



PRESS RELEASE

13/11/2024

Directorate of Enforcement (ED), Chennai Zonal Office has conducted search operations on 11/11/2024 and 12/11/2024 against the OPG Group, Chennai, for violations of the Foreign Exchange Management Act (FEMA), 1999, and Foreign Direct Investment (FDI) regulations. ED has seized approximately Rs. 8.38 Crore in Indian currency from both the office premises of M/s OPG Group and the residential premises of its Directors.

The OPG Group, controlled by Arvind Gupta, is into business of manufacturing and generation of Power. The company had received Foreign Direct Investments (FDI) to the tune of Rs. 1,148 Crore from Seychelles based companies set up by family members of Arvind Gupta for use in the Power sector. However, investigations have revealed that the funds were misused, and multiple violations of FEMA provisions have come to light including misdeclaration to the RBI.

ED investigation under provisions of FEMA, 1999 revealed that a significant portion of the said FDI funds intended for investments in the Power sector, subject to certain conditions under the FDI policy, was illegally routed into the stock market, including investments in mutual funds and was also invested in land and real estate, which is strictly prohibited under FDI guidelines. Further, a substantial amount was converted into cash with the assistance of vendor companies, which have facilitated the issuance of fake invoices, enabling the group to withdraw funds in the form of physical currency. During the course of search, ED has also recovered hand written notes related to generation and utilisation of the cash.

Further scrutiny revealed that the management of the OPG Group had set up several overseas joint ventures and companies in Dubai, Isle of Man, Seychelles, Singapore, and Hong Kong, through which a significant portion of the diverted funds was allegedly parked abroad. These foreign entities are under investigation to determine the full extent of the financial flows and whether these funds were used for money laundering or other illicit activities.

The funds brought in as FDI must be used within the specified sector. ED is investigating further into the involvement of shell companies, fake invoicing, involvement of overseas entities, diversion of funds and potential violations of anti-money laundering laws as well.

