



2025:DHC:7016



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IN THE HIGH COURT OF DELHI AT NEW DELHI

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Pronounced on: 19.08.2025

+ BAIL APPLN. 544/2025 & CRL.M.(BAIL) 262/2025
INTERIM BAIL

ARVIND DHAM

.....Petitioner

Through: Mr. Vikas Pahwa, Senior Advocate with Mr. Sumer Singh Boparai, Mr. Shambhu K. Thakur, Mr. Ayush Puri, Mr. Abhihek Singh, Mr. Sirhaan Seth, Mr. Sidhant Saraswat, Mr. Surya Pratap Singh, Mr. Abhilash Kumar Pathak, Mr. Talib Mustafa, Mr. Khanav Madnani, Ms. Sanskriti S. Gupta, Advocates.

versus

DIRECTORATE OF ENFORCEMENT

.....Respondent

Through: Mr. Zoheb Hossain, Special Counsel and Mr. Manish Jain, Special Counsel with Mr. Vivek Gurnani, Panel Counsel with Mr. Kartik Sabharwal, Mr. Pranjal Tripathi, Mr. Rakesh Jourawal, Advocates.

CORAM:

BAIL APPLN. 544/2025

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Signing Date: 19.08.2025
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HON'BLE MR. JUSTICE RAVINDER DUDEJA

JUDGMENT

RAVINDER DUDEJA, J.

1. That the present application is being preferred under Section 483 of the Bharatiya Nagarik Suraksha Sanhita, 2023 [“BNSS”] read with Section 45 of the Prevention of Money Laundering Act, 2002 [“PMLA”] for grant of regular bail on behalf of Mr. Arvind Dham [“Petitioner”] who has been arraigned as Accused No. 1 in ECIR/GNZO/13-14/2024 and ECIR/GNZO/14/2024 arising out of FIRs having RC No. RC2202022E00199 dated 29.12.2022 and RC No. RC22322A009 dated 21.12.2022 which were registered by CBI, AC-V, New Delhi. Petitioner filed a bail application before the Ld. Special Judge, which was dismissed vide order dated 21.01.2025.

Brief Background

2. The present proceedings arise out of an ECIR registered by the Enforcement Directorate (“ED”) pursuant to large-scale allegations of financial mismanagement, fraud, and money laundering within the Amtek Group of companies, including Amtek Auto Ltd., ACIL Ltd., and allied entities. The trigger for investigation was a Public Interest Litigation before the Supreme Court highlighting bank frauds exceeding ₹12,000 crores, alongside multiple FIRs lodged by the CBI and other agencies. These FIRs alleged diversion of funds and creation of shell entities to siphon public money. The alleged activities have caused immense losses to public sector banks. The scale of the matter



necessitated a detailed investigation under the Prevention of Money Laundering Act, 2002 (“PMLA”).

3. The investigation encompassed the affairs of M/s Amtek Auto Ltd., M/s Metalyst Forging Ltd., Castex Technologies Ltd., ACIL Ltd., and ARGL Ltd., which had collectively availed loans exceeding ₹26,000 crores from a consortium of public sector banks, including SBI, IDBI Bank, Karur Vysya Bank, and Bank of Maharashtra. Due to defaults in repayment, these accounts turned into Non-Performing Assets. Forensic and transaction audits by resolution professionals revealed fraudulent diversion and misuse of these loan proceeds. These revelations formed the factual substratum for initiation of proceedings under the PMLA. The allegations indicate a concerted scheme of misappropriation affecting multiple stakeholders.

4. Two specific FIRs registered by the CBI form part of the scheduled offences underlying the present PMLA case. FIR No. RC2202022E0019, dated 29.12.2022, emanated from a complaint by Bank of Maharashtra alleging diversion of funds by ACIL Ltd. and its directors under Sections 120B/420 IPC and Section 7(c) of the Prevention of Corruption Act, 1988. FIR No. RC2232022A0009, dated 21.12.2022, arose from a complaint by IDBI Bank alleging fraudulent term loan availed by ACIL Ltd., attracting Sections 120B/420 IPC and Sections 13(2) r/w 13(1)(d) of the Prevention of Corruption Act, 1988. Additionally, SFIO investigations disclosed commission of offences under Section 447 of the Companies Act,



2013, also a scheduled offence under PMLA. These multiple proceedings converge into the present ECIR.

