022 dated 12.10.2022 before the court of the Hon'ble Metropolitan Session Judge cum – Special Court under the Prevention of Money Laundering Act (PMLA), 2002 at Nampally, Hyderabad and the same was dismissed by the Hon'ble Court on dated 19.10.2022. Further, Sanjay Aggarwal filed the bail petition before the High Court of Telangana against the judicial custody granted by the Special Court *vide* CrI. P. No. 9695 of 2022 and the

same was rejected by the Hon'ble High Court. Hence, Shri Sanjay Raghunath Aggarwal filed a Special Leave Petition *vide* S.L.P. No. 1655 of 2023 dated 19.01.2023 before the Hon'ble Supreme Court which granted him bail *vide* order dated 20.04.2023 with the conditions that he shall surrender his passport before the Special Court and that he shall attend the Special Court whenever the prosecution complaint is posted. Further, Shri Morthala Srinivasa Reddy was also arrested on 03.11.2022. However, his remand was rejected by the Special PMLA Court.

Role of the Persons as per the investigation conducted by this office:

Shri Jalaj Batra:

He was the intermediary who introduced Shri Morthala Srinivasa Reddy to Shri Sanjay Aggarwal. As per the statement of Shri Morthala Malla Reddy, Shri Jalaj Batra had approached his brother Shri M. Srinivasa Reddy with a promise to help them with the issue of GDRs. Shri Jalaj Batra was also part of the meeting held in Mumbai where Shri Morthala Srinivasa Reddy signed the pledge agreement, which was the basis for the execution of this scam. Summons were issued to Shri Jalaj Batra to appear before the office dated 14.11.2023, 16.11.2023, 13.04.2023, 26.04.2023 & 08.05.2023, but he did not appear before the office and sent a mail dated 10.05.2023, inter-alia, stating that –

"He is currently residing outside India and he can't be present before this office to depose the statement. He further submits that he acted as a facilitator between M/s Farmax and the Merchant Banker. He doesn't know any transaction that took place during the course of the GDR issue. His role is very limited and is in no way party to any transaction as he just acts on the commission received."

Discreet verification has indicated that he is out of India since November 2022. LOC has been issued against Jalaj Batra.

Shri Sanjay Aggarwal:

Based on Shri Sanjay Aggarwal's assurances, M/s Farmax India Limited

decided to proceed with plans for a GDR listing. At this point in time, M/s Farmax India Limited was not suitable for issuing GDRs worth USD 71.91 million (approximately Rs. 320 crores) as the Company's annual turnover was in the range of Rs. 20 crores only. Shri Sanjay Aggarwal and La Richeesse, accompanied by Shri Nitish Bangera took the lead role in coordinating the GDR offering. Shri Sanjay Aggarwal decided on all the participants, including the Lead Arranger (Prospect Capital) and the Company's Legal Advisor (Fox Mandal). Although Fox Mandal acted as Counsel to Farmax, the email communications indicate that its role was limited to preparing a due diligence report and the Listing Prospectus (Prospectus) to be filed with the Luxembourg Exchange. He was arrested in September 2022 and has been recently released on bail by the Hon'ble Supreme Court.

Comments on the representation:

It is submitted that the information provided in the representation of Shri Chandra Shekhar is already in possession of this office. Further, the investigation against the Barter Brothers, Shri Jalaj Batra and family members is underway and several summons have been issued in this regard. Further, a statement by Shri Atul Shah (*one of the Barter Brothers*) u/s 50 of PMLA has been recorded on 22.09.2023 in which he had deposed that he was approached by the promoters of M/s Farmax to mediate and resolve the problem between Shri Arun Panchariya (*accused in the FIR*) and the promoters of Farmax. He further stated regarding the MOU seized during the IT search on 04.12.2014 that the MOU was made to be entered for the division of money between the promoters and Shri Arun Panchariya; that, however, they had not participated in the same as the terms mentioned in the alleged MOU were not executed.

Action taken by this Department:

This office has attached properties worth Rs. 59.37 crore belonging to the accused Shri Sanjay Aggarwal, Shri Arun Panchariya and M/s India Focus Cardinal Fund vide PAO dated 20.07.2023. This office also arrested Shri Sanjay Aggarwal and issued Look Out Circulars against the other accused named in the FIR, as they are presently not available in India. Further,

regarding the role of Barter Brothers and family members of Shri Jalaj Batra, the investigation is presently underway.

7. In order to undertake a detailed examination on the points raised in the representation of Shri Chandra Shekhar in the light of comments furnished by the Ministry of Finance (Department of Economic Affairs)/SEBI, Ministry of Corporate Affairs [Office of the Director General (Corporate Affairs)] and Ministry of Finance (Department of Revenue) thereon, the Committee held oral evidence/briefing with the representatives of above Ministries and the Securities and Exchange Board of India (SEBI) during their sitting held on 18 December, 2023.

8. During the said oral evidence/briefing, the Committee sought clarifications from the representatives of the Ministry of Finance (Department of Revenue & Department of Economic Affairs), the Ministry of Corporate Affairs and the Securities & Exchange Board of India (SEBI) on various aspects relating to the subject, as under:-

- (i) The comments furnished by the Ministry of Finance (Department of Revenue & Department of Economic Affairs) and the Securities and Exchange Board of India (SEBI) make it evident that there has been involvement of Barter Brothers in committing serious financial frauds, money laundering, etc. However, only the details of investigation carried out against the Barter Brothers and their 'Shell Companies' from the period 2009 to 2020 were provided. The progress made thereon after 2020, arrests made subsequently and/or any conviction was secured, etc., were not furnished to the Committee on Petitions.
- (ii) The comments furnished by the Ministry of Corporate Affairs reveal that a detailed investigation has been ordered against some of the Companies, in question, only in the December, 2023.
- (iii) Whether the 'Search Report' submitted by the Income Tax Department to the Delhi High Court finds mention of the 'Serious Economic Offence' and 'Stock Market Scam' committed by the accused, i.e., the Barter Brothers, which involved crores of rupees.

- (iv) Whether it is in the knowledge of SEBI that these accused persons were involved in such a huge 'Stock Market Scam' related offences for the past several years? If so, SEBI, being a Regulatory Authority, why no concrete action had been taken?
- (v) Despite the fact that the Income Tax Department have already initiated necessary action against the Companies, in question, why not any concrete evidence on the 'Money Trail' has been recovered by the Law Enforcement/Investigating Agencies?
- (vi) As per the documents submitted by the Ministries concerned and the SEBI while furnishing their comments on the representation of Shri Chandra Shekhar, it becomes evident that the issues raised/allegations made in the representation, are of very serious in nature. If the alleged economic offences committed by Shri Jalaj Batra and other conspirators are so grave, why the accused persons have not been arrested, so far?
- (vii) How could the accused, Shri Jalaj Batra successfully fled the country before 72 hours when the Enforcement Directorate issued a 'Look Out Circular' against him?

9. In pursuance thereof, the main issues that were put forth by the representatives of the Ministry of Finance (Department of Revenue & Department of Economic Affairs), the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI) before the Committee, were as follows:-

- (i) Both, the Enforcement Directorate (ED) and the Income Tax Department (ITD) have taken necessary legal action against the accused individuals/entities in various cases referred to in the representation of Shri Chandra Shekhar.
- (ii) As regards the case of GDR issue of M/s Farmax Ltd., after the FIR was registered in the matter, an Enforcement Case Information Report (ECIR) was recorded on 5.5.2022 by the Enforcement Directorate and subsequently, investigation and enforcement proceedings were initiated against S/Shri Jalaj Batra, Sanjay Aggarwal, Arun Pancharia, Mukesh Chauradia, Nithish Bangera and others. Two accused namely Shri

Sanjay Aggarwal and Shri Morthala Srinivasa Reddy were arrested by ED. Shri Sanjay Aggarwal was in judicial custody for almost seven months. However, remand of Shri Morthala Srinivas Reddy was not granted to ED by Court. Shri Sanjay Aggarwal was granted bail later on. In this case, the prosecution complaint/charge sheet against S/Shri Aggarwal, Reddy, Pancharia and Chauradia was submitted to the Court in November, 2022 which took cognizance of the same and trial is presently underway. In July, 2023, the asset of Shri Arun Pancharia worth Rs. 60 crores approximately was attached. Further, the attachment and seizure orders against the assets of Shri Morthala Srinivasa Reddy and Shri Morthala Malla Reddy worth Rs 62.52 crores were also issued.

- (iii) Income Tax Department had also conducted 'Search Operation' against S/Shri Anil Hiralal Shah and Atul Hiralal Shah in 2014, in the group cases of Barter Group, where the documents related to their disproportionate income on account of fraud on Farmex GDR issue were seized. Subsequently, assessment orders were passed determining their total income of Rs. 4,000 crores and the tax demands of Rs. 2,184 crores and Rs. 1,788 crores were raised against S/Shri Anil Hiralal Shah and Atul Hiralal Shah respectively. Although, their movable and immovable properties have already been seized, their appeal in this case is still pending and, therefore, recovery proceedings have not been initiated as yet. Generally, the appeal process involves several stages starting from the first appeal, second appeal, ITAT, High Court, etc. After the appeal process is completed and the final orders are pronounced, necessary actions including recovery proceedings would be initiated against them. Income Tax Department is pursuing the matter seriously so that final decision in this case is taken at the earliest and recovery proceeding is initiated.
- (iv) SEBI had investigated four cases related to Barter Brothers, Batra Family and Sh. Sanjay Aggarwal. First one relating to Genius Commutrade Ltd., which was regarding share price manipulation during May to September, 2002, wherein Barter Brothers were found to be involved. However, this case was closed after payment of settlement fees by them. Second case is related to Universal Media Network Ltd., and the third one is related to Vijay Textiles Ltd. In both these cases, necessary investigation was conducted and orders were issued. After

payment of settlement fees by Barter Brothers and Batra Family, these cases were closed. Fourth case was related to Farmax GDR issue, which was a clear case of financial fraud. In this case, after the adjudication orders were passed, Shri Sanjay Aggarwal and Shri Reddy, who was the Managing Director of the Company had already paid the penalty of Rs. 10 lakhs and Rs. 62 lakhs, respectively, imposed upon them. Further, penalty of Rs. 52 crores and Rs. 2 crores have been imposed against other accused namely, Shri Arun Panchariya and Vintage, which have yet not been paid since they are presently not in the country and their cases are still open.

- (v) Settlement is permissible as per SEBI Regulations and also a preferred option. However, the settlement case has to fulfill three requirements. When the application for settlement is received without admission of guilt and wrongdoings, the settlement fee is calculated as per prescribed matrix and after the full payment of settlement fees is made, the case is closed and not re-opened again.

10. During the oral evidence of the representatives of aforementioned Ministries/ Departments/Organisations, since the Committee were not satisfied with the pace and outcome of the investigation against these persons, the Committee impressed upon the representatives of the Ministry of Finance (Department of Revenue and Department of Economic Affairs), the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI) to submit a detailed 'Status Report' vide Lok Sabha Secretariat OM dated 21 December, 2023 (Annexure-VI).

11. In response thereto, the Ministry of Corporate Affairs [Office of the Director General (Corporate Affairs)] vide their letter No.CL-II-17/31/2021-O/o DGCoA-MCA dated 29th December, 2023 (Annexure-VII) submitted, as under:-

Pursuant to an Order of the Hon'ble High Court of Rajasthan dated 15.12.2021 on the petition of Stepping Stone Construction Private Limited against Barter Brothers, Shri Anil Hiralal Shah and Shri Atul Hiralal Shah, both together popularly known as the "Barter Brothers", regarding the use of various owned Companies for carrying out stock market scam through share price

manipulation, fraud, etc., investigation of 04 companies owned and controlled by the "Barter Brothers" namely, Anushthan Buildcon Private Limited., Neminath Trades Private Limited., Real Marketing Private Limited and Rajshah Enterprises Private Limited were assigned to SFIO *vide* order dated 20.09.2022. It was observed by the Ministry that the Barter Brothers, through above 04 Companies are *prima facie* involved in circular trading, money laundering and other unlawful activities.

The present representation of Shri Chandra Shekhar dated 4.9.2023 included allegations against 03 Companies namely DHFL, Vijay Textile Limited and Farmax India Limited regarding unlawful activities such as financial frauds, money laundering, etc.

In this regard, it is to state that Inspection u/s 206(5) of Companies Act, 2012 of books and papers of Farmax India Limited and Inquiry u/s 206(4) of Companies Act, 2013 in the affairs of Vijay Textiles Limited have been ordered *vide* Order dated 11.12.2023. Further, as DHFL is under investigation by SFIO, allegations related to the fraud of Rs. 22,500 crores by DHFL have been forwarded to SFIO *vide* letter dated 11.12.2023 for examining the same during the course of investigation of DHFL.

Further, this Ministry also ordered Inquiry u/s 206(4) of the Companies Act, 2013 into the affairs of companied namely, Universal Media Network Limited, Genus Commutrade Limited, Anand Yogesh Shares & Consultancy Private Limited, Rakshit Buildcon Private Limited, Surya Kiran Textiles Private Limited, La Richeesse Advisors Private Limited and Globe Capital Market Limited after examining the representation of Shri Chandra Shekhar.

12. The Ministry of Finance (Department of Economic Affairs) *vide* their Office Memorandum No.F.No.9/2/2023-PM dated 3 January, 2024 (Annexure-VIII) also submitted the 'Status Report' which includes the details of action taken by SEBI, as under:-

Shri Chandra Shekhar *vide* representation dated September 04, 2023 requested for an 'Independent and Impartial' investigation in light of serious financial frauds, continuous money laundering and unlawful activities by the

Barter Brothers (Shri Anil Hiralal Shah@ Raju Barter, Shri Atul Hiralal Shah), Batra Family (Shri Jalaj Indrasen Batra, Smt Anju Batra - Wife of Jalaj Batra, Shri Bharat Bhushan Batra - Brother of Shri Jalaj Indrasen Batra) in connivance with their and unknown conspirators including one Shri Sanjay Aggarwal.

It is observed from the representation of Shri Chandra Shekhar that allegation with reference to money laundering and unlawful activities have been made against Barter Brothers, Batra Family and Shri Sanjay Aggarwal *inter-alia* stating that they have defrauded the Government of India of an amount exceeding Rs. 25,000 crores. CBI, ED, SEBI, Income Tax Dept. and SFIO have registered cases against these individuals/entities.

Issues referred with reference to money laundering does not fall within the purview of SEBI. However, with reference to the violation of securities laws by the entities referred to in the representation, it is noted that specific references have been made for Companies namely, M/s Genus Commutrade Ltd, M/s Universal Media Network Ltd., M/s Vijay Textile Ltd and M/s Farmax India Ltd - GDR issue.

It is submitted that SEBI had investigated and concluded matters connected to trading in securities market relating to Farmax India Ltd., Universal Media Network Ltd., Genus Commutrade Ltd. and Vijay Textiles Ltd. and initiated action against various entities including the Barter Brothers, Batra Family and Shri Sanjay Aggarwal. The directions against said entities included restraining them from accessing the securities market and/or disgorgement of illegal gains and/ or imposition of penalty.

Details of action taken by SEBI:

Farmax India Ltd.

SEBI investigated fraudulent issuance of Global Depository Receipts (GDR) by Farmax India Ltd., and initiated enforcement proceedings under SEBI Act, 1992 against 13 entities including Farmax India Ltd, Shri Sanjay Aggarwal, Shri Arun Panchariya and Vintage FZE i.e. referred in the representation.

Subsequently, enforcement proceedings have been completed and following actions have been taken -

- (i) Shri Arun Panchariya, Vintage FZE, Farmax India Ltd. and Shri Sanjay Aggarwal were restrained from accessing the securities market and further prohibited from buying, selling or dealing in securities directly or indirectly in any manner whatsoever or being associated with securities market in any manner for a period of five years and two years respectively *vide* order dated July 14, 2020.
- (ii) Shri Arun Panchariya and Vintage FZE were directed to disgorge illegal gains of Rs.51,74,09,103.5 and Rs. 2,57,674.35 with interest of 12% per annum within 45 days of the said order.
- (iii) Penalty of Rs. 25 crores was imposed on Arun Panchariya *vide* adjudication Order dated November 25, 2020.
- (iv) Penalty of Rs.12 crores was imposed on Farmax India Ltd *vide* adjudication order dated October 29, 2020.
- (v) Penalty of Rs.10 lakhs was imposed on Shri Sanjay Aggarwal *vide* adjudication order dated January 15, 2021. Penalty amount has been received by SEBI.
- (vi) The findings of Investigation were also shared with the Enforcement Directorate, Ministry of Corporate affairs and the Reserve Bank of India.
- (vii) SEBI has also taken action against certain foreign entities connected to Shri Sanjay Aggarwal.

Vijay Textiles Ltd.

Investigation was conducted for buying, selling and dealing in the scrip for possible violation of SEBI Act, 1992 and SEBI (PFUTP) Regulations, 1995 and enforcement proceedings were initiated against 12 Entities (5 Brokers and 7 Clients) including Vijay Textiles Ltd., Shri Jalaj Batra (*referred as Batra family in the representation*).

- (i) *Vide* interim Order dated September 20, 2007, Shri Jalaj Batra was directed not to buy, sell or deal in securities, directly or indirectly, till further directions. These directions were revoked *vide* order dated November 20, 2015.
- (ii) Rs. 25 lakhs penalty was imposed against Vijay Textiles Ltd. *vide* Adjudication Order dated January 13, 2011. Penalty amount has been received by SEBI.
- (iii) Rs. 5 lakhs penalty was imposed against Shri Jalaj Batra *vide* adjudication order dated July 30, 2010. Penalty amount has been received by SEBI.

Genus Commutrade Ltd.

Scrip was investigated for May 1, 2002 – September 20, 2002 period for unusual price and volume movement in the shares around the issuance of misleading advertisements with reference to the proposed Board Meeting *inter-alia* to consider the 'Buy Back' of equity shares. It was concluded in the investigation that entities/individuals related to the Promoter Group and their Associates had offloaded shares of the Company during the period of advertisement. Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 initiated against 31 Entities including Genus Commutrade Ltd., Shri Raju B Shah, Shri Anil B Shah, Shri Atul B Shah and Shri Atul Hiralal Shah. Additionally, adjudication proceedings were initiated against Genus Commutrade Ltd. and Shri Atul Hiralal Shah.

- (i) Genus Commutrade Ltd. was debarred u/s 11 and 11B of SEBI Act, 1992, from accessing the securities market and prohibited from buying, selling or otherwise dealing or associating with the securities market in any manner whatsoever for a period of 2 years *vide* order dated February 19, 2008.
- (ii) Rs. 2 lakhs penalty was imposed against Genus Commutrade Ltd. *vide* adjudication order dated September 22, 2009. Penalty amount has been received by SEBI.

- (iii) In respect of proceeding initiated u/s 11B and 11(4) of the SEBI Act, 1992 against the entities referred in the representation namely Shri Raju B Shah, Shri Anil B Shah, Shri Atul B Shah and Shri Atul Hiralal Shah opted for consent mechanism as per the consent circular no. EFD/ ED Cir-1/ 2007 dated April 20, 2007.
- (iv) Consent applications of the entities were considered by the High Powered Advisory Committee (HPAC) along-with facts and circumstances of the cases and consent terms offered by them and settled the proceeding with the payment of specified amount (3 lakh or 5 lakh) and undertaking of a self-ban of 12 months of not buying, selling, or dealing in securities directly or indirectly, from the date of Consent Order, i.e., July 4, 2008.
- (v) Shri Atul Hiralal Shah opted for consent mechanism for the adjudication proceedings initiated against him and remitted a sum of Rs.3,00,000/-.
- (vi) HPAC is a Committee of external experts and at that relevant point of time it was headed by a former judge from Bombay High Court.
- (vii) It is to be mentioned that in the matter of M/s Genus Commutrade, apart from Shri Atul Hiralal Shah, Shri Anil Hiralal Shah and Shri Raju B Shah, 12 entities against whom enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated, did not opt for consent/settlement mechanism. These proceedings were disposed by debarring these entities from accessing the securities market and prohibiting them from dealing in securities market in any manner for a period of 2 years from the date of the order, i.e., February 2, 2008.
- (viii) It is observed that entities referred in the representation namely Shri Anil Hiralal Shah, Shri Raju Shah and Shri Atul Hiralal Shah opted for consent mechanism for enforcement proceedings initiated u/s 11 and 11B of SEBI Act, 1992 & adjudication and settled the proceeding with the payment of total amount of Rs.14 lakh and entities also undertook self-ban of 12 months not to buy, sell, or deal in securities directly or indirectly, from the date of consent order. Whereas other entities who did

not opt for consent mechanism for enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were debarred from accessing securities market in any manner for a period of 2 years.

Entities who have opted for consent mechanism have also paid penalty as well as undertook voluntary debarment from securities market.

Universal Media Network Ltd.

Scrip was investigated for unusual price and volume movement in the shares around the issuance of misleading advertisements in June and July 2002 with reference to proposed board meeting *inter-alia* to consider issuance of bonus shares. It was concluded in the investigation that entities/individuals related to the promoter group and their associates had offloaded shares of the Company during the period of advertisement. Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated against 19 entities including Universal Media Network Ltd., Shri Atul Hiralal Shah and Shri Raju B Shah. Additionally, adjudication proceedings were initiated against Universal Media Network Limited for disclosure violation.

- (i) Universal Media Network Ltd. was debarred u/s 11 and 11B of SEBI Act, 1992 from accessing the securities market and prohibited from buying, selling or otherwise dealing or associating with the securities market in any manner whatsoever for a period of 2 years *vide* Order dated October 01, 2009.
- (ii) Rs. 5.75 lakhs penalty was imposed against Universal Media Network Limited *vide* Adjudication Order dated September 27, 2006. Penalty amount has been received by SEBI.
- (iii) It is observed that entities referred in the representation namely Shri Atul Hiralal Shah and Shri Raju B. Shah opted for consent mechanism as per the consent Circular No. EFD/ ED Cir-1/ 2007 dated April 20, 2007 in respect of proceeding initiated u/s 11B and 11(4) of the SEBI Act, 1992.
- (iv) Consent application of Shri Atul Hiralal Shah and Shri Raju B. Shah were considered by the High Powered Advisory Committee (HPAC)

along-with facts and circumstances of the cases and consent terms offered by them and settled the proceeding with the payment of specified amount (5 lakh and 3 lakh) and undertaking of a self-ban of 12 months of not buying, selling, or dealing in securities directly or indirectly, from the date of consent order i.e. July 4, 2008.

