



Press Release

02.07.2022

Directorate of Enforcement has arrested Khagesh Kachhwal & Varanasi Dileef in a money laundering case on 25/6/2022 for acting as entry operators and facilitating large scale bogus LC discounting and providing large accommodation entries to assist money laundering activities of the Bank Fraud accused persons.

ED initiated money laundering investigation on the basis of FIR registered by the CBI, EOB, Chennai, against M/s RE Cables & Conductors Pvt Ltd (RECC) and others for alleged misappropriation of the funds of SBI and caused wrongful loss to the tune of Rs 74.83 Crore.

Investigation by ED revealed that Khagesh Kachhwal and Varanasi Dileef are one of the biggest entry providers in Hyderabad city under whose assistance and guidance, M/s RECC had fraudulently mis-utilised the credit facilities availed from Banks. Khagesh Kachhwal and Varanasi Dileef are having number of shell entities under their control. The modus operandi is that various LCs are opened by M/s RECC in the name of Shell Entities controlled by Khagesh Kachhwal & Varanasi Dileef under the guise of short term advance with the help of bogus documents. No goods/materials are supplied against such LCs. Subsequently, the LCs were discounted with a known bank and the amount received by discounting is diverted back to M/s RECC so that it can tide over its cash flow crunch. Since RECC did not make the payments to the bank, the LCs devolved causing loss to the Bank.

Both of the accused admitted that they are providing these services for pecuniary gain of 0.25% of the transaction amount. Apart from M/s RECC, they have provided such services to many business houses of Hyderabad including businesses who are now accused of large Loan Frauds including M/s Golden Jubilee Hotels, M/s VNR Infra Pvt Ltd, M/s Transstroy India Ltd, etc. Their business of bogus entries is running into several hundreds of Crore worth of transactions.

Khagesh Kachhwal and Varanasi Dileef were arrested and produced before the Hon'ble Special PMLA Court on 25.06.2022 and Hon'ble PMLA Court has granted 8 days' of ED custody of the accused persons.

Further investigation in this case is going on.