5. The FIRs and SFIO investigation highlighted systematic diversion of loans and misuse of bank facilities for purposes other than those sanctioned. It was alleged that large portions of loan amounts were diverted to acquire real estate, benefit related parties, and fund non-core activities. The investigations also revealed deliberate concealment of beneficial ownership and manipulation of corporate structures. These acts, if proved, fall squarely within the ambit of “proceeds of crime” under the PMLA. The findings warranted sustained investigative attention.

6. The Supreme Court, in W.P. (Crl.) No. 246 of 2022, directed a thorough investigation into an estimated ₹27,000 crore bank fraud involving the Amtek Group. The Court observed prima facie diversion of public funds into land acquisitions and real estate projects for the benefit of directors’ family members. It also noted possible collusion by accounting firms and Resolution Professionals in the insolvency process. The emphasis was on ensuring that mere settlement of bank accounts could not shield such acts from criminal scrutiny. These directions formed the foundation for the ED’s ongoing investigation.

7. In parallel, several Amtek Group companies entered insolvency proceedings under the Insolvency and Bankruptcy Code, 2016. Resolution Professionals reported significant financial mismanagement aggravated by fraudulent transactions and fund



diversion. Multiple entities, including Deccan Value Investments and Ramkrishna Forgings Ltd., acquired these companies through resolution plans. However, the fraudulent acts attributed to the former promoters, including the applicant, continued to be investigated. The total liabilities acknowledged in these processes exceeded ₹27,000 crores.

8. The ED investigation focused on fraudulent auditing practices, inflation of plant and machinery values in financial statements, and manipulation of books to obtain further credit facilities. Statements recorded under Section 50 of the PMLA from statutory auditors implicated top management in these activities. Examination of accounts since 2012-13 revealed that loans purportedly taken for capital expansion were never utilised for their stated purposes. Instead, funds were diverted to fixed assets entries to enable additional borrowings. Such conduct evidences a systematic plan to mislead lenders.

9. Transaction audits and fixed asset reviews by reputed firms such as Deloitte and EY further substantiated the diversion of loan funds and the acquisition of real estate through disguised transactions. Funds were routed into unlisted shell companies with complex shareholding patterns to obscure their origin. Promoters allegedly used these structures to pledge inflated investments to secure further loans. The ED concluded that the group's corporate machinery was deployed to



launder the proceeds of crime. These findings reinforced the seriousness of the allegations.

10. On 20.06.2024, ED conducted search operations at 40 locations, including premises of auditors, finance staff, and benami directors linked to the Amtek Group. Seized materials included property documents for over 200 immovable assets valued at more than ₹2,000 crores, cash worth ₹2.67 crores, and gold/jewellery valued above ₹4.25 crores. Evidence of loans between ₹25,000 and ₹30,000 crores being diverted to acquire land parcels and make stock market investments was collected. Securities worth more than ₹2,000 crores were found in listed companies beneficially owned by the applicant and his family. The ED thereafter moved the Adjudicating Authority for retention and freezing of seized assets.

11. The ED's provisional attachment order under Section 5(1) PMLA covered immovable and movable assets worth ₹5,115.32 crores as direct proceeds of crime. A prosecution complaint dated 06.09.2024 was filed against the applicant and 15 co-accused before this Court under Sections 44 and 45(1) PMLA. The investigation pegs the total proceeds of crime at over ₹26,000 crores arising from the top five Amtek Group companies. It is alleged that the applicant alienated properties and concealed ownership to obstruct proceedings. These allegations form the basis of the present prosecution.

Role of the Applicant:



12. The applicant, Mr. Arvind Dham, was the promoter and controlling mind of the Amtek Group, managing the affairs of its flagship companies, including Amtek Auto Ltd., ACIL Ltd., Metalyst Forging Ltd., Castex Technologies Ltd., and ARGL Ltd. He served as Managing Director/Director in multiple group entities and was actively involved in all strategic and operational decisions. The investigation establishes that he spearheaded the diversion of loan funds and the systematic defrauding of financial creditors. As ultimate beneficial owner of the flagship companies, he exercised control through a complex web of over 500 group and shell entities. His role was central in designing and executing the fraudulent schemes.

