



## **PRESS RELEASE**

**05.06.2024**

Directorate of Enforcement (ED), Hyderabad has conducted search operations on 03.06.2024 at eight locations in Hyderabad and Ongole (Andhra Pradesh) under the provisions of Prevention of Money Laundering Act (PMLA), 2002 against **M/s Chadalavada Infratech Limited (CIL)** and others involved in a case of bank fraud.

ED initiated investigation on the basis of FIR registered by CBI, ACB, Hyderabad against M/s Chadalavada Infratech Ltd., its Director Chadalavada Ravindra Babu & others, on a complaint of loan fraud by State Bank of India, Hyderabad, for siphoning and diversion of funds, cheating and criminal conspiracy resulting in loss of public money to the extent of Rs. 166.93 Crore. CIL, which was engaged in execution of power infrastructure projects as an Engineering, Procurement and Construction (EPC) contractor, diverted major part of the loan amount for the purpose other than for which it was sanctioned.

ED investigation revealed that CIL was enjoying credit facilities by availing fund based and non-fund-based credit facilities from State Bank of India; and that its directors conspired with others and misutilised the loan funds and diverted the same by employing various modus operandi like accommodated letter of credit transactions, round tripping of funds in the form of equity investment, diversion of loan amounts into the accounts of employees/Directors and their family members etc. Investigation revealed that major portion of the letters of credit were issued to entities opened in the names of relatives & employees without any underlying business. Therefore, huge amount of funds were diverted. Out of diverted funds, properties were acquired in the name of third parties, directors and family members.

Search operations led to the recovery & seizure of documents related to properties which are suspected to have been acquired out of proceeds of crime. Further, incriminating documents and digital devices were also seized.

Further investigation is under progress.