- (v) HPAC is a Committee of External Experts and at that relevant point of time, it was headed by a former judge from Bombay High Court.
- (vi) It is to be mentioned that in the matter of Universal Media Network Ltd. apart from Shri Atul Hiralal Shah and Shri Raju B. Shah, 16 Entities against whom enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated, did not opt for consent/ settlement mechanism. These proceedings were disposed by debarring these entities from accessing the securities market and prohibiting them from dealing in securities market in any manner for a period of 2 years from the date of the order i.e. February 18, 2008 and October 1, 2009 respectively.
- (vii) It is observed that entities referred in the representation namely Shri Anil Hiralal Shah, Shri Raju Shah and Shri Atul Hiralal Shah opted for consent mechanism for enforcement proceedings initiated u/s 11 and 11B of SEBI Act, 1992 and settled the proceeding with the payment of total amount of Rs. 8 lakh and entities also undertook self-ban of 12 months not to buy, sell, or deal in securities directly or indirectly, from the date of consent order. However other Entities who did not opt for consent mechanism for enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were debarred from accessing securities market in any manner for a period of 2 years.

Entities who have opted for consent mechanism have paid penalty as well as undertook voluntary debarment from securities market.

Current status of entities referred in the representation:

- (i) Based on the information provided by NSE and BSE, it is observed that entities referred in the representation namely Shri Atul Hiralal Shah, Shri

Atul B. Shah, Shri Anil Hiralal Shah and Shri Jalaj Batra have not traded in Securities market since last 6 years.

- (ii) The shares of 3 out of 4 Companies referred in the Chandra Shekhar representation namely M/s. Universal Media Network Ltd., M/s Farmax India Ltd. and M/s Genus Commutrade Ltd. have been delisted from Stock Exchanges during the years 2017, 2020 and 2023 respectively. Prior to delisting, trading in the shares of these companies was suspended w.e.f. June 20, 2003 in M/s. Universal Media Network Ltd., from June 3, 2015 in M/s. Genus Commutrade Ltd. and July 3, 2018 in M/s Farmax India Ltd.

Consent mechanism:

- (i) The Parliament of India has recognized SEBI's powers to pass an Order with consent of the Parties and as per Section 15T of the SEBI Act 1992 which reads as under:

"15T (2) No appeal shall lie to the Securities Appellate Tribunal from an order made:

- (a) by the Board on and after the commencement of the Securities Laws (Second Amendment) Act, 1999;
- (b) by an adjudicating officer, with the Consent of the parties."

Thus, the Parliament has recognized that SEBI and its authorized delegate have power to pass consent orders. Similarly, courts have well recognized inherent powers to settle a case before them on an application made by the Parties.

- (ii) Accordingly, 'Consent Order Scheme' was introduced by SEBI on April 20, 2007 and it was decided that all appropriate administrative or civil actions, e.g., proceedings under Sections 11, 11B, 11D, 12(3) and 15I of SEBI Act and equivalent proceedings under the SCRA and the Depositories Act, 1996 and other civil matters pending before Securities Appellate Tribunal (SAT)/Courts may be settled between SEBI and a

person (party) who may *prima facie* be found to have violated the securities laws or against whom administrative or civil action has been commenced for such violation. Compounding of offence may cover appropriate prosecution cases filed by SEBI before the criminal courts.

- (iii) Consent Order settles administrative/civil proceedings between the regulator and a person (Party) who may *prima facie* be found to have violated securities laws. Administrative/civil actions include issuing directions such as remedial orders, cease and desist orders, suspension or cancellation of certificate of registration and imposition of monetary penalty under the respective statutes and action pursued or defended in a court of law/tribunal.
- (iv) It was specified in the Circular that Settlement Proposal submitted by the concerned party shall be examined by High Powered Advisory Committee (HPAC) consisting of a retired judge of a High Court and two other external experts. If the Committee finds the terms for passing consent order inappropriate, Party may be advised to revise consent terms. Thereafter, HPAC submits its views/ recommendation to the AO/Competent Authority where proceedings are pending for which consent application has been filed.
- (v) Consent orders cannot be construed as waiver of statutory powers by the Board. The Board always has the right to proceed for appropriate action whenever it is found that entity provided misleading information during proceeding or breached any clause of undertakings given at the time of consent application.

13. The Ministry of Finance (Department of Revenue) *vide* their Office Memorandum No.F.No.H-11016/50/2023-Coord. dated 4 January, 2024 (Annexure-IX) submitted the 'Status Report', as under:-

Brief facts of the Case:

Details of FIR registered by LEA:

- (a) An FIR No. 664/2013 dated 29.10.2013 was registered by Dundigal Police Station in compliance of the orders of the Hon'ble VI Metropolitan Magistrate, Cyberabad at Medchal: Rangareddy District, based on a private complaint filed by M/s. Farmax India Ltd. (*hereinafter referred to as 'Farmax'*) through its Managing Director Shri Morthala Srinivasa Reddy. As per the complaint, the said company availed services of Shri Jalaj Batra, Shri Sanjay Aggarwal, Shri Arun Panchariya, Shri Mukesh Choradiya and Shri Nithish Bangera in raising Global Depository Receipts (GDRs) to the tune of USD 71.91 Million.
- (b) Further, the FIR states that Managing Director of the said Company signed all the documents, which were referred by Shri Arun Panchariya and others so that they could raise funds through GDRs. Shri Arun Panchariya and others raised an amount of 71.91 million USD (*equivalent to Rs. 318 crores*) at the relevant time. When promoters of Farmax asked Arun Panchariya and others to transfer the GDR proceeds to India, the Company was asked to provide the signed Transfer Token forms. Accordingly, the Company handed over the forms.
- (c) However, the Company received only 0.475 million USD (Rs. 2.2 crores) in two transactions, till date. The remaining amount was held up with Shri Arun Panchariya and others. On enquiry with the EURAM Bank, Austria, it came to light that all the accused misappropriated the remaining amount by forging the signatures and with the help of forged pledge documents.
- (d) The said FIR was later transferred to CID, Telangana Police. The LEA has not filed the charge-sheet in the instant case.

Investigation conducted by ED:

- (a) Based on FIR No. 664/2013, an ECIR No. ECIR/HYZO/26/2022 was recorded on 05.05.2022 against Shri Jalaj Batra, Shri Sanjay Aggarwal, Shri Arun Panchariya, Shri Mukesh Choradiya, Shri Nithish Bangera and others.
- (b) During the investigation, it has been ascertained that Farmax, an Indian FMCG manufacturing Company required funds to expand its business. They got in touch with Shri Arun Panchariya, Shri Sanjay Aggarwal and others to raise funds through GDR. Thereafter, the said Company issued GDRs to M/s. Vintage FZE (*concern of Shri Arun Panchariya*) with the help of afore-mentioned persons. GDR proceeds amounting to USD 71.91 million (equivalent to Rs. 318 crores) were not repatriated to the Company in India. USD 56.57 million that flowed back to the foreign Bank, i.e., EURAM Bank, Austria was pledged as security against the loan taken by the GDR subscribers. Another USD 15.1 million was transferred from Farmax Euram Bank account to the Bank account of its subsidiary in the UAE and subsequently laundered to various other related entities.
- (c) In the above mentioned manner elaborated in point (b) above, the Company and its shareholders were at a loss of Rs. 318 crores. Further, the GDRs were converted into domestic equity and then the equity was sold in exchanges through FIIIs for Rs. 51.76 crores by artificially inflating the share price of the Company on false pretext of receiving GDRs. Thereafter, the share price of the Company crashed and retail investors in India were duped.
- (d) During the course of investigation, necessary information from SEBI, BSE, NSE, CID - Telangana Police and others have been obtained. Further, statements of several persons have been recorded. Summons were issued to Nitish Bangera, Jalaj Batra, Arun Panchariya. However, they failed to respond.

Action taken so far by the Enforcement Directorate:

- (a) Look out Circulars (LOC) were issued against several persons and details are tabulated as under:

Sl. No.	Name of person/accused	Date of opening of LOC	Remarks
1.	Shri Morthala Srinivasa Reddy	12.07.2022	He is presently in India.
2.	Shri Sanjay Aggarwal	12.07.2022	He is presently in India.
3.	Shri Mukesh Babulal Choradiya	12.07.2022	He is presently in India.
4.	Shri Nitish Bangera	12.07.2022	He is presently in India.
5.	Shri Jalaj Batra	10.02.2023	He left from India on 25.09.2022

- (b) Provisional Attachment Order (PAO) No.10/2023 dated 20.07.2023 was issued by the Directorate and assets of Shri Arun Panchariya & others amounting to Rs. 59.17 crores have been attached. Subsequently, Original Complaint was filed *vide* OC No. 2045/2023 dated 18.08.2023 and the same is pending before Ld. Adjudicating Authority for confirmation.
- (c) A seizure order was issued under section 37A of FEMA, 1999 for attaching assets amounting to Rs. 62.52 crores belonging to Shri Morthala Srinivasa Reddy and Shri Morthala Malla Reddy.
- (d) During the course of investigation, Shri Sanjay Aggarwal (*one of the accused and co-conspirator*) was arrested on 26.09.2022. Thereafter, the Hon'ble Apex Court released him on bail in April, 2023. Shri Morthala Srinivasa Reddy, the MD of Farmax was also arrested on 03.11.2022, but his remand was rejected by the Metropolitan Sessions Judge (MSJ), Hyderabad. Directorate of Enforcement has filed a petition before the Hon'ble High Court of Telangana against the said Order.
- (e) A Prosecution Complaint was filed before the Special Court [MSJ], Hyderabad against Shri Sanjay Aggarwal, and his entity M/s. La Richeesse Advisers, Shri Morthala Malla Reddy, Shri Arun Panchariya and his entity M/s. Vintage FZE, Shri Mukesh Chauradiya on

25.11.2022. The Court has taken cognizance for the commission of the offence of Money-Laundering vide SC No. 16/2023 dated 18.01.2023. The trial is presently in pre-charge stage.

Gist of complaint received from Sh. Chandra Shekhar:

Complaint received from Shri Chandra Shekhar consists of more than 1000 pages and the gist of allegations mentioned in the said complaint are as under:-

"M/s Farmax raised USD 71.91 million by issuance of GDR. The entire GDR was subscribed by only one entity i.e., M/s VINTAGE FZE out of the loan fund taken from EURAM Bank by pledging the entire GDR proceeds, even before GDR was subscribed. SEBI observed that Sh. Arun Panchariya orchestrated 14 other similar GDR issues and he was also debarred in one such case; that Barter Brothers facilitated the marketing and sales of the illicit GDR of Farmax. Details of the same evidencing from the MOU recovered during the IT raid and further during the statement given by Shri Sanket Shah and Shri Kush B. Shah to the IT officials, wherein they stated that the MOUs were kept at the residence of Shri Sanket Shah and Shri Kush B. Shah by Atul Shah. Income Tax Report also revealed that Sh. Anil Shah, his brother Shri Atul Shah and their associates are involved in various illegal activities including managing of the IPO's and sale of GDR Shares of M/s Farmax; that Income Tax 'Search Report' states that on perusal of register and diaries seized during the search, it is seen that Shri Anil Shah and Shri Atul Shah were indulged in trading of shares of Farmax on continuous basis since September, 2010. Further, Income Tax search report stated that the transactions have been recorded to have taken place in USD. These transactions also substantiate the fact that post MOU, transactions of purchase of shares of Farmax has also been done by Barter group in some account held in USD. The transactions of purchase of 18,00,000 shares of Farmax on 16.02.2011 have also been found to be recorded on page 150 at share trading register seized from the residence of Shri Utsav H. Shah. This clearly indicates that the shares have been transferred to Barter Group in some account held in USD. The finding of Income Tax Search Report have revealed and alleged

that Shri Atul and Shri Anil Shah and their associates were involved in various illegal activities including managing of unaccounted monies worth Rs. 24,75,51,60,649/- of several white-collar criminals including Shri Mehul Choksi and Gitanjali Gems Limited; that Adjudication order passed by SEBI dated 15.01.2021 in respect of Shri Sanjay Aggarwal in the said subject matter clearly highlights the fact that, market master mind Shri Jalaj Batra has approached intentionally and choose Shri Sanjay Aggarwal to execute the said financial fraud in M/s Farmax; that Smt Anju Batra was appointed as a whole time Director in the said Merchant Banker firm, i.e., M/s La Richeesse Advisors Pvt. Ltd., Shri Sanjay Aggarwal Firm, on 01.10.2009 and ceased to be the whole time Director on 01.03.2010; that Income Tax search report also state about the connection of Shri Jalaj Batra, how he with his associates has conspired by way of fake MOU and executed the GDR Farmax scam; that Shri Jalaj Batra along with their co-conspirators namely Shri Sanjay Raghunath Aggarwal, Shri Bharat Bhushan Batra and his wife Smt Anju Batra had been involved in the infamous Farmax GDR Scam; that DHFL, a non-banking financial company was involved in a scam of siphoning off bank loans and investors' money amounting to thousands of crore rupees. Shri Jalaj Batra and his associates are involved into the whole scam by using their positions of influence and control, they were able to manipulate the market and resulting in financial harm to others; that various other cases registered against Barter Brother like in Drug Financing & Cricket betting Scams."

Action taken by ED against various persons to verify the facts specified in the complaint of Sh. Chandrasekhar:

(a) Jalaj Batra:

The known role of Shri Jalaj Batra is limited to act as an intermediary, who arranged a meeting of Shri Morthala Srinivasa Reddy, Promoter of M/s. Farmax India Limited with Shri Sanjay Raghunath Aggarwal. As per the statement of Shri Morthala Malla Reddy, Jalaj Batra had approached his brother Shri Morthala Srinivasa Reddy with a promise to help them in the issuance of GDRs. Shri Jalaj Batra was also part of the meeting held in Mumbai where Shri Morthala Srinivasa Reddy signed the Pledge

Agreement, which was the basis for execution of this scam. Shri Morthala Srinivasa Reddy stated that –

- He signed the pledge agreement at the insistence of Shri Arun Panchariya's associate Shri Jalaj Batra and Shri Sanjay Aggarwal.
- Shri Jalaj Batra, Shri Arun Panchariya and Shri Sanjay Aggarwal had asked Farmax to open bank accounts with the Euram Bank.
- He was lured by Jalaj Batra and his team for money and that he had signed wherever they had asked him to do.
- Bank account was opened by Farmax with Abu Dhabi Commercial Bank upon the directions of Shri Sanjay Aggarwal and Shri Jalaj Batra.
- Shri Jalaj Batra prompted that GDR proceeds could not be remitted back directly to Indian account of M/s. Farmax India Limited.
- Subsidiary of Farmax namely M/s Farmax International FZE, UAE was created in April, 2010 upon the direction of Shri Jalaj Batra and that it was established solely for the purpose of GDR.
- The financial statements of the subsidiary company in which sales, receivables, and purchases were mentioned, were arranged by Shri Sanjay Aggarwal and Shri Jalaj Batra and that the subsidiary had not done any business and that these figures were fake and were created just to misled the public.
- Shri Jalaj Batra had sent the balance sheet of Farmax and asked him to incorporate unsecured loan of Rs. 66,88,08,000/- by Farmax to its subsidiary in the annual report.

- Ms. Gundupalli Supriya was the authorized signatory of M/s. Farmax International FZE, UAE and he was introduced to Ms. Gundupalli Supriya by Shri Jalaj Batra.

(b) Barter Brothers:

The information regarding the alleged role of Barter Brothers in Farmax GDR case was first received by this office in March, 2023. Based on the information received, the Directorate issued summons to the Barter Brothers (Shri Atul Hiralal Shah and Shri Raju Shah) to examine their role in the same perpetuated by Farmax. Shri Atul Shah, one of the Barter brothers, appeared before the Directorate on 22.09.2023 & 24.11.2023 and his statement was recorded. Shri Raju Shah is yet to appear in response to summons issued to him.

The information shared with this office and the representation of Shri Chandra Shekhar relies on the report prepared by the Income Tax Department after conducting several searches against Accommodation Entry Provider Group called Barter Brothers in 2014-15. During the search, the IT department had found a MOU between Barter Brothers and the Promoters of Farmax, in which it was stated that the GDR shares would be sold and the profits were to be shared between Barter Brothers and the promoters of Farmax. However, the same was conditional on the promoters giving full access of the EURAM Bank account to Shri Sanjay Aggarwal who would be the trustee from both sides. A copy of the said MOU was obtained by this office from Telangana Police.

Further, based on the available information, Barter Brothers were summoned to examine their role in the GDR issue, and the said MOU. Shri Atul Shah appeared and his statement was recorded under Section 50 in which he confirmed that the said MOU was part of the material found in the searches conducted by the IT department against his family members, other associates. He further stated that he knew Shri Sanjay Aggarwal, who had approached them to resolve the issue between the promoters of Farmax and Shri Arun Panchariya.

However, he stated that they had not participated in the said resolution as the terms mentioned in the alleged MOU were not executed. He also submitted that he or his brother had never traded the shares of Farmax. He was also confronted with a picture of a log book mentioned in the IT search report which seemed to indicate trade of shares of Farmax. To this, he responded that the premises where the said logbook was found was not associated with him. The submissions made by Atul Shah were cross examined with the tradelog obtained by this office from SEBI. The tradelog could not establish any connection with Atul Shah, or his associated entities till now. Further investigation regarding the possibility of his association/ trading of shares through other entities, or before the issue of GDRs by Farmax is in progress.

Details of investigation pertaining to opening of LOC in respect of Shri Jalaj Batra and circumstances of the time when he left India:

During the investigation, summons were issued to Shri Jalaj Batra on 14.11.2022 & 16.11.2022, however he did not appear in compliance of summonses. To substantiate the role of Shri Jalaj Batra, a letter dated 31.01.2023 was written to BOI to get his passport details and his travel details and accordingly reply received from BOI on 08.02.2023. On perusal of the travel details shared by BOI, it was found out that Shri Jalaj Batra left the country on 25.09.2022. It is pertinent to mention that as soon as the role of Shri Jalaj Batra was established during the investigation, LOC was issued against him on 10.02.2023. Thus, it is evident that he has left India four months prior to issuance of LOC against him. Summons dated 28.02.2023, 11.04.2023 and 08.05.2023 were issued to Smt Anju Batra and Shri Bharat Bhushan Batra to ascertain the role of Shri Jalaj Batra and to know about his whereabouts. However, they did not appear in compliance of summonses. Summons dated 13.04.2023, 26.04.2023 & 08.05.2023 were again issued to Shri Jalaj Batra and these summons were served on *email id* of Shri Jalaj Batra. Shri Jalaj Batra replied to the said summons through email and stated that he was out of country and could not appear before the office.

Comments received from CBDT:

- (a) Whether the Department has submitted any Report related to searches in Barter Brothers Group or Globe Capital Market Ltd before the Hon'ble Delhi High Court admitting scam of crores of rupees?

Clarification given by CBDT:

Considering that matter before the Hon'ble Delhi High Court was neither related to Barter Brothers nor Globe Capital Market Ltd. nor the Hon'ble Court directed the Income Tax Department to submit any Report before it. So, there never arose an occasion before the Department to submit any Report before the Hon'ble Delhi High Court.

- (b) If any action has been taken against Barter Brothers and Shri Jalaj Batra, whether any 'money trail' has been established in the case of Barter Brothers group or Jalaj Batra Group?

Clarification given by CBDT:

It is submitted that during the Assessment proceedings additions have been made on various issues based on evidence found during the search and seizure action and post search and seizure investigation as per the extant provisions of the Income Tax Act, 1961.

- (c) Whether any Custodian has been appointed in the case of Shri Jalaj Batra?

Clarification given by CBDT:

There is no provision in the Income Tax Act, 1961 to appoint Custodian in case of any of the taxpayer.

- (d) Details of action taken in the case(s) of Barter Brothers and Shri Jalaj Batra after the year 2020.

Clarification given by CBDT:

It is submitted that proceedings under the Income Tax Act, 1961 are based on income received or arose or accrued to the taxpayer. All the cases which have been mentioned in the representation pertain to the

year 2002 to 2010, except action regarding findings in search in the case of Globe Capital Market Ltd.

Order u/s 143(3) read with Section 153(1) read with Section 263 of the Act for AY 2012-13 and order u/s 143(3) for AY 2018-19 was passed after 2020 in the case of Shri Atul Hiralal Shah. Efforts for recovery of the outstanding demand in Barter Brothers have been made on regular basis after completion of assessment proceedings.

Further, proceeding u/s 10 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 have been initiated against Shri Jalaj Batra for AY 2015-16 and AY 2016-17 on 28.04.23.

Moreover, proceedings u/s 10 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 has been initiated against Smt Anju Batra for AY 2022-23 on 01.04.2022.

- (e) Till when these actions/proceedings will be completed?

Clarification given by CBDT:

Proceedings in the case of Shri Jalaj Batra under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 for A.Y. 2015-16 and A.Y. 2016-17 are getting barred by limitation on 31.03.2026.

Proceedings in the case of Smt Anju Batra under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 for A.Y. 2022-23 are getting barred by limitation on 31.03.2025.

- (f) Whether it was a fraud or a crime?

Clarification given by CBDT:

Income Tax Department is only concerned with assessment of income of taxpayer in the year when it is accrued or received as the case may be, as mandated by the provisions of the Income Tax Act.

- (g) What is the coordination between other Departments?

Clarification given by CDBT:

Certain information about M/s. Farmax India Ltd. was sought for by the CID Telangana State u/s, 91 of CrPC for the purpose of investigation. Accordingly, the desired information in the case of Barter Brothers group was shared with the aforesaid agency on 19.08.2023.

OBSERVATIONS/RECOMMENDATIONS

Genesis of 'Organised Crime' – Circular Trading, Money Laundering and other Unlawful Activities:

14. Committee on Petitions, Lok Sabha received a representation from a private individual, namely, Shri Chandra Shekhar, wherein, he had *inter alia* informed about serious financial frauds, continuous money laundering and unlawful activities purportedly carried out by Shri Anil Hiralal Shah @ Raju Barter, Shri Atul Hiralal Shah – *popularly known as 'Barter Brothers'*, Shri Jalaj Indrasen Batra, Smt Anju Batra, Shri Bharat Bhushan Batra in connivance with their known and unknown conspirators including Shri Sanjay Aggarwal. The representation contained more than 1000 pages of annexures *inter alia* showing the direct involvement of aforementioned persons in operating an organised crime syndicate *inter alia* for manipulating stock market(s), cause financial irregularities, loss to the exchequer along with duping the gullible small investors in the country.

15. In terms of the established procedure, the Committee forwarded the representation to the Ministry of Finance (Department of Revenue) & (Department of Economic Affairs), Ministry of Corporate Affairs and the Securities and Exchange Board of India for obtaining comments on various issues raised by the representationist.

16. Pursuant to this, the Committee received detailed information, in batches, from all the Ministries/Department concerned of the Government of India. Having meticulously examined the comments/status report(s) received from them, the Committee *prima facie* comprehended that the aspects raised by the representationist do not have any fictional element but rather raises some pertinent questions as to how the organised crime had been committed by aforementioned persons during the year 2002 to 2010, which might have caused unexplainable hardship to the small investors as well as revenue loss to the exchequer coupled with destabilizing the stock markets of the country. The Committee, therefore, decided to take up the representation for its detailed examination, investigation and report to Parliament.

