



PRESS RELEASE
26.05.2025

Directorate of Enforcement (ED), Bengaluru Zonal Office has provisionally attached various immovable properties worth Rs. 26.27 Crore (approx.), (with current market value of Rs. 40 Crore) belonging to B K Nagarajappa, Ms. R Leelavathy and other accused, under the provisions of Prevention of Money Laundering Act (PMLA), 2002, in a case related to misappropriation of funds from Karnataka Bhovi Development Corporation (KBDC).

ED investigation revealed that B K Nagarajappa, the then General Manager, KBDC and Ms. R Leelvathy, the then Managing Director, KBDC in connivance with middlemen and their associates, have misappropriated the funds from KBDC by sanctioning the loans/ subsidies/ financial assistance to the bank accounts of more than 750 fake beneficiaries, which were fraudulently opened by them. Later, the amounts so sanctioned from KBDC were diverted to the bank accounts of various entities viz. Adithya Enterprises, Somanatheswara Enterprises, New Dreams Enterprises, Harntiha Creations, Annika Enterprises controlled by B K Nagarajappa and others, which was used in purchase of properties, making payments to middlemen and further diverted to bank accounts of individuals and various other entities.

The money misappropriated from KBDC was mainly used to maintain their luxurious lifestyle and to acquire immovable and movable properties in their name, in the name of their family members. Earlier, the then General Manager of KBDC B K Nagarajappa and the then Managing Director of KBDC Ms. R Leelavathy were arrested u/s 19 of PMLA 2002 by the ED on 05.04.2025 and 12.04.2025 respectively and are currently under judicial custody.

Further investigation is under progress.