13. The applicant manipulated the financial records of flagship companies by overstating fixed assets, inflating profits, and understating expenditures. These manipulations were achieved through fictitious sales and purchases, misclassification of expenses, and creation of false debit notes to mislead lenders and investors. He coordinated with statutory auditors to have falsified accounts audited and filed with regulatory authorities. The investigation pegs the overstatement of fixed assets alone at over ₹15,000 crores. Such fraudulent financial reporting facilitated continued borrowing and concealment of the group's true financial position.

14. Statements recorded under Section 50 of the PMLA from employees and dummy directors confirm that the applicant and his family were the true beneficial owners of numerous entities used for



layering and concealment of proceeds of crime. The shareholding of flagship companies was structured through entities such as Alliance Integrated Metaliks and WLD Investments Pvt. Ltd., controlled by relatives and family trusts of the applicant. Many dummy directors were low-level employees paid meagre salaries who acted on instructions of the applicant. He also personally negotiated financing arrangements with banks and gave personal guarantees for loans, thereby maintaining direct involvement in financial dealings. His leadership role was corroborated by key managerial personnel who identified him as the decision-maker for strategy, expansion, and customer relations.

15. The applicant allegedly diverted loan funds for acquisition of real estate and investments in other group companies, often without disclosure to lenders. Properties and assets were transferred to associates at undervalued prices, including disguising prime residential property as agricultural land and selling valuable corporate assets for nominal consideration. He concealed assets worth over ₹5,000 crores from the Committee of Creditors during personal insolvency proceedings. The ED contends that he alienated properties during the pendency of investigation to frustrate proceedings under the PMLA. The proceeds of these alienations were allegedly routed through shell companies and returned in cash.

16. The statutory auditors of flagship and related companies admitted under Section 50 PMLA to signing financial statements



without proper audit, acting under instructions from the applicant's finance and accounts team. The applicant is alleged to have orchestrated the diversion of ₹26,956 crores of bank loans through complex intra-group transactions and inflated related-party deals. He utilised affiliated companies to route funds, inflate asset values, and conceal beneficial ownership. Multiple acquisitions and expansions funded through diverted loan proceeds were kept outside the disclosure purview to deceive creditors. The investigation portrays him as the ultimate architect and beneficiary of the Amtek Group's large-scale fraud and associated money laundering activities.

Submissions on behalf of the applicant

17. Mr. Pahwa, Learned senior counsel for the applicant submits that the applicant, a senior citizen aged about 64 years, has already undergone incarceration for nearly one year prior to cognizance being taken. It is submitted that investigation qua the applicant stands concluded as the prosecution complaint was filed on 09.06.2024, running into hundreds of pages, with relied upon documents exceeding 20,000 pages. However, proceedings under the PMLA cannot culminate until the trial of the underlying scheduled offences is concluded, as held by the Supreme Court in *V. Senthil Balaji v. ED*, 2024 SCC OnLine SC 2626. In the present case, investigation in respect of the IDBI FIR is pending, and though a charge sheet has been filed in the Bank of Maharashtra (BOM) FIR, cognizance is yet



to be taken. Consequently, there is no likelihood of trial in the predicate offences commencing in the foreseeable future.

18. It is urged that the applicant had earlier been granted interim bail by this Court and had scrupulously complied with all conditions without misuse of liberty. Denial of bail in the present circumstances would amount to prolonging incarceration in violation of Article 21 of the Constitution of India. It is further submitted that the proceedings before the trial court remained stayed for over seven months at the instance of the ED, which later withdrew its petition. Even as on the next date before the trial court i.e., 01.08.2025, the applicant would have been in custody for over a year without cognizance being taken. Reliance is placed on *Manish Sisodia v. ED*, 2024 SCC OnLine SC 1920 and a catena of other decisions to submit that the right to speedy trial and liberty are sacrosanct and prevail over the rigours of Section 45 of the PMLA.