17. The genesis of 'Organised Crime' in the form of Circular Trading, Money Laundering and other Unlawful Activities by the aforementioned persons, though dates back from the year 2002 to 2010 and thereafter, various actions have been initiated by Agencies/Departments of the Government of India, with a view to examining the magnitude of culpability of these persons as discerned from the documents/papers furnished by the Ministries/Departments of the Government of India, with a view to understanding the nuances in a sequential manner, the Committee categorised various aspects/issues in the following categories:-

- (i) Persons identified by Agencies/Departments for committing various offences of Circular Trading, Money Laundering and other Unlawful Activities.

- (ii) Shell Companies identified by Agencies/Departments which were operated by the accused persons.
- (iii) Proceedings initiated against the accused persons.
- (iv) Penalties imposed on accused persons and/or property attached by various Agencies/Departments.

18. The meticulous examination of Committee by way of culling out the relevant information/comments as furnished by the Ministries/Departments concerned of the Government of India revealed the following facts:-

- I. Persons identified by Agencies/Departments for committing various offences of Circular Trading, Money Laundering and other Unlawful Activities.

Sl. No.	Name
1.	Shri Sanjay Aggarwal
2.	Shri Arun Panchariya
3.	Shri Atul Hiralal Shah
4.	Shri Raju Shah
5.	Shri Jalaj Indrasen Batra
6.	Shri Anil Hiralal Shah
7.	Shri Mukesh Chauradiya
8.	Shri Nitish Chauradiya <i>nee</i> Nithish Bangera
9.	Shri Morthala Srinivasa Reddy
10.	Shri Morthala Malla Reddy
11.	Smt Anju Batra
12.	Shri Bharat Bhushan Batra
13.	Smt Gundupalli Supriya

II. Shell Companies identified by Agencies/Departments which were operated by the accused persons.

Sl. No.	Name
1.	Farmax India Limited
2.	Universal Media Network Limited
3.	Genus Commutrade Limited
4.	Vijay Textiles Limited
5.	Vintage FZE
6.	Anushthan Buildcon Private Limited
7.	Neminath Traders Private Limited
8.	Real Marketing Private Limited
9.	Rajshah Enterprises Private Limited
10.	DHFL
11.	La Richesse Advisors Private Limited
12.	India Focus Cardinal Fund
13.	Anand Yogesh Shares & Consultancy Private Limited
14.	Rakshit Buildcon Private Limited
15.	Surya Kiran Textiles Private Limited
16.	Globe Capital Market Limited

III. Proceedings initiated against these persons.

Sl. No.	Details	Dateline
1.	Enforcement proceedings against 12 Entities u/s 11 & 11 B of SEBI Act, 1992	July, 2020
2.	Adjudication Orders issued	January, 2021
3.	Enforcement Proceedings against 18 Entities u/s 11 & 11 B of SEBI Act, 1992	October, 2009
4.	Adjudication Orders issued	September, 2006
5.	Enforcement Proceedings against 07 Entities u/s 11 & 11 B of SEBI Act, 1992	September, 2007
6.	Enforcement Proceedings against 31 Entities u/s 11 & 11 B of SEBI Act, 1992	February, 2008
7.	Settlement Orders passed	July, 2008
8.	Adjudication Orders issued	September, 2009

9.	Consent Orders issued	May, 2011
10.	Inspection Orders u/s 206(5) of Companies Act, 2013 issued	December, 2013
11.	SFIO Investigation initiated	December, 2023
12.	Look Out Circular (LOC) issued	September, 2022
13.	05 Summons issued by ED	May – November, 2023
14.	Attachment of Property	July, 2023
15.	Search Operation conducted by IT Department	2014
16.	SEBI investigation on fraudulent issue of GDR	2020

IV. Penalties imposed on accused persons and/or property attached by various Agencies/Departments.

Sl. No.	Details	Dateline
1.	Penalty of Rs. 5.75 lakhs imposed against Universal Media Network Limited.	27 September, 2006
2.	Penalty of Rs. 5.75 lakhs imposed on Universal Media Network Limited.	27 September, 2007
3.	Genus Commutrade Ltd., was debarred from accessing the securities market and prohibited from buying, selling or otherwise dealing or associating with the securities market in any manner whatsoever for a period of 2 years.	19 February, 2008
4.	Settlement orders passed against Shri Raju Shah and Shri Atul Shah and sum of Rs.5,00,000/- and Rs.3,00,000/- had been	18 September, 2008

	remitted towards settlement charges, respectively. The entities were also directed not to deal in securities in any manner whatsoever, for a period of 12 months.	
5.	Penalty of Rs. 2 lakhs imposed on Genus Commutrade Ltd.	22 September, 2009
6.	Universal Media Network Ltd. was restrained from accessing the securities market and also prohibited from buying, selling or otherwise dealing or associating with the securities market in any manner whatsoever, for a period of two years.	1 October, 2009
7.	Penalty of Rs. 5 lakhs imposed on Shri Jalaj Batra.	30 July, 2010
8.	Penalty of Rs. 25 lakhs was imposed on Vijay Textiles Ltd.	13 January, 2011
9.	Penalty of Rs. 5 lakhs imposed on Shri Jalaj Batra.	13 January, 2011
10.	Shri Arun Panchariya and Vintage FZE were directed to disgorge illegal gains of Rs. 51,74,09,103.5 and Rs. 2,57,674.35 with interest of 12% per annum within 45 days of the said order.	14 July, 2020
11.	Shri Arun Panchariya, Vintage	14 July, 2020

	FZE, Farmax India Ltd. and Shri Sanjay Aggarwal were restrained from accessing the securities market and further prohibited from buying, selling or dealing in securities directly or indirectly in any manner whatsoever or being associated with securities market for a period of five years and two years respectively.	
12.	Penalty of Rs. 12 crores imposed on Farmax India Ltd.	29 October, 2020
13.	Penalty of Rs. 25 crores imposed on Shri Arun Pachariya.	25 November, 2020
14.	Penalty of Rs. 10 lakhs imposed on Shri Sanjay Aggarwal.	15 January, 2021
15.	Assets of Shri Arun Panchariya & others amounting to Rs. 59.17 crores were attached.	20 July, 2023
16.	Seizure order issued under section 37A of FEMA, 1999 for attaching assets amounting to Rs. 62.52 crores belonging to Shri Morthala Srinivasa Reddy and Shri Morthala Malla Reddy.	20 July, 2023

19. The analysis made by the Committee revealed that the organised crime in the form of Circular Trading, Money Laundering and other Unlawful activities by Shri Anil Hiralal Shah *alias* Raju Barter, Shri Atul Hiralal Shah – *popularly*

known as '*Barter Brothers*', Shri Jalaj Indrasen Batra, Smt Anju Batra, Shri Bharat Bhushan Batra in connivance with other persons as indicated at para 18(I) started in the year 2002. With the sole intention of deceiving various financial apparatus/Organisations and SEBI as also the gullible small investors, these persons formed various 'Shell Companies' as indicated at para 18(II). When the Agencies/Departments/Organisations got a whiff of their wrongdoings, various punitive actions were initiated which have been summarised at para 18(III). In addition to this, imposition of penalties along with attachment of property of these persons were also effected as dovetailed at para 18(IV).

20. Notwithstanding the above averments, the Committee were initially perplexed as to why stern action had not been taken by various Agencies/Departments/Organisations to deter these persons from carrying out their reprehensible and criminally-oriented activities. In order to undo this intricate quagmire, the Committee undertook a painstaking exercise of sequencing the details of penalties imposed/properties attached [para 18(IV)] on the basis of specific timelines. The outcome of said effort revealed that prior to the year 2014, the penalties imposed by various Agencies/Departments/Organisations were not proportionate and rather negligible vis-a-vis the misdemeanors committed by these persons. In other words, prior to the year 2014, only cosmetic actions were initiated, wherein, paltry penalties ranging between 2 to 25 lakhs were imposed on these persons. The Committee were also flabbergasted to find that prior to 2014, efforts have not been made by any of the Agencies/Departments/Organisations either to confiscate the properties or

issue the LOCs against the persons who committed such grave cognizable offences. However, after the year 2014, the Committee note that well-coordinated actions were initiated which includes imposition of hefty penalties ranging between 10 lakhs to 25 crores. Besides, assets of crores of rupees owned by these persons were also attached and they were also prohibited from dealing in securities directly or indirectly in any manner. The Committee, therefore, wish to express their satisfaction that after the year 2014, the Ministry of Finance (Department of Revenue & Department of Economic Affairs), Ministry of Corporate Affairs and the Securities & Exchange Board of India (SEBI) recognized the gravity of offences committed by the these persons and started initiating tangible actions, as narrated above. However since the magnitude of 'Organised Crime' committed by these persons in the form of Circular Trading, Money Laundering and other Unlawful Activities appears to exceed thousands of crores of rupees, the Committee wish to make some meaningful observations concerning the Securities & Exchange Board of India (SEBI), Central Board of Direct Taxes (CBDT), Enforcement Directorate (ED) and the Ministry of Corporate Affairs (MCA) in the succeeding paragraphs:-

(A) Securities & Exchange Board of India (SEBI)

21. The Committee note that the Securities and Exchange Board of India was constituted as a Non-Statutory Body on April 12, 1988 through a resolution of the Government of India. The Securities and Exchange Board of India was established as a Statutory Body in the year 1992 and the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992) came into force

on January 30, 1992. The Committee also note that SEBI plays a crucial role in the Indian financial system by regulating the securities market, ensuring transparency and protecting investors' interests. It also regulates the functioning of stock-brokers, sub-brokers, portfolio managers, and other intermediaries in the securities market. In brief, the powers of SEBI are as under:-

- Registration and Regulation of Securities Market Intermediaries.
- Rule of the Self-Regulatory Organisations.
- Regulation of Substantial Shares Acquisition and Companies Takeover.
- Regulation of Other Securities Market and Stock Exchange Business.
- Regulation & Registration of the working of Collective Investment Schemes, Venture Capital Fund.
- Power to ban Fraudulent and Unfair Trade Practices in Securities Market.
- Barring Insider Trading in Securities.

22. In the context of the instant representation and the clarification furnished by all the Ministries/Departments/Organisations concerned, the Committee wish to make the following observations:-

- (i) SEBI had acknowledged that the accused persons namely, the 'Barter Brothers', i.e., Shri Anil Hiralal Shah, Shri Atul Hiralal Shah, Shri Jalaj Batra, Shri Sanjay Aggarwal and others have repeatedly found involved in various share market scams/unfair practices.

- (ii) SEBI on multiple occasions, registered various cases against the aforementioned accused persons and subsequently investigated the matter. On the basis of their detailed investigation/inquiry, all the accused persons as detailed at para 18(I) have been found guilty of committing various cognizable offences.
- (iii) SEBI has also submitted before the Committee that almost all the cases have been closed by way of 'The Settlement Process' and/or 'The Consent Mechanism', while punitive actions including imposition of Penalties and Debarring from trading on the Stock Markets have been ordered and implemented against the accused persons and the penalties imposed/ordered have also been deposited/recovered.
- (iv) Contrary to this, the submissions made by SEBI also revealed that the accused persons have been repeatedly abusing the relevant laws for which their misdemeanors have been investigated and they have been prosecuted, penalized and debarred from the stock markets almost every year/every alternate year. In this context, the Committee wish to express their candid opinion that that the penalties imposed on the accused persons are such paltry amount(s) that it neither make any impact on the accused nor deter them to discontinue their unethical practices vis-à-vis the magnitude of financial scams orchestrated by them. The Committee are also of the considered view that the action of debarring of the accused persons from trading in the stock market also seems to have no merit at it is very convenient to by-pass the restrictions imposed by the Competent Authorities by way of using the names and accounts of other family members/proxies/dummy entities to engineer yet another scam in the stock market.
- (v) SEBI has expressed its limitations before the Committee, as under:-

- (a) SEBI prefers 'Settlement' in case there is no 'Impact on the Market.
 - (b) SEBI can only target 'Settlement'; it cannot pursue these matters any other way. As a matter of fact, SEBI does not have any powers to take any other punitive action against the accused persons including 'custodial interrogation'/'arrest' or issuing a 'Look Out Circular' to restrain the accused from fleeing the country.
- (vi) In this context, the Committee, after examining all the relevant documents, observe that no exercise seems to have been undertaken/conducted by SEBI to ascertain the 'impact on the market'. Furthermore, the Committee are also of the opinion that various specialised agencies are available to ensure enforcement of law. For instance, Money Laundering (PMLA) matters are to be referred to Enforcement Directorate (ED), Pre-Meditated Scams/Cheating/Fraudulent Conduct to the Central Bureau of Investigation (CBI). Similarly, the Company Law Offences are to be referred to the Serious Fraud Investigation Office (SFIO).
- (vii) The Committee, therefore, feel that the gravity and magnitude of offence/fraud committed by these persons cannot be compensated by imposition of paltry penalties/debarring the accused persons and rather ought to be referred to other Agencies for thorough investigation and strictest of punishment.

(B) Central Board of Direct Taxes (CBDT)

23. The Committee note that the Central Board of Direct Taxes is a Statutory Authority constituted under the Central Board of Revenue Act, 1963. The officers of the Board in their ex-officio capacity also function as a Division of the Ministry dealing with matters relating to levy and collection of direct taxes. In brief, the functions of the Central Board of Direct Taxes are as under:-

- Formulating policies and guidelines for administering direct taxes in India.
- Draft and amends Tax Laws, such as the Income Tax Act.
- Providing taxpayer services to enhance compliance, facilitate tax return filing, and address taxpayer grievances.
- Overseeing income assessment and tax audits for accurate income tax reporting.
- Monitoring tax collection and recovery activities for efficient collection of direct taxes.
- Conducting tax investigations and enforcement to combat tax evasion, fraud, and non-compliance with tax laws.
- Dealing with international tax matters, including cross-border transactions, double taxation agreements, and transfer pricing.
- Handling of tax-related legal matters and represents the Income Tax Department in tax-related judicial proceedings.
- Leveraging technology for effective tax administration, including implementing digital platforms and systems.
- Conducting policy analysis, research, and studies to improve the tax system.

24. In the context of the instant representation and the clarification furnished by all the Ministries/Departments/Organisations concerned, the Committee wish to make the following observations:-

- (i) CBDT in their deposition before the Committee on 18 December, 2023 has acknowledged of having found the accused involved in

the reported matters and further informed the Committee of having raised Tax Demand from the accused persons to the tune of thousands of crores of rupees and also exercised attachment of properties for the recovery of the Tax Demand.

- (ii) Since the Committee are not aware as to whether during the raids conducted on the premises of the accused persons, violations of relevant laws, viz., Money Laundering (PMLA) matters, Pre-Meditated Scams/Cheating/ Fraudulent Conduct, Serious Fraud have been noticed, they are of the view that Enforcement Directorate (ED), Central Bureau of Investigation (CBI) and Serious Fraud Investigation Office (SFIO) are better equipped for undertaking a result-oriented investigation in the matter.

25. Based on the aforementioned analysis/observations, the Committee have no inhibition to mention that serious financial frauds, continuous money laundering and unlawful activities have been carried out by Shri Anil Hiralal Shah @ Raju Barter, Shri Atul Hiralal Shah – *popularly* known as '*Barter Brothers*', Shri Jalaj Indrasen Batra, Smt Anju Batra, Shri Bharat Bhushan Batra in connivance with their known and unknown conspirators including Shri Sanjay Aggarwal. The Committee, at the same time, also appreciate the efforts made by the Ministry of Finance (Department of Revenue & Department of Economic Affairs), Ministry of Corporate Affairs and the Securities & Exchange Board of India (SEBI) after the year 2014 to undertake an all-round effort to prosecute all the accused persons in accordance with law so that the gullible small investors are not duped any further. Notwithstanding this, the Committee wish to make the following recommendations:-

- (i) The serious misdemeanors on the part of persons as indicated at para 18(I) call for severe punishment. The Committee, therefore,

recommend for an intense, legal and institutional inquiry by the Government in a time-bound manner.

- (ii) The Government should take appropriate steps to ensure that the accused persons as indicated at para 18(l) should not flee the country.
- (iii) The Government should take appropriate steps to extradite the accused person(s) who have managed to escape the country to evade the law.
- (iv) The Government should take appropriate steps to secure/ensure the recovery of illicit money scammed from the public, at large.

26. In addition to this, while going through the documents furnished by the representationist on the basis of which the all the relevant Ministries/ Departments along with SEBI have submitted their detailed replies, the Committee also wish to refer to the list of LOCs opened by the Agency and the timing of the LOC issued, which go on to show that the LOCs were opened against all the accused persons in the matter, except Shri Jalaj Batra, who surprisingly fled the country within just one day after the first arrest of another accused and an accomplice of Shri Jalaj Batra, namely Shri Sanjay Agarwal, was made. The sequence and timings of the LOCs issued, therefore, gives a different connotation on the working-pattern adopted by the operational-level functionaries of the Agency concerned. It is also a fact that when the representationist had furnished the details of 250+ '*Benami Companies*', explicitly involved in committing serious financial frauds by all these persons, till date, the SFIO have investigated only 04 Companies. Furthermore, the attachment/seizure of properties has been effected only in the matter of 'Barter

Brothers' and not in the case of rest of the accused persons including Shri Jalaj Batra, Smt Anju Batra, Shri Bharat Bhushan Batra and others. The Committee, therefore, recommend the Ministries/Departments concerned to sensitize their operational-level functionaries to renew their efforts to enforce recovery of the public money embezzled by these persons through questionable means and financial scams.

27. The Committee would like to be apprised of the specific steps taken/proposed to be taken on all the above aspects within three months from the date of presentation of this Report to the House.

NEW DELHI;

HARISH DWIVEDI,
Chairperson,
Committee on Petitions.

02 February, 2024

13 Magha, 1945 (Saka)

Dated: 4.09.2023

The Chairman,
Parliamentary Standing Committee on Petitions,
117, Block 'B', Parliament House Annexe (Extension),
New Delhi – 110001.

Subject: Serious financial frauds and continuous money laundering and unlawful activities carried out by Anil Hiralal Shah @ Raju Barter, Atul Hiralal Shah, popularly known as 'Barter Brothers', Batra Family including Jalaj Indrasen Batra, Anju Batra (Wife of Jalaj Indrasen Batra), Bharat Bhushan Batra (Brother of Jalaj Indrasen Batra) in connivance with their known and unknown conspirators including Sanjay Aggarwal – *request for ordering initiating independent & impartial investigation by the Parliamentary Standing Committee on Petitions.*

Sir,

1. I wish to draw your kind attention to various egregious and illegal activities of financial frauds and money laundering activities perpetrated by the aforementioned individuals resulting in defrauding the Government of an amount exceeding Rs. 25,000 crores. The unlawful activities of these people have resulted in a countless number of matters being registered against them by various agencies viz. the Central Bureau of Investigation (CBI), Enforcement Directorate (ED), Securities and Exchange Board of India (SEBI), Income Tax Department and the Serious Fraud Investigation Office (SFIO).
2. It is a documented fact, widely available in the public domain, that India's parallel economy is estimated to be 62% of GDP, generating about Rs 93 lakh crore of revenue. During the last decade, the aforementioned individuals were successful in establishing an organized crime-cum-money laundering syndicate.

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Though, the modus operandi adopted by these persons for carrying out their illegal activities along with duping the Government is hard to decipher, I undertook a thorough research and found that their illegal activities have the following layers:-

Layer One: Placement

The very first phase involve various types of transactions, such as breaking up large amounts of money into smaller sums and depositing them directly into bank accounts, transporting cash across borders to deposit the funds in financial institutions abroad, or buying precious goods like artwork and antique diamonds, and gold. That can be resold for payment by cheque or bank transfer.

Layer Two: Layering

The second phase involves Layering of money, which is the process of separating the proceeds of criminal activity from their origin through the use of layers of complex financial transactions. Layering for money laundering is gradually adding legitimacy to the source of illicit money, making it as difficult to detect. Layering is generally considered the most complex component of the money laundering process. It intentionally involves multiple financial intermediaries and transactions to confuse AML checks. Some of the pathways utilized during this step include:

- Changing the money's currency.
- Multiple inter-bank transfers.
- Multiple structured deposits and withdrawals, aka "smurfing."
- Purchasing high-value items such as diamonds, cars, or property.
- Multiple wire transfers between different accounts in different countries.
- Opening "shell" companies.
- Investing in businesses with minimal paperwork, such as currency exchanges, art galleries, and car washes.
- Using money "mules."

It is essential to understand its place in the money laundering process to detect layering. First, the cash is moved to different accounts through a series of financial transactions designed to hide the money's origin in the layering stage. This layering

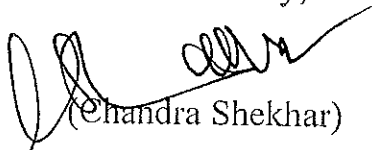
phase can involve legitimate transactions like buying real estate and lawful businesses, placing money in investments such as stocks and bonds, or using a shell company to hide the real owners of the business finally.

Layer Three: Integration

The third stage is of Integration, which is the process of using legitimate transactions to disguise illicit proceeds. In the integration stage, the funds are reintroduced into the economy to appear to belong to legitimate sources. This helps the criminal clean the dirty money, invest it, and profit from it. As a result, the integration stage is exceedingly difficult to distinguish between legal and illegal.

3. After narrating the modus operandi of these persons, it is worthwhile to share some of the most serious and incriminating information on the basis of which your good self would also appreciate the magnitude and direct/opaque involvement of all the aforementioned persons in various illegal activities, which are appropriately annexed in my present Petition.
4. It may kindly be seen that all these aforementioned persons have now become a security threat to our country. Their economic offences have now become unpardonable as it is now eating into the vitals of our economy. Though various Investigative Agencies have carried out several inquiries against these persons and various Courts have also made scathing remarks against the wrongdoings of these persons, it is surprising to know that these persons are still far from the clutches of Law.
5. I, therefore, request your good self to consider my Petition for initiating and independent & impartial investigation by the Parliamentary Standing Committee on Petitions so that the aforementioned persons are not able to further damage our country, in general and our economy, in particular.

Yours sincerely,



(Chandra Shekhar)

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ANNEXURES

A. Investigation and searches being conducted by various Law Enforcement Agencies

In the matter of Farmax GDR Issue Scam– Rs. 54 crore

- Pretext of the Farmax GDR Scam.
- Registration of FIR bearing No. 664/2013.
- Initiation of proceedings before Directorate of Enforcement.
- Initiation of proceedings before SEBI.
- Involvement of various Accused persons in the Farmax GDR Scam as evident from the Income Tax search dated 04.12.2014, and 04.02.2015.
- Involvement of Barter Brothers.
- Involvement of Mr. Jalaj Indrasen Batra.
- Involvement of Mrs. Anju Batra (Wife of Jalaj Indrasen Batra).

