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Market Watch

# PMC showed funds siphoned off by HDIL promoters as loan, shows probe

BY ET BUREAU | UPDATED: OCT 15, 2019, 11.25 AM IST

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MUMBAI: The arrested promoters of [Housing Development & Infrastructure Ltd. \(HDIL\)](#) allegedly siphoned funds from Punjab & Maharashtra Cooperative Bank by using overdraft facilities and the money was “disguised” as loan accounts by bank officials, according to the probe by the Economic Offences Wing of the [Mumbai Police](#).

The city police suspects that the entire amount of over Rs 6,500 crore was withdrawn fraudulently using this modus operandi, a person privy to the details told ET.

Suspended [PMC Bank](#) MD Joy Thomas used to debit the amounts from the accounts of the HDIL holding companies and the cash was sent through hawala channels to a Dubai resident, identified by the police as Mehta, who sent the money back to PMC as deposits, the EOW told a local Mumbai court on Monday while seeking custodial remand of HDIL promoters Rakesh Wadhawan and Sarang Wadhawan and PMC ex-chairman Waryam Singh. The court extended the custody of all three till Wednesday. “Funds were withdrawn from the bank as overdraft facilities, which were disguised in the form of various loan accounts of HDIL opened at PMC Bank,” an official said.

According to the FIR, the bank allegedly replaced 44 loan accounts of HDIL and its group companies with over 21,000 loan accounts to conceal the extent of outstanding balances. The changes were made in documents of loan accounts given to the Reserve Bank of India for the year ended March 31, 2018.

Meanwhile, the [Enforcement Directorate](#), which is probing a case of [money laundering](#) in the matter, has identified a plot of land and an apartment in London and a residential property in Dubai belonging to the HDIL promoters and is in the process of provisionally attaching them.

According to the agency, seized documents revealed that HDIL has work in progress at about 80 unencumbered properties in and around Mumbai. The valuation and ownership of these properties are being ascertained.

“The Enforcement Directorate has seized/frozen and identified movable and immovable assets owned by Housing Development and Infrastructure Ltd., its directors/promoters, PMC Bank officials and other related entities in the [PMC Bank fraud](#) case,” the agency said. “The total value of assets identified till now is more than Rs 3,830 crore and investigations are in progress to identify and locate more of such laundered assets.”

The federal agency claimed that scrutiny of the documents revealed instances of siphoning of funds and their misuse.

“An amount of Rs 98 crore of loan from PMC Bank was diverted to M Estate Developers, a proprietorship concern of close business associate of Rakesh Wadhawan,” it said.

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