19. Mr. Pahwa, further submits that the applicant is entitled to the benefit of the first proviso to Section 45 of the PMLA as a 'sick and infirm' person. It is urged that the law is settled that such a person need not satisfy the twin conditions of Section 45, and the parameters for bail are confined to the triple test, as held in *Kewal Krishan Kumar v. Directorate of Enforcement* 2023 SCC OnLine Del 1547. The applicant, suffering from multiple life-threatening ailments including severe weight loss exceeding 23 kilograms, significant coronary artery disease, a history of perforated intestines, and



progressive vision impairment requiring cataract surgery, falls squarely within this category.

20. It is submitted that the applicant's medical condition has been acknowledged even by the jail authorities, who have opined that his co-morbidities are difficult to manage in the jail dispensary. The applicant has twice been rushed to emergency care during custody and is incapable of performing routine day-to-day activities. This Court has earlier recognised his 'sick and infirm' status while granting interim bail on medical grounds, a finding which the ED did not challenge before the Supreme Court. Reliance is placed on **Ashok Kumar Goel v. Directorate of Enforcement** SLP (Crl) 11905 of 2024 and **Devki Nandan Garg v. ED** 2022 SCC OnLine Del 3086.

21. As regards the ED's allegations of tampering with evidence, it is submitted that the same are a belated and unsubstantiated attempt to prejudice the applicant's case. These allegations were not raised when interim bail was granted, nor was cancellation sought on such grounds. It is well settled, as held in **Zahur Haider Zadi v. CBI** (2019) 20 SCC 404, that bail cannot be denied on speculative apprehensions, and the remedy in such cases lies in seeking cancellation if misconduct occurs. The ED's reliance on statements recorded under Section 50 of the PMLA to oppose bail is misplaced, as their probative value can only be tested at trial, as held in **Directorate of Enforcement v. Ratul Puri** 2020 SCC OnLine Del 97 and **Enforcement Directorate v. Rahil Hiteshbhai Chovatia** 2024 SCC Online Del 7002.



22. Mr. Pahwa points out that in several cases, including **Kalvakuntla Kavitha v. ED** SLP (Crl.) No. 10778 of 2024, **V. Senthil Balaji** (supra), and **Ramesh Chandra v. ED** Bail Appln. 1913/2022, similar allegations of influencing witnesses or tampering with evidence were levelled by the ED, yet bail was granted on account of delay in trial, following the dictum in **Manish Sisodia** (supra). It is submitted that any apprehension of influencing witnesses can be addressed by imposing stringent conditions, as also observed by the Supreme Court in **Manish Sisodia v. ED** (supra).

23. Reliance has been placed on **Manish Sisodia v. ED** (supra), wherein the Supreme Court held that the right to speedy trial and the right to liberty are sacrosanct, and that the rigours of Section 45 of the PMLA must yield to the guarantees under Article 21 of the Constitution. It has been submitted that the applicant's case stands on an even higher footing as cognizance on the ED's prosecution complaint is yet to be taken by the learned Trial Court. Reliance was also placed on **Padam Chand Jain v. ED**, SLP (Crl.) No. 17476 of 2024, **Anwar Dhebar v. ED**, Crl. Appeal No. 2669 of 2025, **Kalvakuntla Kavitha v. ED** SLP (Crl.) No. 10778 of 2024, **Arun Pati Tripathi v. ED**, SLP (Crl.) No. 16219 of 2024, **Sanjay Agarwal v. ED** 2022 SCC OnLine SC 1748, **Sunil Dammani v. ED**, SLP (Crl.) No. 11755 of 2024, **Udhaw Singh v. ED**, SLP (Crl.) No. 18369 of 2024, **V. Senthil Balaji v. ED**, 2024 SCC OnLine SC 2626, **Amarjeet Sharma v. SFIO**, SLP (Crl.) No. 6921 of



2023, *Sadhu Singh Dharamsot v. ED*, SLP (Crl.) No. 15826 of 2024, *Pankaj Kumar Tewari v. ED*, Bail Appln. 3210 of 2024 and *Chandra Prakash Khandelwal v. ED*, Bail Appln. 2470 of 2022.

24. Lastly, it is contended that the ED has sought to project the applicant as the beneficiary of an alleged large-scale fraud by relying on figures from a PIL activist without conducting an independent investigation. Further, the arrest was sought to be justified on a misinterpretation of a Supreme Court order which merely directed investigation and not arrest. Subsequent orders of the Supreme Court dated 13.08.2024 and 13.12.2024 clarified that no findings on merits were rendered. It is thus urged that, in view of the settled legal position, the applicant's prolonged incarceration, his recognised medical infirmities, and the absence of any real possibility of trial commencing in the near future, this Court may be pleased to enlarge the applicant on regular bail.

