



Press release

03/09/2024

Directorate of Enforcement (ED), Hyderabad Zonal Office has filed Prosecution Complaint (PC) before the Hon'ble Special Court (PMLA), Hyderabad against M/s Ranchi Expressway Ltd., Madhucon Projects Ltd., Madhucon Toll Highway Ltd., Madhucon Infra Ltd. & others under the provisions of Prevention of Money Laundering Act (PMLA), 2002. The Hon'ble Court has taken cognizance of the PC on 31.08.2024.

ED initiated investigation on the basis of FIR registered by CBI ACB Ranchi, against M/s Ranchi Expressways Limited (REL) & its directors. Subsequently, CBI filed Charge Sheet before the Hon'ble Special Judge for CBI cases, Ranchi against M/s Ranchi Expressways Limited and others. As per the FIR and chargesheet, NHAI had awarded project of 4-laning of NH-33 on Ranchi-Rargaon-Jameshpur section to M/s Madhucon Project Limited. A Special Purpose Vehicle (SPV) M/s Ranchi Expressway Limited was incorporated by Madhucon Group, to execute this project. Madhucon Project Limited was the Engineering Procurement Construction (EPC) contractor of the project. Madhucon Group could not complete the project despite availing the full loan amount, and subsequently, their contract was terminated and an FIR was registered based on the directions of the Hon'ble Jharkhand High Court.

ED investigation revealed that M/s REL obtained loans of Rs. 1030 Crore from a consortium of banks led by Canara Bank. However, Madhucon Group did not utilize the entire loan amount for the stated purpose and diverted it to its associated entities for utilization in other works and also siphoned off the loan by giving bogus works to its related shell entities. The work on the ground suffered and they could not complete the work despite drawing the entire loan amount. They also managed the maintenance reports and work progress reports to falsely claim higher expenses. The financials of the Group were not doing well for many years and after winning the tender for Ranchi-Jamshedpur Project, Madhucon Group created an SPV namely M/s REL and did round tripping of loan funds to show bogus investment by promoters. Eventually, Madhucon Group could not repay the loans and the loan account turned into NPA.

ED investigation also revealed that Madhucon Group's promoters siphoned off the loan funds by taking the entire EPC contract from its SPV and then diverting huge mobilisation and material advances for their other projects. Loan funds were also diverted to sub-contractors / shell entities controlled by them and cash amounting to Rs. 75.50 Crore was received back from them. These sub-contractors did no work, had no sufficient expertise and were based in Andhra Pradesh / Telangana, whereas the project was in Jharkhand. They took large advances from Madhucon Project Ltd. out of the loan funds and then re-routed the funds to Madhucon Group on the pretext of using their equipment and labour. Diversion of loan funds of Rs.365.78 Crore has been identified during PMLA investigation till date.

ED had earlier conducted searches in the case and seized incriminating evidences and unaccounted cash of Rs. 34 Lakh. ED had also attached 105 immovable properties & other assets worth Rs. 96.21 Crore belonging to Madhucon Group of companies and their directors.

Further investigation is under progress.