



Press Release
04.02.2025

Directorate of Enforcement (ED), Chennai has conducted search operations at three locations in Chennai, targeting premises linked to Smt. Andal Arumugam, S. Arumugam and others as part of the ongoing investigation into **M/s RKM Powergen Private Limited (RKMPPL)** under the provisions of Prevention of Money Laundering Act (PMLA), 2002.

ED initiated investigation on the basis of an FIR registered by the Central Bureau of Investigation (CBI), EOW, New Delhi. The case pertains to the alleged fraudulent acquisition of the Fatehpur East Coal Block in Chhattisgarh, allocated by the Ministry of Coal for the power sector.

ED investigation reveal that RKMPPL secured a loan from the Power Finance Corporation (PFC) based on the coal block allocation. A significant portion of these funds Rs. 3,800 Crore was transferred to a foreign entity, M/s MIPP, controlled by RKMPPL, for the purchase of overvalued plant and machinery. Further investigation revealed that following the coal block allocation, RKMPPL issued 26% of its shares to Malaysia-based M/s Mudajaya Corporation Bhd. and 10.95% to Enerk International Holdings Ltd., both at a premium of Rs. 240 per share. In contrast, 63.05% of shares were allotted to M/s R K Powergen Pvt. Ltd. at face value. The valuation methodology lacked transparency, and the Chartered Accountants' fair valuation assessment was not applied consistently.

Subsequent investigation found that M/s Mudajaya Corporation funded its Rs. 240 per share premium by rerouting PFC-sanctioned funds intended for equipment procurement from M/s MIIP International, a subsidiary of Mudajaya Corporation. This effectively resulted in the round-tripping of project funds. An estimated Rs. 1800 Crore was systematically routed back to RKMPPL through foreign entities under the guise of equity participation.

During the search operations, multiple mobile phones and electronic devices containing substantial incriminating evidence were seized. Additionally, under Section 17(1)(A) of PMLA, freezing orders were issued for fixed deposit receipts (FDRs) and Mutual funds amounting to Rs 912 Crore and Key documents related to immovable properties, collectively valued at approximately Rs. 1000 Crore, were also seized.

Further investigation is under progress.