In the matter of Income Tax report dated 04.02.2015 and 20.07.2015

- Pretext and Findings from the Income Tax Report 04.02.2015, and 20.07.2015.
- Involvement of Jalaj Indrasen Batra, and his brother Mr. Bharat Bhushan Batra.

In the matter of DHFL Scam Rs. 22,500 crore

- Pretext of the DHFL Scam.
- Involvement of Mr. Jalaj Indrasen Batra.

In the matter of Vijay Textiles Ltd. Scam

- Pretext of the Scam.
- Connection between Jalaj Indrasen Batra, his wife Anju Batra and his brother Bharat Bhushan Batra.
- Order dated 20.11.2015 bearing no. WTM/RKA/EFD-DRA-I/153/2015 passed by the SEBI in the matter of Vijay Textiles Limited.

(B) Various Court cases pending against aforementioned persons including transfer of investigation to SFIO

- Hon'ble High Court of Rajasthan in matter titled M/s. Stepping Stone Private limited vs. State of Rajasthan and Anr. [S.P. Criminal Miscellaneous (Petition) No. 5867 of 2020.
- Hon'ble Supreme Court of India in SLP bearing no. 7325/2022 vide order dated 04.01.2023.
- Hon'ble High Court of Delhi in matter titled Vishan Pal Singh vs Central Board of Direct Taxes and Ors. W.P. (CRL) No. 975/2023.

(C) Various SEBI orders penalizing the aforementioned persons

- Order bearing no. WTMFVKC/ ID6/ 138/08 passed by the SEBI in the scrip of Universal Media Network Ltd.
- Order dated 19.02.2008 passed by the SEBI in the scrip of Genus Commutrade Ltd.

(D) Investigations being conducted by various Agencies

- **In the matter of FARMEX GDR issue scam – Rs. 54 crore**

Pretext of the Farmax GDR Scam

Promoters of the GDR issuing Company in involvement with other group of people curated a scheme of duping the Indian investors by fraudulently subscribing to the GDR of Indian companies from loan obtained from EURAM Bank by pledging the proceeds from the same GDR issue. The GDRs were converted to equity by the foreign institutional investors (FIIs), and then sold in the stock market in India at an inflated rate, causing Indian investors a loss of around Rs 54 crore.

FIL with some financial advisory services firm raised USD 71.91 million in Europe by issuing GDR. The entire GDR was subscribed by only one entity, Vintage FZE, floated and controlled out of loan funds taken from EURAM Bank by pledging the GDR proceeds of the Indian Company, even before the GDRs were subscribed.

The Indian Company in connivance with certain individuals fraudulently offered the GDR proceeds as mortgage security to the Bank to arrange loan to Vintage FZE. Eventually, Vintage FZE did not repay the loan and the GDR proceeds were adjusted by the bank against outstanding loan.

The GDR proceeds were never repatriated to India. These GDRs were later converted into equity by the FIIs controlled and sold in Indian Stock market at higher inflated price and caused a loss to Indian investors of around Rs. 54 crore.

- **Registration of FIR bearing No. 664/2013 at PS Dungali, Hyderabad, and subsequently, Press released of Directorate of Enforcement dated 03.10.2022, and 21.07.2023, and SEBI investigation against Accused persons**

That a FIR bearing no. 664/2013 was registered with PS Dungali, Hyderabad and the same is evident from the 20th Annual Report 2014-2015 published by Farmax India Limited.

- **Initiation of proceedings before Directorate of Enforcement**

That in pursuance of the registration FIR bearing No. 664/2013, the Directorate of Enforcement also started its investigation against Jalaj Batra, and also the Directorate of Enforcement has also released its press release dated 03.10.2022 and 21.07.2023 (**Annexure- 1**)

- **Initiation of proceedings before SEBI**

That in the matter of issuance of GDRs by M/s Farmax India Limited, SEBI has passed its order dated 14.07.2020 whereby holding that there is violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and that Accused person Mr. Arun Pacharia and others, in a planned and structured manner have mislead the Indian investors. SEBI had also observed that Accused Mr. Arun Pacharia orchestrated 14 similar GDR issues involving fraudulent schemes and he was already been debarred in one such case for a period of one year. SEBI also directed that M/s Farmax India Limited shall continue to pursue the measures to bring back the outstanding amount of USD 72.20 millions into its bank account in India.

That when the matter of M/s Farmax India Ltd was taken up by S.E.B.I, it was pleased vide Order dated 14.07.2020 to arrive at a serious finding at its internal Page No.16 (**Annexure- 2**)

That further, the SEBI on 12.11.2020 *vide* Adjudicating Order bearing no. EAD-9/VKV/GSS/2020-21/9575 passed against the MD of the Farmax India limited has at Para 50 (**Annexure- 3**)

That investigation conducted by SEBI revealed that at all the GDRs are subscribed by a firm by name M/s Vintage FZE, UAE which is controlled by Accused Mr. Arun Pacharia. It appears that for all the GDRs payable to the Indian Issuing Companies, loan was taken from Euram Bank Austria by M/s Vintage FZE and the proceeds of GDR itself was kept as pledge with Euram Bank. Moreover, loans taken by M/s Vintage: FZI are fraudulently defaulted after some initial payments and the outstanding loan was adjusted by GDR proceeds, which was initially provided by Euram Bank itself. Meanwhile, GDRs were converted into equity and were sold to the Indian entities which are again related to Accused person Mr. Arun Pacharia. The pledge agreement between Euram Bank and the GDR issuing Companies was not disclosed to the respective shareholders. M/s Farmax India Limited sold the converted equity in Indian Stock Markets and caused a loss of Rs.55 crores to Indian investors.

- **Involvement of aforementioned persons in the Farmax GDR Scam as evident from the Income Tax search dated 04.12.2014, and 04.02.2015**

Barter Brothers

That the Barter Brothers facilitated the marketing and sales of the illicit GDRs by Farmax India Limited. Details regarding several MOUs evidencing the same were unearthed from the statements given by Sanket Shah and Kush B Shah to the IT Officials wherein it was stated that the MOUs were kept at the residence of Sanket Shah and Kush B Shah by Atul Hiralal Shah.

That the Barter Brothers in the Farmax GDR Scam as evident from the Income Tax search dated 04.12.2014 (**Annexure- 4**)

That as per the MOU regarding FARMAX India Ltd. seized during the IT Search on 04.12.2014, it was recorded that the company had to be paid Rs. 2.5 per share before transfer of the GDR Shares to the Controlled Accounts of Raju Shah and one other person namely, SA. And as per the seized material, a total 10.625 crore shares were to be dealt with, which would make Market Making Charges to be Rs. 26.56 crores. Hence, Rs. 26.56 crores were paid to Barter Brothers by FARMAX India Ltd. during the Assessment Year 2011-12 and the same was not disclosed in the Income Tax Returns.

It can be learnt from the income tax search report that, Barter Brothers undertook to sell the illicit shares generated in the Farmax GDR Scam and shared the sale proceeds with the co-conspirers of the Farmax GDR Scam and themselves took

50% of the sale proceeds which now forms part of their crime proceeds. Contents of the MOU entered between Barter Brothers and Farmax India Ltd. is mentioned from Page Number 95-103 of the Income Tax Report. The relevant Snapshot from the same are attached below and marked as **(Annexure- 5)**.

That vide income tax search report conducted on 04.12.2014, certain serious findings have been revealed and alleged against the Accused persons namely Mr. Anil Hiralal Shah, his brother Mr. Atul Hiralal Shah and their various conspirators that they were involved in various illegal activities including managing of the IPO's and Sale of GDR Shares of Farmax India Limited, however the investigation of the said allegations against the Accused persons qua Mr. Anil Hiralal Shah, his brother Mr. Atul Hiralal Shah and their various conspirators have not been concluded as of now and hence the indulgence of this Court is required.

That at Para 4.1, Page No. 70 of the Income Tax search report it was stated that MOUs pertaining to IPOs/placement of GDR shares and free float have been seized from the residence of relatives of Shri Atul Hiralal Shah and Shri Anil Hiralal Shah **(Annexure- 6)**.

That Para 4.1.1, Page No. 70 of the Income Tax search report makes a reference of the details of the MOUs pertaining to IPOs/placement of GDR shares and free float shares which are summarized hereunder, and the copies of the MOUs seized were enclosed **(Annexure- 7)**.

That further at Para 4.1.2, Page No. 71 of the Income Tax search report, it was stated that in most of the MOUs the name of the market maker is not recorded instead names of some non-existent entities are recorded **(Annexure- 8)**.

That further at Para 4.1.3, Page No. 71 of the Income Tax search report it was stated that another MOU has been signed by Director of M/s. Anand Yogesh Shares Private Limited (actual name Anand Yogesh Shares & Consultancy Private Limited) a company controlled and operated by Shri Atul Hiralal Shah and Shri Anil Hiralal Shah **(Annexure- 9)**.

That further at Para 4.1.5, Page No. 73 of the Income Tax search report it was stated that the person referred to as Market Maker in the MOUs, discussed hereunder is Raju Shah (i.e., Anil Hiralal Shah), and the same establishes that the seized MoUs, discussed hereunder in place of the name of Raju Shah, names of fictitious or some other entities are recorded **(Annexure- 10)**.

That further at Para 4.5, Page No. 95 of the Income Tax search report it was stated that Farmax India Limited and various persons including Mr. Anil Hiralal Shah and Mr. Atul Hiralal Shah have entered in a MOU so as to market and sell the GDR shares (**Annexure- 11**).

That further at Para 4.5.3., Page No. 99 of the Income Tax search report it was stated that on perusal of these registers and diaries it is seen that Shri Anil Hiralal Shah and Shri Atul Hiralal Shah have indulged in trading in the shares of M/s. Farmax on continuous basis since September, 2010. Scanned copies of page 2 & 3; 82 & 83 of A-4 therein are reproduced (**Annexure- 12**).

That it is more evident and further at Para 4.5.4, Page No. 101 of the Income Tax search report it was stated that upon perusal of the entries recorded in the pages scanned above it is seen that Anil Hiralal Shah and Atul Hiralal Shah have trades heavily in the shares of M/s. Farmax India Limited. It is further seen that trading has been done in various client codes having trading accounts with different brokers. A correlation between the actual trading on BSE and NSE for the period 24.01.2011 to 27.01.2011 and the trading done by Barter Group (**Annexure- 13**).

That further at Para 4.5.5, Page No. 101 of the Income Tax search report it was stated that from the correlation drawn above it can be clearly seen that the volumes of both the exchanges were drawn by the share trading by the Barter Group. The day (27.01.2011) trading has not been recorded in the seized evidence by Barter Group the volumes came down from over 40,00,000 shares on 25.01.2011 to 1,16,000 shares on 27.01.2011. Similar trend is seen for the trading in Farmax shares on correlation of seized evidence with actual trading details. This fact further corroborates the fact that the MOU was actually entered into by Raju Barter (Anil Hiralal Shah) and Shri Atul Hiralal Shah with Farmax promoters for selling the GDR shares in the open market.

That it was further stated at Para 4.5.7, Page No. 102 of the Income Tax search report it was stated that the transactions have been recorded to have taken place in USD. Further, in this account as per the entries recorded entries with regard to GDR fees, reversal of GDR fees, IPO application debits etc. also recorded for a large number of shares of Indian Companies. The transactions recorded with regard to Farmax India Limited (**Annexure- 14**).

That these transactions also substantiate the fact that post MOU transactions of purchase of shares of Farmax has also been done by Barter group in some account held in USD. The transactions of purchase of 18,00,000 shares of Farmax on

16.02.2011 have also been found to be recorded in on page 150 share trading register seized as (Exhibit -) therein from the residence of Shri Utsav H Shah. This clearly indicates that the shares have been transferred to Barter Group in some account held in USD.

That vide income tax search report conducted on 04.12.2014, certain serious findings have been revealed and alleged against the Accused persons namely Mr. Anil Hiralal Shah, his brother Mr. Atul Hiralal Shah and their various conspirators that they were involved in various illegal activities including managing of unaccounted monies worth Rs. 2475,51,60,649 of several white-collar criminals including Mr. Mehul Choksi and Gitanjali Gems Limited, and the same has been mentioned at Page No. 68 of the Income tax search conducted on 04.12.2014.

That Further the study of the following pages of Income Tax Report dated 04.02.2015 and will highlight and demonstrate as how Barter Barterers along-with co-conspirers have been involved in orchestrating various scams and how they have routed the thousands of crores of rupees.

That on Internal Page No. 225 it has been recorded that main apparatus for generating income by the Barter Group is market manipulation for which a number of clients under their control are used by them. The profit generated in their accounts is taken out in cash and the receipts of the same are reflected against the above listed entries.

That on Internal Page No. 550 to 569 it has been recorded that, details and recordings related to the undisclosed foreign bank accounts and unaccounted investments in properties outside India. Snapshot from the same are attached below as (**Annexure- 15**).

That on Internal Page No. 578 it is found that:

"During the course of search conducted at the secret Office of Shri Atul Hiralal Shah and Shri Anil Hiralal Shah situated at B-406, Wall Street-II, Ellisbridge Ahmedabad various loose papers and digital media was seized. On perusal of the seized digital media, a bank Guarantee, of Euro 500 million, issued by HSBC, Hong Kong to M/s. Hong Kong Glamour Way Investment Limited with Romeo Adejo and Hiroko Kono as applicants and M/s. Petite Masion Inc as the beneficiary was found to be seized."

Snapshot from the same are attached below and marked as (**Annexure- 16**).

That on Internal Page No. 70 also mentions about a company called M/s Farmax India Ltd. Further on its internal Page No. 95 it states that:

"A MOU between Farmax India Limited and RS (Raju Shah), AS (Atul Shah) and SA (Sanjay Agarwal) has been seized at Pages 99- 102 of Exhibit A-24 from the residence of Shri Sanket J Shah (Vora). The MOU has been entered so as to market and sell the GDR shares..."

At internal Page No.102 it was stated as under:

"... This fact further corroborates the fact that the MOU was actually entered into by Raju Barter (Anil Hiralal Shah) and Shri Atul Hiralal Shah with Farmax promoters for selling the GDR shares in the open market."

At internal Page No.103 it was stated as under:-

"... This clearly indicates that the shares have been transferred to Barter Group in some account held in USD. The Assessing Officer should correlate the other entries with the relevant share trading registers. The source of purchase of such shares should also be examined by the Assessing Officer.

Further, the assessing officer should further corroborate the share trading details with the exchange data after obtaining relevant trade data of Farmax from the stock exchanges on which it was traded. As per the MOU it has been recorded that the company has to be paid Rs.2.5 per share before transfer of the GDR shares to the controlled accounts of SA (Sanjay Agarwal) and RS (Raju Shah). As per seized material total 10.625 Crore Shares were to be dealt with which would make Market Making charges to be Rs.26.56 Crores. Thus, the AO should confront the assessee and conduct enquiries with regard to the source of funds for the payment made by RS (Anil Hiralal Shah) to the promoters."

That from the perusal of the above-mentioned serious findings, certain serious ingredients for the offence of money laundering, and other offences under various laws are made out in the present case.

That it has been learnt that, the illicit money generated through the selling of illicit shares generated in the Farmax GDR Scam had been routed using 250+ benami companies holding 150+ benami real estate in India as well as tens of benami companies and properties in Dubai and other countries. In the internal page no. 54-

56 in para 3.4.8, it is reflected the List of Benami Companies is attached and marked as (Annexure- 17).

The use of over 250 shell or benami entities for the execution of these actions is particularly alarming as it indicates an intentional endeavour to conceal the actual nature and origin of the funds engaged in the said activities. Moreover, the utilization of the gains from these illicit activities and unaccounted cash for the acquisition or sale of properties, as well as their embezzlement through diverse channels, emphasizes the intricacy and gravity of the purported misconduct. In the event of substantiation, the accusations of money laundering and illicit funds in this case may lead to substantial penalties and legal repercussions for the individuals implicated.

▪ **Involvement of Mr. Jalaj Indrasen Batra**

That with the plain reading of the Adjudicating Order dated 15.01.2021 in respect of Mr. Sanjay Raghunath Aggarwal issued by SEBI in the said subject matter clearly establishes and highlights the fact that, market mastermind Mr. Jalaj Indrasen Batra has approached intentionally and choose Mr. Sanjay Raghunath Aggarwal to execute the said financial fraud (Annexure- 18).

▪ **Involvement of Mrs. Anju Batra (Wife of Jalaj Indrasen Batra)**

Mrs. Anju Batra was appointed as a wholetime director in the said merchant banker firm on 01.10.2009 and ceased to be the wholetime director on 01.03.2010, and that is the same period in which the subject matter was effectuated. A copy of the directorship details of Mrs. Anju Batra obtained from the website of Ministry of Corporate Affairs is hereby annexed as (Annexure- 19).

That Mrs. Anju Batra, was also actively involved in the subject matter. The same can be corroborated by the fact that Mrs. Anju Batra held directorships in multiple companies, one of which is the same merchant banking firm involved in the subject matter owned by Mr. Sanjay Raghunath Aggarwal namely, La Richesse Advisors Pvt. Ltd. A copy of the SEBI adjudication order in respect of Mr. Sanjay Raghunath Aggarwal in the subject matter evidencing the role of the said merchant banking firm is hereby annexed as (Annexure- 20).

▪ **In the matter of Income Tax Report dated 04.02.2015 and Income Tax Report dated 20.07.2018**

Pretext and Findings from the Income Tax Report 04.02.2015 (Annexure- 21).

Connection of Jalaj Batra how he with his associates has together conspired by the way of fake MOU and executed the GDR Farmax Scam. (Page No. 95-103 of the Income Tax Search Report dated 04.02.2015).

Cartel of Operators and brokers are operating in the stock market to generate fictitious profits and losses by trading in various illiquid scrips under the guidance of Jalaj Indrasen Batra. (Page No. 268-316 of the Income Tax Search Report dated 04.02.2015).

Findings from the Income Tax Report dated 04.02.2015 and 20.07.2018 (Annexure- 22).

That subsequently, vide various income tax search concluded, certain serious findings have been revealed various illegal activities including managing of the IPO's and Sale of GDR Shares of Farmax India Limited which has caused huge loss to the great economy and various innocent investors.

▪ **Involvement of Jalaj Indrasen Batra, and his brother Mr. Bharat Bhushan Batra**

That it can be ascertained that Jalaj Indrasen Batra along with their co-conspirators namely Sanjay Raghunath Aggarwal (main accused in the Farmax GDR Issue Scam), and the brother of Jalaj Indrasen Batra/Mr. Bharat Bhushan Batra and the wife of Jalaj Indrasen Batra/Smt. Anju Batra had been found to be involved in the infamous Farmax GDR Issue Scam. Thus, it has been learnt that above-mentioned serious findings, certain serious ingredients for the offence of Money laundering, and other offences under various laws are made out in the present case.

▪ **In the matter of DHFL Scam – Rs. 22,500 crore**

Pretext of the matter - DHFL a non-banking financial company was involved in a scam siphoning off bank loans and investors' money amounting Thousands of Crores of Rupees. The public sector banks in India are supposed to lend a certain portion of their funds to companies like DHFL to develop & promote affordable housing projects under schemes like the Pradhan Mantri Awas Yojna. The hard-earned public money deposited by small depositors in bank accounts of State Bank

of India, Bank of Baroda, etc. reaches in the hands of NBFC's like DHFL. The Indian banking sector had invested in excess of \$3 billion (Rs. 22,500 Cr) in DHFL.

Along with this amount, DHFL has also borrowed heavily by issuing shares, bonds and other debt instruments. These instruments are also largely held by the retail investor. Hence, the allegations against DHFL signify massive losses for the retail investors.

▪ **Involvement of Mr. Jalaj Indrasen Batra**

That According to evidence/documents on record, a group of unknown market operators or screen managers were responsible for orchestrating the manipulation of shares in the stock market. These individuals were acting under the guidance of Mr. Jalaj Indrasen Batra, as well as his close relatives and associates, and their directly or indirectly controlled companies.

It is alleged that Mr. Jalaj Indrasen Batra and his associates along with other market operators and screen managers, intentionally engaged in deceptive practices that violated securities laws and regulations. By using their positions of influence and control, they were able to manipulate the market to their advantage, resulting in financial harm to others.

• **In the matter of Vijay Textiles Ltd. Scam**

Pretext of the matter

That the SEBI vide Order dated 20.11.2015 in the matter of Vijay Textiles Limited and from the Income Tax Report of M/s Globe Capital Market Limited it can be observed that, Mr. Jalaj Indrasen Batra has carried out large scale manipulation of stock markets to generate fictitious profits and loss by carrying out matched trades between pre-determined clients at pre-determined rates for the benefit of various beneficiaries.

That vide Order dated 20.11.2015 bearing no. WTM/RKA/EFD-DRA-I/153/2015 passed by the SEBI in the matter of Vijay Textiles Limited wherein it was found that Accused Jalaj Batra was involved in several stock market violations. The same is herein reproduced (Annexure- 23)

- **Connection between Jalaj Indrasen Batra, his wife Anju Batra and his brother Bharat Bhushan Batra.**

That the SEBI issued order vide dated 20.11.2015 wherein banning Mr. Jalaj Indrasen Batra from participating in the Stock Trading.

Mr. Bharat Bhushan Batra (brother of Mr. Jalaj Indrasen Batra) and Mrs. Anju Batra (wife of Mr. Jalaj Indrasen Batra) have been operating and manipulating the Indian Stock Markets under his guidance and thereby facilitating the participation of Mr. Jalaj Indrasen Batra in the Indian Stock Markets, circumventing the orders issued by SEBI.

Snapshot from Income Tax Report confirming the involvement of Mr. Jalaj Indrasen Batra and his brother Mr. Bharat Bhushan Batra and the wife of Mr. Jalaj Indrasen Batra namely Mrs. Anju Batra, in illegal activities through various other group companies such as Rakshit Buildcon Pvt. Ltd., Surya Kiran Textiles Pvt. Ltd., Padmavati Investment, etc. {Income Tax Report dated **20.07.2018** Page No.- 182 to 230} (**Annexure- 24**).

- **Various Court Cases pending against the aforementioned accused persons involving transfer of investigation to SFIO**

That it has been learnt that as per market sources, two PILs (Public Interest Litigation) were filed in Hon'ble Delhi High Court against several accused individuals, including Jalaj Indrasen Batra, and their known and known conspirators. Primarily, the petition alleges that the accused individuals were involved in fraudulent activities related to insider trading and market manipulation, which were carried out through the use of shell or benami companies. It is further alleged that these activities resulted in innocent investors being duped of their hard-earned money.

