



PRESS RELEASE

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Directorate of Enforcement (ED), Hyderabad Zonal Office has provisionally attached immovable properties valued at Rs. 26.86 Crore under the provisions of the Prevention of Money Laundering Act (PMLA), 2002 in a bank fraud case of M/s Sowbhagya Ispat India Pvt. Ltd. (SI IPL). The attached properties consist of residential flats, residential house, and open plots of land.

ED initiated investigation on the basis of FIR registered by CBI, BS&FB, Bangalore under Sections 120-B, 420, 468 and 471 of IPC and Section 13(2) read with 13(1)(d) of the Prevention of Corruption Act, 1988 against M/s Sowbhagya Ispat India Pvt. Ltd., its Directors and others for defrauding Andhra Bank (now Union Bank of India) and causing wrongful loss to the bank.

ED investigation revealed that SI IPL had availed Term Loans and Working Capital facilities from then Andhra Bank for establishing and expanding a steel manufacturing unit. However, the accused persons fraudulently obtained enhanced credit facilities by submitting fabricated stock statements, inflated financials, forged documents and false certificates. Further, investigation revealed that the loan funds were diverted and siphoned off instead of being utilized for the sanctioned purposes. Funds were routed through related entities and accommodation entry providers, creating fictitious turnover and circular transactions to inflate the financial position of the company.

ED investigation further revealed that the accused persons submitted false and inflated stock statements, manipulated receivables, and engaged in fictitious transactions in order to artificially maintain drawing power and avail higher credit limits from the bank. By adopting such fraudulent means, the accused persons dishonestly obtained and utilized bank loans, thereby causing wrongful loss to the bank and generating Proceeds of Crime amounting to Rs. 46.52 Crore. The bank has subsequently recovered Rs. 15.52 Crore and out of the remaining Proceeds of Crime of Rs. 31 Crore to be recovered, properties valued at Rs. 26.86 Crore could be identified during PMLA investigation and the same have been attached under the provisions of PMLA.

Further investigation is under progress.