Press Release
25/09/2026

Directorate of Enforcement (ED), Kolkata has conducted search action u/s 37 of FEMA, 1999 on 23.09.2026 at office and residential premises of persons associated with McNally Bharat Engineering Company Ltd. (MBECL) and associated entities. The premises covered include residential premises of Sanjay Pasari, Rajiv Pasari, Ravi Todi and Sudhir Satnaliwala and official premises of associated entities, in the case of alleged contraventions of the Foreign Exchange Management Act, 1999.

During the search, suspected foreign exchange transactions have surfaced and are under examination including huge amount of export receivables which were not received by MBECL (pre-CIRP transactions) and remain outstanding as on date. Further, material has emerged indicating Sanjay Pasari’s alleged beneficial ownership or control over certain assets situated outside India which are suspected to have remained undisclosed. Investigation is continuing to ascertain contraventions of the provisions of FEMA, 1999 and other applicable laws.

In addition to above, Investigation has revealed that the financial position of MBECL was deliberately weakened, ultimately resulting in the company being taken into Corporate Insolvency Resolution Process (CIRP). During the CIRP, claims amounting to ₹6,828 Crore (Approx.) were filed, of which claims of around ₹5,015 Crore were admitted. These claims pertain to 16 creditors, comprising a consortium led by Bank of India and including other public sector banks, private sector banks, and other unsecured and operational creditors. Against these liabilities, a resolution plan of only ₹441 Crore was approved, resulting in an effective reduction of 94% (Approx.) vis-à-vis the filed claims. Significantly, the resolution plan envisaged a cash infusion of only ₹155 Crore, out of which merely ₹123 Crore was actually paid, while the remaining amount was paid from the internal accruals of MBECL itself.

Investigation had revealed that the acquisition of MBECL through the CIRP process was structured to conceal the actual financial involvement and control of the Vishwa Group led by Sanjay Pasari. BTL EPC was used as the resolution applicant which nominated one SPV (Mandal Vyapar Pvt. Ltd.) for the acquisition, while funds connected with the Vishwa Group were routed through multiple entities to finance the acquisition, thereby obscuring the true source of funding and the ultimate beneficiary of the resolution process.

Further, investigation revealed that ₹105 Crore (Approx.) of the acquisition funding originated from entities linked to Sanjay Pasari and was routed through multiple intermediary companies, including NBFCs. The agency is examining whether this arrangement concealed the source of funds and beneficial control of MBECL after its acquisition, and whether it circumvented the eligibility requirements of Section 29A of the Insolvency and Bankruptcy Code, 2016.