- **Hon'ble High Court of Rajasthan in matter titled M/s. Stepping Stone Private Limited Vs. The State of Rajasthan and Anr. [S.P. Criminal Miscellaneous (Petition) No. 5867 and Hon'ble Supreme Court of India SLP bearing No. 213/2020 order dated 04.01.2023.**

That the Hon'ble Rajasthan High Court in matter titled *M/s Stepping Stone Private Limited vs. State of Rajasthan and Anr. [S.P. Criminal Miscellaneous (Petition) no. 5867 of 2020* vide Judgment dated 15.12.2021 after considering the heinous crime committed by the Accused persons, and the involvement of the accused in

numerous stock market manipulation crimes, was pleased to transfer the investigation pertaining in FIR No. 213/2020 to the SFIO. Copy of the Order is attached is attached (**Annexure- 25**).

That the said Order was being challenged by the Accused persons therein before the Hon'ble Supreme Court of India in matter titled *Anil Hiralal Shah v Stepping Stone Private Limited Special Leave Petition (SLP) No. 7325 of 2022* wherein the Hon'ble Court vide Order dated 04.01.2023 was pleased to dismissing the SLP filed by the Accused person challenging the said Judgment dated 15.12.2021 passed by the Hon'ble High Court of Rajasthan. Copy of the Order is attached is attached below and marked as (**Annexure- 26**).

- **Hon'ble High Court of Delhi as matter titled Vishan Pal Singh Vs. Central Board of Direct Taxes and Ors. W.P. No. 975/2023.**

That it has been learnt that, a PIL (Public Interest Litigation) was filed before the Hon'ble Delhi High Court against the above-mentioned persons as mentioned therein. The petition alleges that the accused individuals were involved in fraudulent activities related to insider trading and market manipulation, which were carried out through the use of shell or benami companies. It is further alleged that these activities resulted in innocent investors being duped of their hard-earned money.

That the Hon'ble High Court of Delhi while disposing off the Petition vide order dated 10.04.2023, was pleased to direct the concerned agencies i.e., CBDT/SEBI/CBI/ED to take cognizance of the complaints filed against the proposed accused and has further given the liberty petitioner/complainant therein to file the complaint with the agencies regarding its grievances and to seek status reports as mentioned in the Petition.

Copy of the order dated 10.04.2023 is annexed and marked as (**Annexure- 27**).

It is also known that various FIRs in multiple jurisdictions have been filed against the subject accused in relation to various criminal activities of the subject individuals such as Cheating, Forgery, Criminal Intimidation, etc.

Copy of the same is herein annexed and marked as (**Annexure- 28**).

It has also come to our knowledge from various market sources that majority of properties directly/indirectly owned by Mr. Jalaj Indrasen Batra by utilizing the

proceeds of crimes and scams are mortgaged to one Yashpal Mendiratta for the purpose of creating third party rights on the said properties in order to disguise and integrate the properties bought by using laundered and unaccounted money in the legitimate economic system of India.

▪ **Other matters involving heinous crimes registered against 'Barter Brothers'.**

That the Barter Brothers / Raju Bhai / Raju Barter of Ahmedabad can be easily looked upon by simply googling these names. These names are connected to the largest narcotics network in India named *The Qatar Network*. There are numerous instances and matters pertaining to a wide variety of crimes including:

Drug Financing: These names have cropped up in many instances, a couple of snapshots are attached herewith, and are marked as **(Annexure- 29)**.

Names of Raju Bhai alias Anil Hiralal Shah, his brother Atul Hiralal Shah & his key manager Anand Kharbari has cropped up in investigation related to prominent drug peddler Jamshad Mallick Kuppatil, who functioned from Mumbai and Bangalore region. Even after rock solid evidences no examination was done of these accused persons.

The NCB Officers in connivance to the named culprits firstly delayed and eventually diluted the matters where these names should have been brought to the books.

The gravity of the matters and the repeated and blatant abuse of protocols and law makes a compelling case that a vigilance enquiry be initiated against these officers.

That one such matter involving Barter Brothers financing narcotics and facilitating drug peddling has been the Qatar Network, which is possibly the biggest networks, having been actively engaged in narcotics trade in India. In certain instances, specific names belonging to this network have cropped up on multiple instances during the investigations and interrogations of the narcotics related crimes and criminals behind it, but somehow or the other these people "manage" to keep their names from being included or reported in these matters.

The 3rd brother Mr. Jignesh Hiralal Shah himself got entangled in the drug abuse and has been to various rehabilitation centres for his deaddiction course and medical treatments.

The copy of a letter written by NCB, Mumbai to SFIO, Mumbai seeking the available details of hawala transactions pertaining to Raju Barter Anil Hiralal Shah which confirms that your office has been reaching out to investigate the matter but somehow got off the tracks.

Snapshots of the statement of a drug peddler recorded by NCB, Mumbai, wherein the accused have been clearly named by the peddler along-with the contact numbers.

Snapshots of various TV reports telecasted on NCB looking for Raju Bhai of Ahmedabad along with some Himanshu Bhai of Mumbai.

Cricket Betting Scams: The names Raju Barter also appeared in a huge cricket Betting scam amounting in excess of Rs. 2000 Crores that had been un-earthed by the Enforcement Directorate in the year 2017.

▪ **Various others SEBI orders.**

That on 18.02.2008 vide **Order bearing no. WTMFVKC/ ID6/ 138/08** passed by the SEBI in the scrip of *Universal Media Network Ltd* wherein at **Para 3** it was stated that various accused persons including Mr. Atul Hiralal Shah, and Raju Shah have assisted UMNL and the promoters to create an artificial demand for UMNL shares and to cheat the innocent investors, and have violated the provisions of Regulation 3, 4 (b), 5 and 6 (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 (hereinafter referred to as "PFUTP Regulations. It was also stated at para 6 that various accused persons including Mr. Atul Hiralal Shah, and Raju Shah have filed applications for settlement of the issues in terms of SEBI Circular No- EFD/ Cir-1/ 2007 dated April 20, 2007. The same has been reproduced (**Annexure- 30**).

That vide Order dated 19.02.2008 passed by the SEBI in the scrip of *Genus Commutrade Ltd.* wherein at para 4, it was stated that during investigation it was revealed certain accused persons including Mr. Anil B Shah/Raju B Shah have offloaded the shares in the market after making artificial market in the scrip. It was also stated at para 12 that Accused person Mr. Anil Hiralal Shah/Raju Shah have filed applications for consent order in terms of SEBI Circular No. EFD/CIR-1/2007 dated 20.04.2007. The same is herein reproduced (**Annexure- 31**).

LOK SABHA SECRETARIAT

Telegrams : LOKSABHA, NEW DELHI
FAX : 23010756

COMMITTEE ON PETITIONS BRANCH PARLIAMENT HOUSE ANNEXE
NEW DELHI-110001

No.11/CPB/2023/R-413/E-265806

Dated : 19 September, 2023

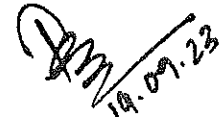
OFFICE MEMORANDUM

Subject: Representation of Shri Chandra Shekhar alleging Shri Anil Hiralal Shah @ Raju Barter, Atul Hiralal Shah, popularly known as 'Barter Brothers', Batra Family including Jalaj Indrasen Batra, Anju Batra (Wife of Jalaj Indrasen Batra) Bharat Bhushan Batra (Brother of Jalaj Indrasen Batra) of carrying out unlawful activities such as financial frauds, money laundering, etc., in connivance with one, Shri Sanjay Aggarwal.

The undersigned is directed to forward herewith a copy of the representation dated 04.09.2023 of Shri Chandra Shekhar along with Annexures on the above subject.

2. The Ministry of Finance (Department of Revenue and Department of Economic Affairs) and the Ministry of Corporate Affairs are requested to furnish point-wise comments on the representation (both in Hindi and English versions) and complete details of the action taken in the matter by 6 October, 2023, positively to this Secretariat for consideration by the Committee on Petitions, Lok Sabha.

3. A soft copy (in MS Word also) of the same may also be emailed to - comm-petitions-lss@sansad.nic.in positively. It may also be informed as to whether the Ministries have any objection if the relevant comments are forwarded to the representationist.


19.09.23

(TENZIN GYALTSEN)
DEPUTY SECRETARY

Encl: As above.

Ministry of Finance,
(Department of Revenue)
(Shri Sanjay Malhotra - Secretary)
Government of India,
Room No.128-A, North Block,
New Delhi-110 001
(rsecy@nic.in)

LOK SABHA SECRETARIAT

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PARLIAMENT HOUSE ANNEXE
NEW DELHI-110001

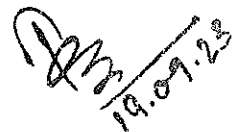
- 2 -

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A-Wing, Shastri Bawan,
New Delhi-110 001
(secy.mca@nic.in)

Copy for information to:

1. *Ms.Madhabi Puri Buch, Chairperson, Securities and Exchange Board of India, SEBI Bhawan BKC, Plot No.C4-A, G-Block, Bandra-Kurla Complex, Bandra(East), Mumbai-400 051, Maharashtra [email - chairperson@sebi.gov.in] - with a request to furnish comments on the above stated representation.*
2. Shri Chandra Shekhar, Representationist.


19.09.23

(TENZIN GYALTSEN)
DEPUTY SECRETARY

F. No. 9/2/2023-PM
Government of India
Ministry of Finance
Department of Economic Affairs
Financial Markets Division
(Primary Markets Branch)

Room 40, North Block, New Delhi
Date: 10th October, 2023

OFFICE MEMORANDUM

Subject: Representation of Sh Chandra Shekhar alleging Shri Anil Hiralal Shah @ Raju Barter, Atul Hiralal Shah, Popularly known as 'Barter Brothers', Batra Family including Jalaj Indrasen Batra, Anju Batra (Wife of Jalaj Indrasen Batra) Bharat Bhushan Batra (Brother of Jalaj Indrasen Batra) of carrying out unlawful activities such as financial frauds, money laundering, etc., in connivance with one, Shri Sanjay Aggarwal. – reg.

The undersigned is directed to refer to Lok Sabha Secretariat's (Committee on Petitions Branch) O.M. No. 11/CPB/2023/R-413/E-265806 dated 19th September, 2023 on the above-mentioned subject.

2. The reply of this Department is placed at **Annexure**. A soft copy has been also emailed to the specified email address.
3. This issues with approval of the Competent Authority.



(Rajesh Panwar)

Joint Director (PM)

Tel No.011 - 2309 3170

To,
Lok Sabha Secretariat
Committee of Petitions Branch
[Kind Attn: Shri Tenzin Gyaltsen, Deputy Secretary] -via email
Parliament House Annexe, New-Delhi 110001

Copy to.

The Section Officer, Parliament Section, North Block, New Delhi.

1. The representation, *inter-alia*, refers about Farmax GDR issue (involvement of Sanjay Aggarwal), Universal Media Network Ltd. & Genus Commutrade Ltd. (involvement of Barter Brothers), Vijay Textiles Ltd. (involvement of Batra Family) and DHFL (involvement of Jalaj Indrasen Batra).
2. SEBI had investigated cases relating to Farmax GDR, Universal Media Network Ltd., Genus Commutrade Ltd. and Vijay Textiles Ltd and initiated action against various entities including the Barter Brothers, Batra Family and Sanjay Aggarwal. Details of the same are as follows -

I. Farmax GDR issue :

- a. Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated against 13 entities including Farmax India Ltd, Sanjay Aggarwal, Arun Pachariya and Vintage FZE. Subsequently, order have been passed u/s 11 and 11B of SEBI Act, 1992 on July 14, 2020 and following directions *inter-alia* were issued-
 - i. Arun Pachariya, Vintage FZE, Farmax India Ltd. and Sanjay Aggrawal were restrained from accessing the securities market and further prohibited from buying, selling or dealing in securities directly or indirectly in any manner whatsoever or being associated with securities market in any manner for a period of five years and two years respectively.
 - ii. Arun Pachariya and Vintage FZE were directed to disgorge illegal gains of Rs. 51,74,09,103.5 and Rs. 2,57,674.35 with interest of 12% per annum within 45 days of the said order.
- b. Following Adjudication Orders have been passed in Farmax GDR issue:
 - i. Order dated January 15, 2021 has been passed against Sanjay Aggarwal wherein penalty of Rs. 10 Lakhs has been imposed.
 - ii. Order dated November 25, 2020 has been passed against Arun Pachariya wherein penalty of Rs. 25 Crores has been imposed.
 - iii. Order dated October 29, 2020 has been passed against Farmax India Ltd wherein penalty of Rs. 12 Crores has been imposed.

II. Universal Media Network Ltd. :

- a. Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated against 18 entities including Universal Media Network Ltd., Atul Hiralal Shah and Raju Shah. Subsequently, order have been passed u/s 11 of SEBI Act, 1992 on October 1, 2009 and Universal Media Network Ltd was restrained from accessing the securities market and also prohibited from buying, selling or otherwise dealing or associating with the securities market in any manner whatsoever, for a period of two years.

Later settlement orders dated September 18, 2008 were passed against Raju Shah and Atul Shah and sum of Rs.5,00,000/- and Rs.3,00,000/- had been remitted towards settlement charges, respectively. Also, the entities were directed not to deal in securities in any manner whatsoever, for a period of 12 months from the date of the order.

- b. Adjudication Order dated September 27, 2006 has been passed against Universal Media Network Limited wherein penalty of Rs.5.75 lakh has been imposed:

III. Vijay Textiles Ltd.:

- a. Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated against 7 entities including Jalaj Batra. Subsequently, order has been passed u/s 11 of SEBI Act, 1992 and Jalaj Batra was directed not to buy, sell or deal in securities, directly or indirectly, till further directions vide order dated September 20, 2007. These directions were revoked vide order dated November 20, 2015.
- b. Following Adjudication Orders have been passed in the matter of Vijay Textiles Ltd.
 - i. Order dated January 13, 2011 has been passed against Vijay Textiles Ltd wherein penalty of Rs.25 Lakhs has been imposed.
 - ii. Order dated January 13, 2011 has been passed against Jalaj Batra wherein penalty of Rs.5 Lakhs has been imposed.

IV Genus Commutrade Ltd.:

- (a) Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated against 31 entities including Genus Commutrade Ltd, Raju B Shah and Atul B Shah. Subsequently, order have been passed u/s 11 of SEBI Act, 1992 on February 19, 2008 and Genus Commutrade Ltd was debarred from accessing the securities market and prohibited from buying, selling or otherwise dealing or associating with the securities market in any manner whatsoever for a period of 2 years.

Later settlement orders dated July 4, 2008 were passed against Raju Shah and Atul Shah and sum of Rs.5,00,000/- and Rs.6,00,000/- had been remitted towards settlement charges. Also, both entities undertook a voluntary bar from buying, selling or otherwise dealing in securities market, directly or indirectly, in any manner whatsoever, for a period of one year from the date of the order.

- (b) Following Adjudication Orders have been passed against Genus Commutrade Ltd.
 - i. Order dated September 22, 2009 has been passed against Genus Commutrade Ltd wherein penalty of Rs.2 Lakhs has been imposed.
 - ii. Consent order dated May 27, 2011 have been passed against Shri Atul Hiralal Shah and he remitted a sum Rs.3,00,000/- towards the consent terms for the adjudication proceedings initiated against him.



भारतसरकार/Government of India

कॉर्पोरेटकार्यमंत्रालय/Ministry of Corporate Affairs

Office of the Director General (Corporate Affairs)

Kota House Annexe, 1, Shahjahan Road, New Delhi - 110011.

File No CL-II-17/31/2021-O/o DGC&A-MCA

Dated: 11.12.2023

✓ To,
Shri Raghbir Singh,
Under Secretary, Committee on Petitions Branch,
Lok Sabha Secretariat,
Parliament House Annexe, New Delhi-110001.

Subject:-Representation of Shri Chandra Shekhar Dated 04.09.2023, alleging Anil Hiralal Shah @ Raju Barter, Atul Hiralal Shah, popularly known as "Barter Brothers" Batra Family including Jalaj Indrasen Batra, Anju Batra (Wife of Jalaj Indrasen Batra), Bharat Bhushan Batra (Brother of Jalaj Indrasen Batra) of carrying out unlawful activities such as financial frauds, money laundering etc., in connivance with one, Shri Sanjay Aggarwal-reg.

Reference: - O.M. No. 11/CPB/2023/R-413/E-265806 dated 19.09.2023 and dated 10.10.2023.

Sir,

I am directed to state that pursuant to an order of the Hon'ble High Court of Rajasthan dated 15.12.2021, on the petition of Stepping Stone Constructions Private Limited against Barter Brothers, Mr. Anil Hiralal Shah and Mr. Atul Hiralal Shah, both together popularly known as the "Barter Brothers", regarding the use of various owned companies for carrying out stock market scam through share price manipulation, fraud etc., Investigation of 04 companies owned and controlled by the "Barter Brothers" namely 1. Anushthan Buildcon Pvt. Ltd., 2. Neminath Trades Pvt. Ltd., 3. Real Marketing Pvt. Ltd., 4. 1. Rajshah Enterprises Pvt. Ltd. were assigned to SFIO vide order dated 20.09.2022. It was observed by the Ministry that the Barter Brothers, through above 04 companies are prima facie involved in circular trading, money laundering and other unlawful activities.

2. The present representation of Shri Chandra Shekhar dated 19.09.2023 includes allegations against 03 companies namely 1. DHFL. 2. Vijay Textiles Limited, 3. Farmax India Limited regarding unlawful activities such as financial frauds, money laundering etc.

In this regard, it is to in that Inspection u/s 206(5) of Companies Act, 2013 of books and papers of Farmax India Limited and Inquiry u/s 206(4) of Companies Act, 2013 in the affairs of Vijay Textiles Limited have been ordered vide order dated 11.12.2023. Further, as DHFL is under investigation by SFIO, allegations related to the fraud of Rs 22,500 Crores by DHFL have been forwarded to SFIO vide letter dated 11.12.2023 for examining the same during the course of investigation of DHFL.

This issues with the approval of the Competent Authority.

Yours faithfully



Lata Sisodiya
Joint Director

Copy to:-

1. Guard File.



Tessud
12/12/23

Urgent
Parliamentary Matter

F.No.H-11016/50/2023-Coord.
Government of India
Ministry of Finance
Department of Revenue

North Block, New Delhi
Dated the 15th December, 2023

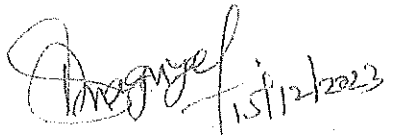
OFFICE MEMORANDUM

Subject:- Representation of Shri Chandra Shekhar alleging Shri Anil Hiralal Shah @ Raju Barter, Atul Hiralal Shah, popularly known as 'Barter Brothers', Batra Family including Jalaj Indrasen Batra, Anju Batra (Wife of Jalaj Indrasen Batra) Bharat Bhusan Batra (Brother of Jalaj Indrasen Batra) of carrying out unlawful activities such as financial frauds, money laundering, etc. in connivance with one, Shri Sanjay Aggarwal.

The undersigned is directed to refer to your office's O.M. No.11/CPB/2023/R-413/E-265806 dated 19.09.2023 received from Committee on Petitions Branch, Lok Sabha Secretariat on the above mentioned.

2. In this regard, inputs of the Department of Revenue are attached (both English and Hindi version) herewith with respect to the aforesaid representation as Annexure.
3. It is further informed that, since the investigation in this matter is still underway, the comments offered by DoR should not be forwarded to the representationist or any other person.
4. This issues with the approval of the competent authority.

Encl: As Above.


(Pramod Kumar)
Under Secretary(Coord.)
Telefax: 23095539

(Kind attn.: Shri Tenzin Gyaltzen)
Deputy Secretary
Lok Sabha Secretariat
Committee on Petitions Branch
Parliament House Annexe, New Delhi-110001

Issued.

Enforcement Directorate's Reply regarding the representation of Sh. Chandra Shekhar against 'Barter Brothers'

It is submitted that HYZO is conducting PMLA investigation in the case of GDR issue of M/s Farimax Ltd, details of which are as mentioned below:

Case Details: -

- FIR 664/2013 dated 29.10.2013 was registered by Dundigal Police Station on the orders of the Hon'ble VI Metropolitan Magistrate, Cyberabad at Medchal: Rangareddy District, based on a private complaint filed in SR No. 7751 of 2013 dated 18.10.2013 by M/s Farimax India Ltd. (hereinafter referred to as 'Farimax'). The said FIR was later transferred to CID, Telangana Police. The FIR was registered against Jalaj Batra, Sanjay Aggarwal, Arun Panchariya, Mukesh Chauradiya, Nithish Bangera (incorrectly mentioned as Nitish Chauradiya) u/s 406, 407, 415 to 420, 120-B read with Section 34 of IPC and Section 156(3) of CrPC for alleged cheating of the company by the accused to the amount of Rs. 318 Crore by allegedly assuring the company to raise Global Depository Receipts, misusing signed empty papers and forging pledge documents. Since offences under Sections 120B and 420 of IPC, 1860 are scheduled offences under the Prevention of Money Laundering Act (PMLA), 2002, and since proceeds of crime were, *prima facie*, generated out of the commission of the scheduled offence, an Enforcement Case Information Report (ECIR) vide ECIR/HYZO/26/2022 dated 05.05.2022 was recorded by the Hyderabad Zonal Office of the Enforcement Directorate and investigation under PMLA, 2002 was initiated against Jalaj Batra, Sanjay Aggarwal, Arun Panchariya, Mukesh Chauradiya, Nithish Bangera and others.
- In the instant case LOC was issued against Sh. Sanjay Raghunath Aggarwal, Sh. Nithish Bangera, Sh. Sanjay Aggarwal, Sh. Mukesh Chauradiya Sh. Jalaj Batra and Sh. Arun Panchariya. Based on that, Sanjay Aggarwal was arrested on 26.09.2022 and he was produced in the Special Court of PMLA cases, Nampally, Hyderabad on 27.09.2022. The court granted his custody to ED for six days i.e. from 06.10.2022 to 11.10.2022 vide Crl. M.P. No. 2371 of 2022 and further he was remanded to judicial custody. Further, Sanjay Raghunath Aggarwal filed an application seeking bail vide Crl. M. P. 4138 of 2022 dated 12.10.2022 before the court of the Hon'ble Metropolitan Session Judge cum – Special

Court under the Prevention of Money Laundering Act (PMLA), 2002 at Nampally, Hyderabad and the same was dismissed by the Hon'ble court on dated 19.10.2022. Further, Sanjay Aggarwal filed the bail petition before the High Court of Telangana against the judicial custody granted by the Special Court vide CrI. P. No. 9695 of 2022 and the same was rejected by the Hon'ble High Court. Hence Sanjay Raghunath Aggarwal filed a Special Leave Petition vide S.L.P. No. 1655 of 2023 dated 19.01.2023 before the Hon'ble Supreme Court which granted him bail vide order dated 20.04.2023 with the conditions that he shall surrender his passport before the Special Court and that he shall attend the Special Court whenever the prosecution complaint is posted. Further, Morthala Srinivasa Reddy was also arrested on 03.11.2022. However, his remand was rejected by the Special PMLA Court.

Role of the Persons as per the investigation conducted by this office: -

- **Jalaj Batra**:- He was the intermediary who introduced Morthala Srinivasa Reddy to Sanjay Aggarwal. As per the statement of Morthala Malla Reddy, Jalaj Batra had approached his brother M. Srinivasa Reddy with a promise to help them with the issue of GDRs. Jalaj Batra was also part of the meeting held in Mumbai where Morthala Srinivasa Reddy signed the pledge agreement, which was the basis for the execution of this scam. Summons were issued to Jalaj Batra to appear before the office dated 14.11.2023, 16.11.2023, 13.04.2023, 26.04.2023 & 08.05.2023, but he did not appear before the office and sent a mail dated 10.05.2023, inter-alia, stated that "*he is currently residing outside India and he can't be present before this office to depose the statement. He further submits that he acted as a facilitator between M/s Farmax and the Merchant Banker. He doesn't know any transaction that took place during the course of the GDR issue. His role is very limited and is in no way party to any transaction as he just acts on the commission received.*" Discreet verification has indicated that he is out of India since November 2022. LOC has been issued against Jalaj Batra.
- **Sanjay Aggarwal**: - Based on Sanjay Agarwal's assurances, M/s Farmax India Limited decided to proceed with plans for a GDR listing. At this point in time, M/s Farmax India Limited was not suitable for issuing GDRs worth USD 71.91 million (approximately Rs. 320 crore) as the company's annual turnover was in the range of Rs. 20 crore only. Sanjay Agarwal and La Richesse, accompanied by Nitish Bangera took the

lead role in coordinating the GDR offering. Sanjay Agarwal decided on all the participants, including the Lead Arranger (Prospect Capital) and the company's legal advisor ("Fox Mandal"). Although Fox Mandal acted as counsel to Farmax, the email communications indicate that its role was limited to preparing a due diligence report and the Listing Prospectus ("Prospectus") to be filed with the Luxembourg Exchange.

He was arrested in November 2022 and has been recently released on bail by the Hon'ble Supreme Court.

Comments on the representation:-

It is submitted that the information provided in the representation of Sh. Chandra Shekhar is already in possession of this office. Further, the investigation against Barter Brothers, Jalaj Batra and family members is underway and several summons have been issued in this regard. Further, a statement by Sh. Atul Shah (one of the Barter Brothers) u/s 50 of PMLA has been recorded on 22.09.2023 in which he had deposed that he was approached by the promoters of M/s Farmax to mediate and resolve the problem between Arun Panchariya (accused in FIR) and the promoters of Farmax. He further stated regarding the MOU seized during the IT search on 04.12.2014, that the MOU was made to be entered for the division of money between the promoters and Sh. Arun Panchariya; that, however, they had not participated in the same as the terms mentioned in the alleged MOU were not executed.

Action taken by this department:

This office has attached properties worth Rs. 59.37 Cr belonging to the accused Sanjay Aggarwal, Sh. Arun Panchariya and M/s India Focus Cardinal Fund vide PAO dated 20.07.2023. This office also arrested Sanjay Aggarwal and issued Look Out Circulars against the other accused named in the FIR, as they are presently not available in India. Further, regarding the role of Barter Brothers and family members of Jalaj Batra, the investigation is presently underway.

Further it is submitted, that since the investigation in this matter is still underway, the comments mentioned herein above **may not be** forwarded to the person who has sent the representation.

'बार्टर ब्रदर्स' के विरुद्ध श्री चन्द्रशेखर के अभ्यावेदन के संबंध में उत्तर

यह प्रस्तुत किया जाता है कि HYZO M/s फारमैक्स लिमिटेड के जीडीआर मुद्दे के मामले में पीएमएलए (PMLA) जांच कर रहा है, जिसका विवरण नीचे उल्लिखित है:

मामले का विवरण: -

- मैसर्स फारमैक्स इंडिया लिमिटेड (जिसे बाद में 'फ़ार्मैक्स' के रूप में संदर्भित किया गया है) द्वारा दिनांक 18.10.2013 को 2013 के एसआर नंबर 7751 में दायर एक निजी शिकायत के आधार पर मेडचल: रंगारेड्डी जिले में साइबराबाद के माननीय VI मेट्रोपॉलिटन मजिस्ट्रेट के आदेश पर डुंडीगल पुलिस स्टेशन द्वारा दिनांक 29.10.2013 को एफआईआर 664/2013 दर्ज की गई थी। उक्त प्राथमिकी को बाद में सीआईडी, तेलंगाना पुलिस को स्थानांतरित कर दिया गया था। जलज बत्रा, संजय अग्रवाल, अरुण पंचारिया, मुकेश चौरड़िया, नितीश बंगेरा (गलत तरीके से नितीश चौरड़िया के रूप में उल्लिखित) के खिलाफ आईपीसी की धारा 406, 407, 415 से 420, 120-बी के साथ धारा 34 और सीआरपीसी की धारा 156 (3) के तहत एफआईआर दर्ज की गई थी। हस्ताक्षरित खाली कागजात का दुरुपयोग करना और गिरवी दस्तावेजों में जालसाजी करना। चूंकि भारतीय दंड संहिता, 1860 की धारा 120 बी और 420 के तहत अपराध धन शोधन निवारण अधिनियम (पीएमएलए) (PMLA), 2002 के तहत अनुसूचित अपराध हैं और चूंकि अपराध की आय प्रथम दृष्टया अनुसूचित अपराध से उत्पन्न हुई थी, इसलिए प्रवर्तन निदेशालय के हैदराबाद क्षेत्रीय कार्यालय द्वारा दिनांक 05.05.2022 को ईसीआईआर/एचवाईजेडओ/26/2022(ECIR/HYZO/26/2022) के तहत प्रवर्तन मामला सूचना रिपोर्ट (ईसीआईआर) दर्ज की गई थी। जलज बत्रा, संजय अग्रवाल, अरुण पंचारिया, मुकेश चौरड़िया, नितीश बंगेरा और अन्य के खिलाफ मामला दर्ज किया गया था।
- इस मामले में संजय रघुनाथ अग्रवाल, नितीश बंगेरा, संजय अग्रवाल, मुकेश चौरड़िया, जलज बत्रा और अरुण पंचारिया के खिलाफ एलओसी जारी किया गया था। उसके आधार पर, संजय अग्रवाल को 26.09.2022 को गिरफ्तार किया गया था और उन्हें 27.09.2022 को पीएमएलए मामलों की विशेष अदालत, नामपल्ली, हैदराबाद में पेश किया गया था। अदालत ने 2022 के सीआरपीसी एमपी नंबर (Crl. M. P.) 2371 के तहत 06.10.2022 से 11.10.2022 तक छह दिनों के लिए ईडी को उनकी हिरासत दी और आगे उन्हें न्यायिक हिरासत में भेज दिया गया। इसके अलावा, संजय रघुनाथ अग्रवाल ने नामपल्ली, हैदराबाद में मनी लॉन्ड्रिंग रोकथाम अधिनियम (पीएमएलए) (PMLA), 2002 के तहत माननीय मेट्रोपॉलिटन सत्र न्यायाधीश सह विशेष अदालत की अदालत के समक्ष दिनांक 12.10.2022 के सीआरएल एमपी (Crl. M. P.) 4138 के तहत जमानत के लिए एक आवेदन दायर किया और इसे माननीय अदालत द्वारा दिनांक 19.10.2022 को खारिज कर दिया गया। इसके अलावा, संजय अग्रवाल ने 2022 के सीआरपीसी नंबर (Crl. P.) 9695 के तहत विशेष अदालत द्वारा दी गई न्यायिक हिरासत के खिलाफ तेलंगाना उच्च न्यायालय के समक्ष जमानत याचिका दायर की और माननीय उच्च न्यायालय द्वारा इसे खारिज कर दिया गया। इसलिए, संजय रघुनाथ अग्रवाल ने माननीय सर्वोच्च न्यायालय के समक्ष दिनांक 19.01.2023 के 2023 के एसएलपी संख्या 1655 के तहत एक विशेष अनुमति याचिका दायर की, जिसने उन्हें 20.04.2023 के आदेश के तहत इस शर्त के साथ जमानत दे दी कि वह विशेष अदालत के समक्ष अपना पासपोर्ट जमा करेंगे और जब भी अभियोजन की शिकायत पोस्ट की

जाएगी, वह विशेष अदालत में उपस्थित होंगे। इसके अलावा, मोरथला श्रीनिवास रेड्डी को भी 03.11.2022 को गिरफ्तार किया गया था। हालांकि, विशेष पीएमएलए (PMLA) अदालत ने उनकी रिमांड खारिज कर दी थी।

इस कार्यालय द्वारा की गई जांच के अनुसार व्यक्तियों की भूमिका:-

- **जलज बत्रा:-** वह मध्यस्थ थे जिन्होंने मोरथला श्रीनिवास रेड्डी को संजय अग्रवाल से मिलवाया था। मोरथला मल्ला रेड्डी के बयान के अनुसार, जलज बत्रा ने अपने भाई एम. श्रीनिवास रेड्डी से जीडीआर के मुद्दे में मदद करने का वादा किया था। जलज बत्रा मुंबई में आयोजित बैठक का भी हिस्सा थे जहां मोरथला श्रीनिवास रेड्डी ने प्रतिज्ञा समझौते पर हस्ताक्षर किए थे, जो इस घोटाले के निष्पादन का आधार था। जलज बत्रा को 14.11.2023, 16.11.2023, 13.04.2023, 26.04.2023 और 08.05.2023 को कार्यालय में पेश होने के लिए समन जारी किया गया था, लेकिन वह कार्यालय के समक्ष उपस्थित नहीं हुए और 10.05.2023 को एक मेल भेजा, जिसमें अन्य बातों के साथ-साथ कहा गया कि "वह वर्तमान में भारत से बाहर रह रहे हैं। उन्होंने आगे कहा कि उन्होंने मैसर्स फारमैक्स और मर्चेन्ट बैंकर के बीच एक सूत्रधार के रूप में काम किया। वह जीडीआर मुद्दे के दौरान हुए किसी भी लेनदेन को नहीं जानते हैं। उनकी भूमिका बहुत सीमित है और किसी भी तरह से किसी भी लेनदेन में पार्टी नहीं है क्योंकि वह सिर्फ प्राप्त कमीशन पर कार्य करते हैं।
विवेकपूर्ण सत्यापन से संकेत मिला है कि वह नवंबर 2022 से भारत से बाहर है। जलज बत्रा के खिलाफ एलओसी जारी कर दिया गया है।
- **संजय अग्रवाल** के आश्वासन के आधार पर, मैसर्स फारमैक्स इंडिया लिमिटेड ने जीडीआर लिस्टिंग की योजना: - साथ आगे बढ़ने का फैसला किया। इस समय, मैसर्स फारमैक्स इंडिया लिमिटेड 71.91 मिलियन अमरीकी डालर (लगभग 320 करोड़ रुपये) के जीडीआर जारी करने के लिए उपयुक्त नहीं था क्योंकि कंपनी का वार्षिक कारोबार केवल 20 करोड़ रुपये की सीमा में था। नीतीश बंगेरा के साथ संजय अग्रवाल और ला रिचसे ने जीडीआर पेशकश के समन्वय में प्रमुख भूमिका निभाई। संजय अग्रवाल ने लीड अरेंजर (प्रॉस्पेक्ट कैपिटल) और कंपनी के कानूनी सलाहकार ("फॉक्स मंडल") सहित सभी प्रतिभागियों पर फैसला किया। हालांकि फॉक्स मंडल ने फ़ार्मैक्स के वकील के रूप में काम किया, ईमेल संचार से संकेत मिलता है कि इसकी भूमिका लक्ज़मबर्ग एक्सचेंज के साथ दायर की जाने वाली उचित परिश्रम रिपोर्ट और लिस्टिंग प्रॉस्पेक्टस ("प्रॉस्पेक्टस") तैयार करने तक सीमित थी।
उन्हें नवंबर 2022 में गिरफ्तार किया गया था और हाल ही में माननीय सुप्रीम कोर्ट द्वारा जमानत पर रिहा किया गया है।

प्रतिनिधित्व पर टिप्पणियाँ:-

यह प्रस्तुत किया जाता है कि श्री चंद्रशेखर के अभ्यावेदन में प्रदान की गई जानकारी पहले से ही इस कार्यालय के कब्जे में है। इसके अलावा, बार्टर ब्रदर्स, जलज बत्रा और परिवार के सदस्यों के खिलाफ जांच चल रही है और इस संबंध में कई समन जारी किए गए हैं। इसके अलावा, श्री अतुल शाह (बार्टर ब्रदर्स में से एक) द्वारा पीएमएलए (PMLA) की धारा 50 के तहत 22.09.2023 को एक बयान दर्ज किया गया है, जिसमें उन्होंने कहा था कि मैसर्स फारमैक्स के प्रमोटरों ने अरुण पंचारिया (एफआईआर में आरोपी) और फ़ार्मैक्स के प्रमोटरों के बीच समस्या को हल करने के

लिए उनसे संपर्क किया था। उन्होंने 04.12.2014 को आईटी तलाशी के दौरान जब्त किए गए समझौता ज्ञापन के बारे में आगे कहा कि प्रमोटरों और श्री अरुण पंचारिया के बीच धन के विभाजन के लिए समझौता ज्ञापन दर्ज किया गया था; हालांकि, उन्होंने इसमें भाग नहीं लिया था क्योंकि कथित एमओयू में उल्लिखित शर्तों को निष्पादित नहीं किया गया था।

इस विभाग द्वारा की गई कार्रवाई:

इस कार्यालय ने 20.07.2023 को पीएओ (PAO) के माध्यम से आरोपी संजय अग्रवाल, श्री अरुण पंचारिया और मेसर्स इंडिया फोकस कार्डिनल फंड से संबंधित 59.37 करोड़ रुपये की संपत्ति जब्त की है। इस कार्यालय ने संजय अग्रवाल को भी गिरफ्तार किया और एफआईआर में नामित अन्य आरोपियों के खिलाफ लुक आउट सर्कुलर (LOC) जारी किए, क्योंकि वे वर्तमान में भारत में उपलब्ध नहीं हैं। इसके अलावा, बार्टर ब्रदर्स और जलज बत्रा के परिवार के सदस्यों की भूमिका के बारे में, वर्तमान में जांच चल रही है।

इसके अलावा, यह प्रस्तुत किया जाता है, कि चूंकि इस मामले में जांच अभी भी चल रही है, इसलिए ऊपर उल्लिखित टिप्पणियों को उस व्यक्ति को अग्रेषित नहीं किया जाए जिसने अभ्यावेदन भेजा है।

CBDT's reply regarding the representation of Sh. Chandra Shekhar against 'Barter brothers'

- I. A search operation was conducted on 04.12.2014 in the group cases of Barter Group.
- II. In the case of Shri Anil Hiralal Shah alias Raju Barter, the assessment order was passed u/s 143(3) r.w.s. 153A determining total income of Rs. 546,87,52,832/- and demand of Rs. 331,17,08,105/- was raised for the A.Y. 2010-11.
- III. Further, in the case of Atul Hiralal Shah, an assessment order was passed u/s 143(3) r.w.s. 153A determining total income of Rs. 355,30,48,680/- and demand of Rs. 213,85,65,749/- was raised for the A.Y. 2010-11.
- IV. On GDR issue, addition of Rs. 26,56,00,000/- has been made in the cases of Anil Hiralal Shah and Atul Hiralal Shah (Barter brothers) for the A.Y. 2010-11.

- I. बार्टर ग्रुप के ग्रुप मामलों में दिनांक 04.12.2014 को तलाशी अभियान चलाया गया था।
- II. श्री अनिल हीरालाल शाह उर्फ राजू बार्टर के मामले में, धारा 153क के साथ पठित धारा 143(3) के तहत निर्धारण आदेश पारित किया गया था जिसमें निर्धारण वर्ष 2010-11 के लिए कुल 546,87,52,832/- रुपए की कुल आय का निर्धारण किया गया था और 331,17,08,105/- रुपए की मांग उठाई गई थी।
- III. इसके अलावा, अतुल हीरालाल शाह के मामले में, धारा 153क के साथ पठित धारा 143(3) के तहत निर्धारण आदेश पारित किया गया था जिसमें निर्धारण वर्ष 2010-11 के लिए 355,30,48,680/- रुपए की कुल आय का निर्धारण किया गया था और 213,85,65,749/- रुपए की मांग उठाई गई थी।
- IV. जीडीआर मुद्दे पर, निर्धारण वर्ष 2010-11 के लिए अनिल हीरालाल शाह और अतुल हीरालाल शाह (बार्टर ब्रदर्स) के मामलों में 26,56,00,000/- रुपए का की वृद्धि की गई है।

LOK SABHA SECRETARIAT

Urgent
Parliamentary Matter

FAX: 23010756

COMMITTEE ON PETITIONS BRANCH

PARLIAMENT HOUSE ANNEXE
NEW DELHI-110001

No.11/CPB/2023/R-413/E-265806


Dated: 21 December, 2023

OFFICE MEMORANDUM

Subject: Briefing/Oral evidence of the representatives of the Ministry of Finance (Department of Revenue and Department of Economic Affairs) and the Ministry of Corporate Affairs and Securities and Exchange Board of India (SEBI) on the representation of Shri Chandra Shekhar alleging Barter Brothers and Batra family of carrying out unlawful activities such as financial frauds, money laundering, etc., in connivance with one, Shri Sanjay Aggrawal - *Request for submission of 'Status Report'*.

The undersigned is directed to refer to the briefing/oral evidence of the representatives of Ministry of Finance [Department of Revenue and Department of Economic Affairs], Ministry of Corporate Affairs and Securities & Exchange Board of India (SEBI) before the Committee on Petitions, Lok Sabha on 18.12.2023 on the representation of Shri Chandra Shekhar. During the said oral evidence, the Committee impressed upon the representatives of aforesaid Ministries and SEBI to submit a detailed 'Status Report' within a period of 15 days.

2. The Ministry of Finance [Department of Revenue and Department of Economic Affairs], Ministry of Corporate Affairs and Securities & Exchange Board of India (SEBI) are, therefore, requested to furnish the 'Status Report' latest by 2 January, 2024 through e-mail to - [comm-
petitions-iss@sansad.nic.in](mailto:competitions-iss@sansad.nic.in) for consideration of the Committee on Petitions, Lok Sabha.


21.12.23

(TENZIN GYALTSEN)
DEPUTY SECRETARY

Ministry of Finance,
(Department of Revenue)
(Shri Sanjay Malhotra – Secretary)
Government of India,
Room No. 128-A, North Block,
New Delhi, 110 001
(rsecy@nic.in)

Ministry of Finance,
(Department of Economic Affairs)
(Shri Ajay Seth – Secretary)
Government of India,
Room No. 130, North Block,
New Delhi, 110 001
(secy-dea@nic.in)

Ministry of Corporate Affairs,
(Dr. Manoj Govil – Secretary)
Government of India,
A-Wing, Shastri Bhawan,
New Delhi, 110 001
(secy.mca@nic.in)

Securities and Exchange Board of India
(Ms. Madhabi Puri Buch, Chairperson),
SEBI Bhawan BKC, Plot No. C4-A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai-400051
(chairperson@sebi.gov.in)



भारतसरकार/Government of India

कॉर्पोरेटकार्यमंत्रालय /Ministry of Corporate Affairs

Office of the Director General (Corporate Affairs)

Kota House Annexe, 1, Shahjahan Road, New Delhi - 110011.

File No CL-II-17/31/2021-O/o DGC&A-MCA

Dated: 29.12.2023

To,
Shri Tenzin Gyaltzen,
Deputy Secretary, Committee on Petitions Branch,
Lok Sabha Secretariat,
Parliament House Annexe, New Delhi-110001.

Subject: Briefing/Oral evidence of the representatives of the Ministry of Finance (Department of Revenue and Department of Economic Affairs) and the Ministry of Corporate Affairs and Securities and Exchange Board of India (SEBI) on the representation of Shri Chandra Shekhar alleging Barter Brothers and Batra Family of carrying out unlawful activities such as financial frauds, money laundering, etc, in connivance with one Shri Sanjay Aggrawal-Request for submission of "Status Report" -reg.

Reference: - O.M. No. 11/CPB/2023/R-413/E-265806 dated 21.12.2023.

Sir,

I am directed to state that pursuant to an order of the Hon'ble High Court of Rajasthan dated 15.12.2021, on the petition of Stepping Stone Constructions Private Limited against Barter Brothers, Mr. Anil Hiralal Shah and Mr. Atul Hiralal Shah, both together popularly known as the "Barter Brothers", regarding the use of various owned companies for carrying out stock market scam through share price manipulation, fraud etc. , Investigation of 04 companies owned and controlled by the "Barter Brothers" namely 1. Anushthan Buildcon Pvt. Ltd., 2. Neminath Trades Pvt. Ltd., 3. Real Marketing Pvt. Ltd., 4. 1. Rajshah Enterprises Pvt. Ltd. were assigned to SFIO vide order dated 20.09.2022. It was observed by the Ministry that the Barter Brothers, through above 04 companies are prima facie involved in circular trading, money laundering and other unlawful activities.

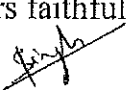
2. The present representation of Shri Chandra Shekhar dated 19.09.2023 includes allegations against 03 companies namely 1. DHFL. 2. Vijay Textiles Limited, 3. Farmax India Limited regarding unlawful activities such as financial frauds, money laundering etc.

In this regard, it is to in that **Inspection u/s 206(5) of Companies Act, 2013 of books and papers of Farmax India Limited and Inquiry u/s 206(4) of Companies Act, 2013 in the affairs of Vijay Textiles Limited** have been ordered vide order dated 11.12.2023. Further, as DHFL is under investigation by SFIO, allegations related to the fraud of Rs 22,500 Crores by DHFL have been forwarded to SFIO vide letter dated 11.12.2023 for examining the same during the course of investigation of DHFL.

Further, this Ministry also ordered Inquiry (Copy attached) u/s 206(4) of the Companies Act, 2013 into the affairs of companies namely. 1. Universal Media Network Limited, 2. Genus Commutrade Limited, 3. Anand Yogesh Shares & Consultancy Private Limited, 4. Rakshit Buildcon Private Limited, 5. Surya Kiran Textiles Private Limited, 6. La Richesse Advisors Private Limited, 7. Globe Capital Market Limited after examined the representation of Shri Chandra Shekhar.

This issues with the approval of the Competent Authority.

Yours faithfully,


Satya Pal Singh,
Deputy Director

Enclosed:- As stated above.

Copy to:-

1. Guard File



भारतसरकार/Government of India
कॉर्पोरेटकार्यमंत्रालय /Ministry of Corporate Affairs
Office of the Director General (Corporate Affairs)
Kota House Annexe, 1, Shahjahan Road, New Delhi – 110011.

File No CL-II-17/31/2021-O/o DGC&A-MCA

Dated: 22.12.2023

To,
The Regional Director, (WR)/(NWR)/(NR)/(ER)
Ministry of Corporate Affairs,

Subject: –In the matter of Representation of Shri Chandra Shekhar-reg.

Sir,

In continuation of This office order dated 11.12.2023(copy enclosed) and with reference to the subject mentioned above, I am directed to state that the Ministry has examined the Representation of Shri Chandra Shekhar(copy enclosed) forwarded by the Committee on Petitions , Lok Sabha Secretariat and convey the approval of Central government to carry out Inquiry u/s 206(4) of the Companies Act, 2013 into the affairs of following companies by examining the allegation made in aforesaid representation.

Sl. No.	Name of the Company	CIN No.	ROC Name
1	Universal Media Network Limited	U99999MH2001PLC131054	Mumbai
2	Genus Commutrade Limited	L51100GJ1995PLC025715	Ahmedabad
3	Anand Yogesh Shares & Consultancy Private Limited	U67120GJ2007PTC049927	Ahmedabad
4	Rakshit Buildcon Private Limited	U45400DL2008PTC181968	Delhi
5	Surya Kiran Textiles Private Limited	U17309WB1983PTC036673	West Bengal
6	La Richesse Advisors Private Limited	U74140MH2008PTC181945	Mumbai
7	Globe Capital Market Limited	U74100DL1985PLC021350	Delhi

In view of above, you are hereby directed to conduct Inquiry and submit Report to the Ministry within 90 days positively.

This issues with the approval of the Competent Authority.

Yours faithfully

Lata Sisodiya
Joint Director

Encl:- As above

Copy to:-

1. ROC, Mumbai/Ahmedabad/Delhi/West Bengal for taking necessary action.
2. Guard File.
3. Ms B Bhuvaneshwari, AD. O/o DGC&A

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F. No. 9/2/2023-PM
Government of India
Ministry of Finance
Department of Economic Affairs
Financial Markets Division
(Primary Markets Section)

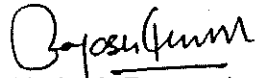
Room 131B, North Block, New Delhi
Date: 03rd January, 2024

OFFICE MEMORANDUM

Subject: Representation of Sh Chandra Shekhar alleging Shri Anil Hiralal Shah @ Raju Barter, Atul Hiralal Shah, Popularly known as 'Barter Brothers', Batra Family including Jalaj Indrasen Batra, Anju Batra (Wife of Jalaj Indrasen Batra) Bharat Bhushan Batra (Brother of Jalaj Indrasen Batra) of carrying out unlawful activities such as financial frauds, money laundering, etc., in connivance with one, Shri Sanjay Aggarwal. – reg.

The undersigned is directed to refer to Lok Sabha Secretariat's (Committee on Petitions Branch) O.M. No.11/CPB/2023/R-413/(E-265806) dated 21st December, 2023, requesting to furnish a status report on the above-mentioned subject.

2. The reply of this Department is placed at Annexure. A soft copy has been also emailed to the specified email address.
3. This issues with approval of the Competent Authority.


(Rajesh Panwar)
Joint Director (FM)
Tel No.011 - 2309 3170

To,

Lok Sabha Secretariat
Committee of Petitions Branch
[Kind Attn: Shri Tenzin Gyaltzen, Deputy Secretary] -via email
Parliament House Annexe, New-Delhi 110001
Email: comm-petitions-iss@sansad.nic.in

Copy to:

The Section Officer, Parliament Section, North Block, New Delhi.

Annexure

1. Shri Chandra Shekhar vide representation dated September 19, 2023 requested for independent and impartial investigation by Parliamentary Committee on Petitions in light of serious financial frauds, continuous money laundering and unlawful activities by Barter Brothers (Mr. Anil Hiralal Shah@ Raju Barter, Mr. Atul Hiralal Shah), Batra Family (Mr. Jalaj Indrasen Batra, Ms. Anju Batra -wife of Jalaj Batra, Mr. Bharat Bhushan Batra- brother of Mr. Jalaj Indrasen Batra) in connivance with their and unknown conspirators including one Mr. Sanjay Aggarwal.
2. It is observed from the representation of Shri Chandra Shekhar dated September 19, 2023 that allegation w.r.t. money laundering and unlawful activities have been made against Barter Brothers, Batra Family and Mr. Sanjay Aggarwal *inter-alia*, stating that they have defrauded the Govt. of India of an amount exceeding Rs.25,000 crores. CBI, ED, SEBI, Income Tax Dept. and SFIO have registered cases against these individuals/ entities.
3. Issues referred w.r.t money laundering does not fall within the purview of SEBI. However, w.r.t violation of securities laws by the entities referred in the representation, it is noted that specific references have made for companies namely M/s.Genus Commutrade Ltd, M/s.Universal Media Network Ltd., M/s Vijay Textile Ltd and M/s. Farmax India Ltd -GDR issue.
4. It is submitted that SEBI had investigated and concluded matters connected to trading in securities market relating to Farmax India Ltd., Universal Media Network Ltd., Genus Commutrade Ltd. and Vijay Textiles Ltd. and initiated action against various entities including the Barter Brothers, Batra Family and Mr.Sanjay Aggarwal. The directions against said entities included restraining them from accessing the securities market and/or disgorgement of illegal gains and/ or imposition of penalty.

Details of actions taken by SEBI

5. Farmax India Ltd.

SEBI investigated fraudulent issuance of Global Depository Receipts (GDR) by Farmax India Ltd. and initiated enforcement proceedings under SEBI Act, 1992 against 13 entities including Farmax India Ltd, Sanjay Aggarwal, Arun Panchariya and Vintage FZE i.e. referred in the representation. Subsequently, enforcement proceedings have been completed and following actions have been taken-

- i. Arun Panchariya, Vintage FZE, Farmax India Ltd. and Sanjay Aggarwal were restrained from accessing the securities market and further prohibited from buying, selling or dealing in securities directly or indirectly in any manner whatsoever or being associated with securities market in any manner for a period of five years and two years respectively vide order dated July 14, 2020.
- ii. Arun Panchariya and Vintage FZE were directed to disgorge illegal gains of Rs.51,74,09,103.5 and Rs.2,57,674.35 with interest of 12% per annum within 45 days of the said order.
- iii. Penalty of Rs.25 Crores was imposed on Arun Panchariya vide adjudication Order dated November 25, 2020.
- iv. Penalty of Rs.12 Crores was imposed on Farmax India Ltd vide adjudication order dated October 29, 2020.

- v. Penalty of Rs.10 Lakhs was imposed on Sanjay Aggarwal vide adjudication order dated January 15, 2021. Penalty amount has been received by SEBI.
- vi. The findings of Investigation were also shared with Enforcement Directorate, Ministry of Corporate affairs and RBI.
- vii. SEBI has also taken action against certain foreign entities connected to Mr. Sanjay Agarwal.

6. **Vijay Textiles Ltd.**

Investigation was conducted for buying, selling and dealing in the scrip for possible violation of SEBI Act, 1992 and SEBI (PFUTP) Regulations, 1995 and enforcement proceedings were initiated against 12 entities (5 brokers and 7 clients) including Vijay Textiles Ltd., Mr. Jalaj Batra (referred as Batra family in the representation).

- i. Vide interim order dated September 20, 2007, Mr. Jalaj Batra was directed not to buy, sell or deal in securities, directly or indirectly, till further directions. These directions were revoked vide order dated November 20, 2015.
- ii. Rs.25 Lakhs penalty was imposed against Vijay Textiles Ltd. vide adjudication order dated January 13, 2011. Penalty amount has been received by SEBI.
- iii. Rs.5 Lakhs penalty was imposed against Mr. Jalaj Batra vide adjudication order dated July 30, 2010. Penalty amount has been received by SEBI.

7. **Genus Commutrade Ltd.**

Scrip was investigated for May 1, 2002 – September 20, 2002 period for unusual price and volume movement in the shares around the issuance of misleading advertisements w.r.t proposed board meeting inter-alia, to consider the Buy Back of equity shares. It was concluded in the investigation that entities/individuals related to the promoter group and their associates had offloaded shares of the company during the period of advertisement. Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 initiated against 31 entities including Genus Commutrade Ltd., Mr. Raju B Shah/ Mr. Anil B Shah, Mr. Atul B Shah and Mr. Atul Hiralal Shah. Additionally, adjudication proceedings were initiated against Genus Commutrade Ltd. and Mr. Atul Hiralal Shah.

- i. Genus Commutrade Ltd. was debarred u/s 11 and 11B of SEBI Act, 1992, from accessing the securities market and prohibited from buying, selling or otherwise dealing or associating with the securities market in any manner whatsoever for a period of 2 years vide order dated February 19, 2008.
- ii. Rs.2 Lakhs penalty was imposed against Genus Commutrade Ltd. vide adjudication order dated September 22, 2009. Penalty amount has been received by SEBI.
- iii. In respect of proceeding initiated u/s 11B and 11(4) of the SEBI Act, 1992 against the entities referred in the representation namely Mr. Raju B Shah/Mr. Anil B Shah, Mr. Atul B Shah and Mr. Atul Hiralal Shah opted for consent mechanism as per the consent circular no. EFD/ ED Cir-1/ 2007 dated April 20, 2007.
- iv. Consent applications of the entities were considered by The High Powered Advisory Committee (HPAC) along-with facts and circumstances of the cases and consent terms offered by them and settled the proceeding with the payment of specified amount (3 lakh or 5 lakh) and undertaking of a self-ban of 12 months of not buying, selling, or dealing in securities directly or indirectly, from the date of consent order i.e. July 4, 2008.
- v. Mr. Atul Hiralal Shah opted for consent mechanism for the adjudication proceedings initiated against him and remitted a sum of Rs.3,00,000/-.
- vi. HPAC is a committee of external experts and at that relevant point of time it was headed by a former judge from Bombay High Court.

- vii. It is to be mentioned that in the matter of M/s Genus Commtrade, apart from Mr. Atul Hiralal Shah, Mr. Anil Hiralal Shah and Mr. Raju B Shah, 12 entities against whom enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated, did not opt for consent/ settlement mechanism. These proceedings were disposed by debarring these entities from accessing the securities market and prohibiting them from dealing in securities market in any manner for a period of 2 years from the date of the order i.e. February 2, 2008.
- viii. It is observed that entities referred in the representation namely Mr. Anil Hiralal Shah/ Mr. Raju Shah and Mr. Atul Hiralal Shah opted for consent mechanism for enforcement proceedings initiated u/s 11 and 11B of SEBI Act, 1992 & adjudication and settled the proceeding with the payment of total amount of Rs.14 lakh and entities also undertook self-ban of 12 months not to buy, sell, or deal in securities directly or indirectly, from the date of consent order. Whereas other entities who did not opt for consent mechanism for enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were debarred from accessing securities market in any manner for a period of 2 years.

Entities who have opted for consent mechanism have also paid penalty as well as undertook voluntary debarment from securities market.

8. **Universal Media Network Ltd**

Scrip was investigated for unusual price and volume movement in the shares around the issuance of misleading advertisements in June and July 2002 w.r.t proposed board meeting inter-alia, to consider issuance of bonus shares. It was concluded in the investigation that entities/individuals related to the promoter group and their associates had offloaded shares of the company during the period of advertisement. Enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated against 19 entities including Universal Media Network Ltd., Mr. Atul Hiralal Shah and Mr. Raju B Shah. Additionally, adjudication proceedings were initiated against Universal Media Network Limited for disclosure violation.

- i. Universal Media Network Ltd was debarred u/s 11 and 11B of SEBI Act, 1992, from accessing the securities market and prohibited from buying, selling or otherwise dealing or associating with the securities market in any manner whatsoever for a period of 2 years vide order dated October 01, 2009.
- ii. Rs. 5.75 Lakhs penalty was imposed against Universal Media Network Limited vide adjudication order dated September 27, 2006. Penalty amount has been received by SEBI.
- iii. It is observed that entities referred in the representation namely Mr. Atul Hiralal Shah and Mr. Raju B Shah opted for consent mechanism as per the consent circular no. EFD/ ED Cir-1/ 2007 dated April 20, 2007 in respect of proceeding initiated u/s 11B and 11(4) of the SEBI Act, 1992.
- iv. Consent application of Mr. Atul Hiralal Shah and Mr. Raju B Shah were considered by The High Powered Advisory Committee (HPAC) along-with facts and circumstances of the cases and consent terms offered by them and settled the proceeding with the payment of specified amount (5 lakh and 3 lakh) and undertaking of a self-ban of 12 months of not buying, selling, or dealing in securities directly or indirectly, from the date of consent order i.e. July 4, 2008.
- v. HPAC is a committee of external experts and at that relevant point of time it was headed by a former judge from Bombay High Court.
- vi. It is to be mentioned that in the matter of Universal Media Network Ltd apart from Mr. Atul Hiralal Shah and Mr. Raju B Shah, 16 entities against whom enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were initiated, did not opt for consent/ settlement mechanism. These proceedings were disposed by debarring these entities from accessing the securities market and prohibiting them from dealing in securities market in any manner

for a period of 2 years from the date of the order i.e. February 18, 2008 and October 1, 2009 respectively.

- vii. It is observed that entities referred in the representation namely Mr. Anil Hiralal Shah/ Mr. Raju Shah and Mr. Atul Hiralal Shah opted for consent mechanism for enforcement proceedings initiated u/s 11 and 11B of SEBI Act, 1992 and settled the proceeding with the payment of total amount of Rs 8 lakh and entities also undertook self-ban of 12 months not to buy, sell, or deal in securities directly or indirectly, from the date of consent order. However other entities who did not opt for consent mechanism for enforcement proceedings u/s 11 and 11B of SEBI Act, 1992 were debarred from accessing securities market in any manner for a period of 2 years.

Entities who have opted for consent mechanism have paid penalty as well as undertook voluntary debarment from securities market.

9. **Current status of entities referred in the representation**

- i. Based on the information provided by NSE and BSE, it is observed that entities referred in the representation namely Mr. Atul Hiralal Shah/ Mr. Atul B Shah, Mr. Anil Hiralal Shah and Mr. Jalaj Batra have not traded in Securities market since last 6 years.
- ii. The shares of 3 out of 4 companies referred in the Chandra Shekhar representation namely M/s.Universal Media Network Ltd, M/s Farmax India Ltd and M/s Genus Commutrade Ltd, have been delisted from Stock Exchanges during the years 2017, 2020 and 2023 respectively. Prior to delisting, trading in the shares of these companies was suspended w.e.f. June 20, 2003 in M/s.Universal Media Network Ltd, from June 3, 2015 in M/s.Genus Commutrade Ltd and July 3, 2018 in M/s Farmax India Ltd.

10. **Consent mechanism**

- i. The Parliament of India has recognised SEBI's powers to pass an order with consent of the parties and as per Section 15T of the SEBI Act 1992 which reads as under:

"15T (2) No appeal shall lie to the Securities Appellate Tribunal from an order made:

- a. by the Board on and after the commencement of the Securities Laws (Second Amendment) Act, 1999;
- b. by an adjudicating officer,

with the Consent of the parties."

Thus, the Parliament has recognized that SEBI and its authorized delegate have power to pass consent orders. Similarly, courts have well recognized inherent powers to settle a case before them on an application made by the parties.

- ii. Accordingly, consent order scheme was introduced by SEBI on April 20, 2007 and it was decided that all appropriate administrative or civil actions e.g. proceedings under sections 11, 11B, 11D, 12(3) and 15I of SEBI Act and equivalent proceedings under the SCRA and the Depositories Act, 1996 and other civil m

- atters pending before Securities Appellate Tribunal (SAT) / courts may be settled between SEBI and a person (party) who may prima facie be found to have violated the securities laws or against whom administrative or civil action has been commenced for such violation. Compounding of offence may cover appropriate prosecution cases filed by SEBI before the criminal courts.
- iii. Consent Order settles administrative / civil proceedings between the regulator and a person (Party) who may prima facie be found to have violated securities laws. Administrative/civil actions include issuing directions such as remedial orders, cease and desist orders, suspension or cancellation of certificate of registration and imposition of monetary penalty under the respective statutes and action pursued or defended in a court of law/tribunal.
 - iv. It was specified in the circular that Settlement Proposal submitted by the concerned party shall be examined by High Powered Committee (HPAC) consisting of a retired judge of a High Court and two other external experts. If the committee finds the terms for passing consent order inappropriate, party may be advised to revise consent terms. Thereafter, HPAC submits its views/ recommendation to the AO/Competent Authority where proceedings are pending for which consent application has been filed.
 - v. Consent orders cannot be construed as waiver of statutory powers by the Board. The Board always has the right to proceed for appropriate action whenever it is found that entity provided misleading information during proceeding or breached any clause of undertakings given at the time of consent application.

Urgent
Parliamentary Matter

F.No.H-11016/50/2023-Coord.
Government of India
Ministry of Finance
Department of Revenue

North Block, New Delhi
Dated the 4th January, 2024

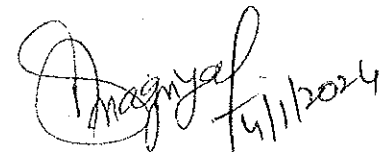
OFFICE MEMORANDUM

Subject:- Briefing/Oral evidence of the representation of the Ministry of Finance (Department of Revenue and Department of Economic Affairs) and the Ministry of corporate affairs and Chairperson, Securities and Exchange Board of India (SEBI) on the representation of Shri Chandra Shekhar alleging Barter brothers and Batra family of carrying out unlawful activities such as financial frauds, money laundering etc. in connivance with one, Shri Sanjay Aggarwal- Request for submission of 'Status Report' -reg.

The undersigned is directed to refer to O.M. No.11/CPB/2023/R-413/E-265806 dated 21.12.2023 received from Committee on Petitions Branch, Lok Sabha Secretariat on the briefing/oral evidence of the representatives of Ministry of Finance before the Committee on Petitions, Lok Sabha on 18.12.2023 on the representation of Shri Chandra Shekhar. During the said oral evidence, the Committee impressed upon the representatives of the aforesaid Ministries and SEBI to submit a detailed 'Status Report' within a period of 15 days.

2. In this regard, inputs of the Department of Revenue are attached (both English and Hindi version) herewith with respect to the aforesaid representation as Annexure.
3. This issues with the approval of the competent authority.

Encl: As Above.



(Pramod kumar)
Under Secretary(Coord.)
Telefax: 23095539

(Kind attn.: Shri Tenzin Gyaltzen)
Deputy Secretary
Lok Sabha Secretariat
Committee on Petitions Branch
Parliament House Annexe, New Delhi-110001

1. Brief facts of the case:

1.1 Details of FIR registered by LEA:

- a) An FIR No. 664/2013 dated 29.10.2013 was registered by Dundigal Police Station in compliance of the orders of the Hon'ble VI Metropolitan Magistrate, Cyberabad at Medchal: Rangareddy District, based on a private complaint filed by M/s. Farmax India Ltd. (hereinafter referred to as 'Farmax') through its Managing Director Sh. MorthalaSrinivasa Reddy. As per the complaint, the said company availed services of JalajBatra, Sanjay Aggarwal, ArunPanchariya, MukeshChoradiya and NithishBangera in raising Global Depository Receipts (GDRs) to the tune of USD 71.91 Million.
- b) Further, the FIR states that Managing Director of the said company signed all the documents, which were referred by ArunPanchariya and others so that they could raise funds through GDRs. ArunPanchariya and others raised an amount of 71.91 million USD (equivalent to Rs. 318 Crore) at the relevant time. When promoters of Farmax asked ArunPanchariya and others to transfer the GDR proceeds to India, the company was asked to provide the signed Transfer Token forms. Accordingly, the company handed over the forms.
- c) However, the company received only 0.475 million USD (RS. 2.2 crores) in two transactions till date. The remaining amount was held up with ArunPanchariya and others. On enquiry with the EURAM Bank, Austria, it came to light that all the accused misappropriated the remaining amount by forging the signatures and with the help of forged pledge documents.
- d) The said FIR was later transferred to CID, TelanganaPolice. The LEA has not filed the chargesheet in the instant case.

1.2 Investigation conducted by ED:

- a) Based on FIR No. 664/2013, an ECIR No. ECIR/HYZO/26/2022 was recorded on 05.05.2022 against JalajBatra, Sanjay Aggarwal, ArunPanchariya, MukeshChoradiya, NithishBangera and others.
- b) During the investigation, it has been ascertained that Farmax, an Indian FMCG manufacturing company required funds to expand its business. They got in touch with ArunPanchariya, Sanjay Aggarwal and others to raise funds through GDR. Thereafter, the said company issued GDRs to M/s. Vintage FZE (concern of ArunPanchariya) with the help of afore-mentioned persons. GDR proceeds amounting to USD 71.91 million (equivalent to Rs. 318 Crore) were not repatriated to the company in India. USD 56.57 million that flowed back to the foreign bank i.e. EURAM Bank, Austria was pledged as security against the loan taken by the GDR subscribers. Another USD 15.1 million was

Report in the matter M/s. Farmax India Ltd.

transferred from FarmaxEuram bank account to the bank account of its subsidiary in the UAE and subsequently laundered to various other related entities.

- c) In the above mentioned manner elaborated in point (b) above, the company and its shareholders were at a loss of **Rs. 318 Crore**. Further, the GDRs were converted into domestic equity and then the equity was sold in exchanges through FIIs for **Rs. 51.76 Crore** by artificially inflating the share price of the company on false pretext of receiving GDRs. Thereafter, the share price of the company crashed and retail investors in India were duped.
- d) During the course of investigation, necessary information from SEBI, BSE, NSE, CID-Telangana Police and others have been obtained. Further, statements of several persons have been recorded. Summons were issued to Nitish Bangera, Jalaj Batra, Arun Panchariya. However, they failed to respond.

1.3 Action taken so far by ED:

- a) **Look out Circulars (LOC)** were issued against several persons and details are tabulated as under:

Sr. No.	Name of person/accused	Date of opening of LOC	Remarks
1.	Morthala Srinivasa Reddy	12.07.2022	He is presently in India.
2.	Sanjay Aggarwal	12.07.2022	He is presently in India.
3.	Mukesh Babulal Choradiya	12.07.2022	He is presently in India.
4.	Nitish Bangera	12.07.2022	He is presently in India.
5.	Jalaj Batra	10.02.2023	He left from India on 25.09.2022

- b) **Provisional Attachment Order (PAO)** No. 10/2023 & dated 20.07.2023 was issued by the Directorate and assets of Arun Panchariya & others amounting to **Rs. 59.17 Crore** have been attached. Subsequently, Original Complaint was filed vide OC No. 2045/2023 dated 18.08.2023 and the same is pending before I.d. Adjudicating Authority for confirmation.
- c) A seizure order was issued under section 37A of FEMA, 1999 for attaching assets amounting to **Rs. 62.52 Crore** belonging to Morthala Srinivasa Reddy and Morthala Malla Reddy.
- d) During the course of investigation, Sanjay Aggarwal (one of the accused and co-conspirator) was arrested on 26.09.2022. Thereafter, Hon'ble Apex court released him on bail in April, 2023. Morthala Srinivasa Reddy, the MD of Farmax was also arrested on 03.11.2022, but his remand was rejected by the Metropolitan Sessions Judge (MSJ), Hyderabad. Directorate of Enforcement has filed a petition before the Hon'ble High Court of Telangana against the said order.

- e) A Prosecution Complaint was filed before the Special Court [MSJ], Hyderabad against Sanjay Aggarwal, and his entity M/s. La Richesse Advisers, Morthala Malla Reddy, Arun Panchariya and his entity M/s. Vintage FZE, Mukesh Chauradiya on 25.11.2022. The Court has taken cognizance for the commission of the offence of Money-Laundering vide SC No. 16/2023 dated 18.01.2023. The trial is presently in pre-charge stage.

2. Gist of complaint received from Sh. Chandrasekar:

Complaint received from Sh. Chandrasekar consists of more than 1000 pages and the gist of allegations mentioned in the said complaint are as under:

'M/s Farmax raised USD 71.91 million by issuance of GDR. The entire GDR was subscribed by only one entity i.e., M/s VINTAGE FZE out of the loan fund taken from EURAM Bank by pledging the entire GDR proceeds, even before GDR was subscribed. SEBI observed that Mr. Arun Panchariya orchestrated 14 other similar GDR issues and he was also debarred in one such case; that Barter Brothers facilitated the marketing and sales of the illicit GDR of Farmax. Details of the same evidencing from the MOU recovered during the IT raid and further during the statement given by Sanket Shah and Kush B. Shah to the IT officials, wherein they stated that the MOUs were kept at the residence of Sanket Shah and Kush B. Shah by Atul Shah. Income Tax Report also revealed that Sh. Anil Shah, his brother Sh. Atul Shah and their associates are involved in various illegal activities including managing of the IPO's and sale of GDR Shares of M/s Farmax; that Income Tax search report states that on perusal of register and diaries seized during the search, it is seen that Sh. Anil Shah and Sh. Atul Shah were indulged in trading of shares of Farmax on continuous basis since September, 2010. Further, Income Tax search report stated that the transactions have been recorded to have taken place in USD. These transactions also substantiate the fact that post MOU, transactions of purchase of shares of Farmax has also been done by Barter group in some account held in USD. The transactions of purchase of 18,00,000 share of Farmax on 16.02.2011 have also been found to be recorded in on page 150 at share trading register seized from the residence of Shri Utsav H. Shah. This clearly indicates that the shares have been transferred to Barter Group in some account held in USD. The finding of Income Tax Search Report have revealed and alleged that Atul and Anil Shah and their associates were involved in various illegal activities including managing of unaccounted monies worth Rs. 24,75,51,60,649/- of several white-collar criminals including Mr. Mehul Choksi and Gitanjali Gems Limited; that Adjudication order passed by SEBI dated 15.01.2021 in respect of Mr. Sanjay Aggarwal in the said subject matter clearly highlights the fact that, market master mind Mr. Jalaj Batra has approached intentionally and choose Sanjay Aggarwal to execute the said financial fraud in M/s Farmax; that Mrs. Anju Batra was appointed as a wholetime director in the said merchant banker firm i.e., M/s La Richesse Advisors Pvt. Ltd., Sanjay Aggarwal Firm, on 01.10.2009 and ceased to be the wholetime director on 01.03.2010; that Income Tax search report also state about the connection of Jalaj Batra, how he with his associates has conspired by way of fake MOU and executed the GDR Farmax scam; that Jalaj Batra along with their co-conspirators namely Sanjay Raghunath Aggarwal, Bharat Bhushan Batra and his wife Anju Batra had been involved in the infamous Farmax GDR Scam;

that DHFL a non-banking financial company was involved in a scam of siphoning off bank loans and investors' money amounting to thousands of crore Rupees. Sh. JalajBatra and his associates are involved into the whole scam by using their positions of influence and control, they were able to manipulate the market and resulting in financial harm to others; that various other cases registered against Barter Brother like in Drug Financing & Cricket betting Scams.'

3. Action taken by ED against various persons to verify the facts specified in the complaint of Sh. Chandarsekhar:

a) **JalajBatra:**The known role of Sh. JalajBatra is limited to act as anintermediary, who arranged a meeting of Sh. MorthalaSrinivasa Reddy, Promoter of M/s.Farmax India Limited with Sh. Sanjay Ragunath Aggarwal. As per the statement of Sh. MorthalaMalla Reddy, JalajBatra had approached his brother Sh. MorthalaSrinivasa Reddy with a promise to help them in the issuance of GDRs. JalajBatra was also part of the meeting held in Mumbai where MorthalaSrinivasa Reddy signed the Pledge Agreement, which was the basis for execution of this scam. MorthalaSrinivasa Reddy stated that:

- he signed the pledge agreement at the insistence of ArunPanchariya's associates JalajBatra and Sanjay Agarwal.
- JalajBatra, ArunPanchariya and Sanjay Aggarwal had asked Farmax to open bank accounts with the Euram Bank.
- he was lured by JalajBatra and his team for money and that he had signed wherever they had asked him to do.
- bank account was opened by Farmax with Abu Dhabi Commercial Bank upon the directions of Sanjay Aggarwal and JalajBatra.
- JalajBatra prompted that GDR proceeds could not be remitted back directly to Indian account of M/s.Farmax India Limited.
- Subsidiary of Farmax namely M/s Farmax International FZE, UAE was created in April, 2010 upon the direction of JalajBatra and that it was established solely for the purpose of GDR.
- the financial statements of the subsidiary company in which sales, receivables, and purchases were mentioned, were arranged by Sanjay Aggarwal and JalajBatra and that the subsidiary had not done any business and that these figures were fake and were created just to misled the public.
- JalajBatra had sent the balance sheet of Farmax and asked him to incorporate unsecured loan of Rs. 66,88,08,000/- by Farmax to its subsidiary in the annual report.
- Ms. GundupalliSupriya was the authorized signatory of M/s.Farmax International FZE, UAE and he was introduced to Ms. GundupalliSupriya by JalajBatra. JalajBatra.

b) **Barter Brothers:**The information regarding the alleged role of Barter Brothers in Farmax GDR case was first received by this office in March, 2023. Based on the

information received, the Directorate issued summons to the Barter Brothers (AtulHiralal Shah and Raju Shah) to examine their role in the same perpetrated by Farmax. Atul Shah, one of the Barter brothers, appeared before the Directorate on 22.09.2023 & 24.11.2023 and his statement was recorded. Raju Shah is yet to appear in response to summons issued to him.

The information shared with this office and the representation of Sh. Chandrashekhari relies on the report prepared by the Income Tax Department after conducting several searches against Accommodation Entry Provider Group called Barter Brothers in 2014-15. During the search, the IT department had found a MOU between Barter Brothers and the Promoters of Farmax, in which it was stated that the GDR shares would be sold and the profits were to be shared between Barter Brothers and the promoters of Farmax. However, the same was conditional on the promoters giving full access of the EURAM Bank account to Sanjay Aggarwal who would be the trustee from both sides. A copy of the said MOU was obtained by this office from Telangana Police.

Further, based on the available information, Barter Brothers were summoned to examine their role in the GDR issue, and the said MOU. Atul Shah appeared and his statement was recorded under Section 50 in which he confirmed that the said MOU was part of the material found in the searches conducted by the IT department against his family members, other associates. He further stated that he knew Sanjay Aggarwal, who had approached them to resolve the issue between the promoters of Farmax and ArunPanchariya.

However, he stated that they had not participated in the said resolution as the terms mentioned in the alleged MOU were not executed. He also submitted that he or his brother had never traded the shares of Farmax. He was also confronted with a picture of a log book mentioned in the IT search report which seemed to indicate trade of shares of Farmax. To this, he responded that the premises where the said logbook was found was not associated with him. The submissions made by Atul Shah were cross examined with the tradelog obtained by this office from SEBI. The tradelog could not establish any connection with Atul Shah, or his associated entities till now. Further investigation regarding the possibility of his association/ trading of shares through other entities, or before the issue of GDRs by Farmax is in progress.

4. Details of investigation pertaining to opening of LOC in respect of JalajBatra and circumstances of the time when he left India:

During the investigation, summons were issued to Sh. JalajBatra on 14.11.2022 & 16.11.2022, however he did not appear in compliance of summonses. To substantiate the role of Sh. JalajBatra, a letter dated 31.01.2023 was written to BOI to get his passport details and his travel details and accordingly reply received from BOI on 08.02.2023. On perusal of the travel details shared by BOI, it was found out that Sh.

JalajBatra left the country on 25.09.2022. It is pertinent to mention that, as soon as the role of JalajBatra was established during the investigation, LoC was issued against him on 10.02.2023. Thus, it is evident that he has left India four months prior to issuance of LOC against him. Summons dated 28.02.2023, 11.04.2023 and 08.05.2023 were issued to Smt. AnjuBatra and Sh. Bharat BhushanBatrato ascertain the role of Sh. JalajBatra and to know about his whereabouts. However, they did not appear in compliance of summonses. Summons dated 13.04.2023, 26.04.2023 & 08.05.2023 were again issued to Sh. JalajBatra and these summons were served on email id of JalajBatra. Sh. JalajBatra replied to the said summons through email and stated that he was out of country and could not appear before the office.

Comments received from CBDT:-

- (a) Whether the department has submitted any report related to searches in Barter Brothers group or Globe Capital Market Ltd before the Hon'ble Delhi High Court admitting scam of crores of rupees?

Ans: Considering that matter before the Hon'ble Delhi High Court was neither related to Barter Brothers nor Globe Capital Market Ltd. nor the Hon'ble Court directed the Income Tax Department to submit any report before it. So there never arose an occasion before the department to submit any report before the Hon'ble Delhi High Court.

- (b) If any action has been taken against Barter Brothers and Jalaj Batra then whether any money trail has been established in the case of Barter Brothers group or Jalaj Batra group?

Ans: It is submitted that during the Assessment proceedings additions have been made on various issues based on evidence found during the search & seizure action and post search & seizure investigation as per the extant provisions of the Income Tax Act, 1961.

- (c) Whether any custodian has been appointed in the case of Jalaj Batra?

Ans: There is no provision in the Income Tax Act, 1961 to appoint custodian in case of any of the taxpayer.

- (d) Details of action taken in the cases of Barter Brothers and Jalaj Batra after the year 2020.

Ans: It is submitted that proceedings under the Income Tax Act, 1961 are based on income received or arised or accrued to the taxpayer. All the cases which have been mentioned in the representation pertain to the year 2002 to 2010, except action regarding findings in search in the case of Globe Capital Market Ltd.

Order u/s 143(3) rws 153(1) rws 263 of the Act for AY 2012-13 and order u/s 143(3) for AY 2018-19 was passed after 2020 in the case of Sh. Atul Hiralal Shah. Efforts for recovery of the outstanding demand in Barter Brothers have been made on regular basis after completion of assessment proceedings.

Further, proceeding u/s 10 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 have been initiated against Sh. Jalaj Batra for AY 2015-16 and AY 2016-17 on 28.04.23.

Moreover, proceedings u/s 10 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 has been initiated against Smt. Anju Batra for AY 2022-23 on 01.04.2022.

- (e) Till when these actions/ proceedings will be completed?

Ans: Proceedings in the case of Sh. Jalaj Batra under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 for A.Y. 2015-16 and A.Y. 2016-17 are getting barred by limitation on 31.03.2026.

Proceedings in the case of Smt. Anju Batra under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 for A.Y. 2022-23 are getting barred by limitation on 31.03.2025.

- (f) Whether it was a fraud or crime?

Ans: Income Tax Department is only concerned with assessment of income of taxpayer in the year when it is accrued or received as the case may be, as mandated by the provisions of the Income Tax Act.

- (g) What is the coordination between other departments?

Ans: Certain information about M/s. Farmax India I.td. was sought for by the CID, Telangana State u/s, 91 of CrPC for the purpose of investigation. Accordingly, the desired information in the case of Barter Brothers group was shared with the aforesaid agency on 19.08.2023.

**MINUTES OF THE THIRTIETH SITTING OF THE COMMITTEE ON PETITIONS
(SEVENTEENTH LOK SABHA)**

The Committee met on Monday, 18 December, 2023 from 1500 hrs. to 1715 hrs. in Committee Room No. 3, Parliament House Annexe Extension, New Delhi.

PRESENT

Shri Sunil Kumar Singh - *In the Chair*

MEMBERS

2. Shri Brijendra Singh
3. Shri Sushil Kumar Singh
4. Shri Manoj Kumar Tiwari
5. Shri Prabhubhai Nagarbhai Vasava
6. Shri Rajan Baburao Vichare

SECRETARIAT

1. Shri Raju Srivastava - Joint Secretary
2. Shri Tenzin Gyaltzen - Deputy Secretary

WITNESSES

**MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

1. Shri Sanjay Malhotra - Secretary
2. Shri Rahul Navin - Director (ED)
3. Shri Rajesh Kumar Kedia - CIT (Inv.), CBDT

DEPARTMENT OF ECONOMIC AFFAIRS

1. Ms. Surbhi Jain - Joint Secretary
2. Shri Rajesh Panwar - Joint Director

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

1. Shri Ashwani Bhatia - Whole Time Member, SEBI
2. Shri G.Ram Mohan Rao - Regional Director, Eastern Regional Office (ERO)
3. Shri Amit Tandon - Chief General Manager
4. Shri Naveen Sharma - General Manager

MINISTRY OF CORPORATE AFFAIRS

1. Shri Sanjay Shorey - Officer on Special Duty (OSD),
Director General of Corporate Affairs

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2. At the outset, in the absence of the Chairperson, the Committee under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha chose Shri Sunil Kumar Singh to act as Chairperson for the sitting.

3. Thereafter, the Chairperson welcomed the Members to the sitting of the Committee.

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[Thereafter, the representatives of the Ministry of Finance (Department of Revenue & Department of Economic Affairs), the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI) were ushered in]

8. After welcoming the representatives of the Ministry of Finance (Department of Revenue & Department of Economic Affairs), the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI), the Hon'ble Chairperson drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings of the Committee. Before hearing their views on the representation of Shri Chandra Shekhar alleging Barter Brothers and Batra Family of carrying out unlawful activities such as financial frauds, money laundering, etc., in connivance with one, Shri Sanjay Agarwal, the Committee sought clarifications on various aspects relating to the subject, as under:-

- (i) The comments furnished by the Ministry of Finance (Department of Revenue & Department of Economic Affairs) and the Securities and Exchange Board of India (SEBI) make it evident that there has been involvement of Barter Brothers in committing serious financial frauds, money laundering, etc. However, only the details of investigation carried out against Barter Brothers and their shell Companies from the period 2009 to 2020 were provided and not the progress made thereon after 2020 as to whether any arrest was made and/or any conviction was secured, etc.
- (ii) The recent comments furnished by the Ministry of Corporate Affairs reveal that a detailed investigation has been ordered against some of the Companies, in question, in the December, 2023 itself.
- (iii) Whether the Search Report submitted by the Income Tax Department to the Delhi High Court finds mention of the serious economic offence and stock market scam committed by the accused, Barter Brothers, which involved crores of rupees?
- (iv) Whether it is in the knowledge of SEBI that these accused persons were involved in such a huge stock market scam related offences for the past several years? If so, SEBI, being a Regulatory Authority, why no concrete action had been taken?
- (v) Despite the fact that the Income Tax Department has already initiated necessary action against the Companies, in question, why not any concrete evidence on the 'money trail' has been recovered by the Law Enforcement/Investigating Agencies?
- (vi) As per the documents submitted by the Ministries concerned and the SEBI while furnishing their comments on the representation of Shri Chandra Shekhar, it becomes evident that the issues raised/allegations made in the representation, are very serious in nature. If the alleged economic offences committed by Shri Jalaj Batra and other conspirators are so grave, why the accused persons have not been arrested, so far?
- (vii) How could the accused, Shri Jalaj Batra successfully fled the country before 72 hours when the Enforcement Directorate issued a 'Look Out Circular' against him?

9. In pursuance thereof, the main issues that were put forth by the representatives of the Ministry of Finance (Department of Revenue & Department of Economic Affairs), the Ministry of

Corporate Affairs and the Securities and Exchange Board of India (SEBI) before the Committee, were as follows:-

- (i) Both, the Enforcement Directorate (ED) and the Income Tax Department (ITD) have taken necessary legal action against the accused individuals/entities in various cases referred to in the representation of Shri Chandra Shekhar.
- (ii) As regards the case of GDR issue of M/s. Farmax Ltd., after the FIR was registered in the matter, an Enforcement Case Information Report (ECIR) was recorded on 5.5.2022 by the ED and subsequently, investigation and enforcement proceedings were initiated against S/Shri Jalaj Batra, Sanjay Aggarwal, Arun Pancharia, Mukesh Chauradia, Nithish Bangera and others. Two accused, namely S/Shri Sanjay Aggarwal and Morthala Srinivasa Reddy were subsequently arrested and kept in judicial custody for months. However, Shri Sanjay Aggarwal was granted bail later on. In this case, the prosecution complaint/charge sheet against S/Shri Aggarwal, Reddy, Pancharia and Chauradia was submitted to the Court in November, 2022 which took cognizance of the same and trial is presently underway. In July, 2023, the asset of Shri Arun Pacharia worth Rs. 60 crore approximately was attached. Further, the attachment and seizure orders against the assets of Shri Morthala Srinivasa Reddy and Shri Morthala Malla Reddy worth Rs 62.52 crore were also issued.
- (iii) Income Tax Department had also conducted search operation against S/Shri Anil Hiralal Shah and Atul Hiralal Shah in 2014, in the group cases of Barter Group, where the documents related to their disproportionate income on account of fraud on Farmex GDR issue were seized. Subsequently, assessment orders were passed determining their total income of Rs. 4000 crore and the tax demands of Rs. 2,184 crore and Rs. 1,788 crore were raised against S/Shri Anil Hiralal Shah and Atul Hiralal Shah, respectively. Although their movable and immovable properties have already been seized, their appeal in this case is still pending and therefore, recovery proceedings have not been initiated as yet. Generally, the appeal process involves several stages starting from first appeal, second appeal, ITAT, High Court, etc. After the appeal process is completed and the final orders are pronounced, necessary actions including recovery proceedings would be initiated against them. Income Tax Department is pursuing the matter seriously so that final decision in this case is taken at the earliest and recovery proceeding is initiated.
- (iv) SEBI had investigated four cases related to Barter Brothers, Batra Family and Shri Sanjay Aggarwal. First one relating to Genius Commutrade Ltd., which was regarding share price manipulation during May to September, 2002, wherein Barter Brothers were found to be involved. However, this case was closed after

payment of settlement fees by them. Second case is related to Universal Media Network Ltd., and the third one is related to Vijay Textiles Ltd. In both these cases, necessary investigation was conducted and orders were issued. After payment of settlement fees by Barter Brothers and Batra Family, these cases were closed. Fourth case was related to Farmex GDR issue, which was a clear case of financial fraud. In this case, after the adjudication orders were passed, Shri Sanjay Aggarwal and Shri Reddy, who was the Managing Director of the Company had already paid the penalty of Rs. 10 lakhs and Rs. 62 lakhs, respectively, imposed upon them. Further, penalty of Rs. 52 crore and Rs. 2 crore have been imposed against other accused namely, Shri Arun Panchariya and Vintage, which have yet not been paid since they are presently not in the country and their cases are still open.

- (v) Settlement is permissible as per SEBI Regulations and also an preferred option. However, the settlement case has to fulfill three requirements. When the application for settlement is received without admission of guilt and wrongdoings, the settlement fee is calculated as per prescribed matrix and after the full payment of settlement fees is made, the case is closed and not reopened again.

10. After hearing the views of the representatives of the Ministry of Finance (Department of Revenue & Department of Economic Affairs), the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI), the Committee expressed their views, as follows:-

- (i) Necessary and appropriate provision(s) may be formulated for taking strict legal actions against individuals/entities found involved in serious economic offences and unlawful activities such as financial frauds, money laundering, etc.
- (ii) After Look Out Circular is issued against an accused involved in economic offences, better coordination should be established between the Law Enforcement Agencies so that the accused person cannot flee the country.
- (iii) Necessary actions may be initiated for completing all the investigations related to these cases.
- (iv) Updated status on these cases along with other relevant details may be furnished within a period of 15 days.

[The representatives of the Ministry of Finance (Department of Revenue & Department of Economic Affairs), the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI), then, withdrew]

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The Committee, then, adjourned.

*** Does not pertain to this Report.

**MINUTES OF THE THIRTY-FIRST SITTING OF THE COMMITTEE ON PETITIONS
(SEVENTEENTH LOK SABHA)**

The Committee met on Friday, 2 February, 2024 from 1500 hrs. to 1630 hrs. in Room No.117, 'B' Block, (Chairperson's Chamber), Parliament House Annexe Extension, New Delhi.

PRESENT

Shri Harish Dwivedi - Chairperson

MEMBERS

2. Prof. Sanjay Sadashivrao Mandlik
3. Shri P. Rabindhranath
4. Shri Brijendra Singh
5. Shri Sushil Kumar Singh
6. Shri Prabhubhai Nagarbhai Vasava
7. Shri Rajan Vichare

SECRETARIAT

1. Shri Raju Srivastava - Joint Secretary
2. Shri Tenzin Gyaltzen - Deputy Secretary

2. At the outset, the Hon'ble Chairperson welcomed the Members to the sitting of the Committee.

3. The Committee, thereafter, took up for consideration the following Draft Reports :-

(i) XXXX XXXX XXXX XXXX

(ii) XXXX XXXX XXXX XXXX

(iii) Report on the representation of Shri Chandra Shekhar alleging serious financial frauds, continuous money laundering and unlawful activities carried out by Shri Anil Hiralal Shah @ Raju Barter, Shri Atul Hiralal Shah – popularly known as 'Barter Brothers', Shri Jalaj Indrasen Batra, Smt. Anju Batra, Shri Bharat Bhushan Batra in connivance with their known and unknown conspirators including Shri Sanjay Aggarwal – requesting for initiating intense investigation;

(iv) XXXX XXXX XXXX XXXX

(v) XXXX XXXX XXXX XXXX

4. After discussing the above mentioned Draft Reports (3 Original Report and 2 Action Taken Report) in detail, the Committee adopted all the five Reports without any modification. The Committee also authorised the Chairperson to finalise the Draft Reports and present the same to the House.

5. XXXX XXXX XXXX XXXX

The Committee, then, adjourned.

XXXX Not related to Report.