Submissions on behalf of the ED / respondent

25. Mr. Hossain, learned Special Counsel & Mr. Gurnani, learned Panel Counsel for the Directorate of Enforcement ("ED"), at the outset, submitted that an accused who elects not to address the merits of the case or to satisfy the mandatory twin conditions under Section 45 of the Prevention of Money Laundering Act, 2002 ("PMLA"), does so at his own peril. Such conduct neither restrains the prosecution from placing on record the gravity of the offence nor precludes the



Court from independently considering both the mandatory twin conditions and the seriousness of the alleged offence.

26. It is submitted that the present case emanates from directions of the Supreme Court in *Jaskaran Singh Chawla v. Union of India*, W.P. (Crl.) No. 246 of 2022, which noticed a massive bank fraud of ₹27,000 crores. In the instant matter, the total outstanding bank dues stand at ₹38,760 crores, making it one of independent India's largest bank frauds. The petitioner's proposed resolution plan in insolvency proceedings envisaged payment of only ₹35 crores, a recovery of merely 0.09%, resulting in an unprecedented 99.91% haircut to creditors. A coordinate Bench of this Court, while rejecting the petitioner's challenge to arrest, recorded detailed observations on the large-scale diversion of public funds, operation of numerous shell companies, manipulation of corporate accounts, and the petitioner's inability to repay despite personal guarantees.

27. Investigation has revealed that the petitioner was the ultimate beneficial owner of the fraud, which was executed through manipulation of financial records, overstating assets and profits by over ₹15,000 crores, creating fictitious sales and purchases, floating more than 500 shell companies, and installing dummy directors. Statements of key managerial personnel and statutory auditors indicate that these activities were undertaken under the petitioner's instructions. The scale and method of the alleged fraud, it is submitted,



disentitle the petitioner from seeking any exemption from the rigours of Section 45 of the PMLA.

28. On the plea of prolonged incarceration, learned Counsels for the Enforcement Directorate urged that the mere passage of time, in this case one year, cannot be the sole ground for bail in serious economic offences involving defalcation of public money. There exists no universal rule that a certain period of custody automatically confers entitlement to bail. Reference is made to *Anil Kumar Aggarwal v. ED*, 2025 SCC OnLine Del 2216, and to the decision in *Manish Sisodia vs. CBI* 2023 SCC OnLine SC 1393, where the Supreme Court clarified that long incarceration may be relevant but depends on the nature of the allegations, carving out exceptions for large-scale frauds affecting thousands of depositors, a category into which the present case squarely falls.

29. It is further submitted that the petitioner's reliance on *V. Senthil Balaji* (supra) and *Union of India v. K. A. Najeed* (2021) 3 SCC 317 is misplaced. In *Senthil Balaji* (supra), the multiplicity of accused and witnesses rendered early trial completion impossible, in contrast, here there are only 16 accused (10 of which are companies under petitioner's control) and 58 witnesses. *K.A. Najeed* (supra) concerned an accused incarcerated for over five years in a case carrying a maximum sentence of eight years, applying that precedent to serious economic offences under the PMLA after only a year in custody would dilute the statutory safeguards. The principle in *State of Bihar & Anr*



v. Amit Kumar(2017) 13 SCC 751, approved in *Vijay Madanlal Choudhary and ors v. UOI* SLP (Crl) no. 4634/2014, is invoked to submit that seriousness of economic offences outweighs the mere fact of prolonged custody.

30. It is further submitted that the petitioner fails even the “triple test” applicable under Section 439 CrPC read with Section 45(2) PMLA. His conduct demonstrates an ability and willingness to obstruct justice: (a) instructing a key witness, who is also a relative and a dummy director, not to cooperate with the investigation, (b) dissipating proceeds of crime through undervalued sales of immovable properties, including 100 acres of land sold for ₹90 crores despite a market value exceeding ₹500 crores, immediately after ED search operations and (c) alienating attached properties in contravention of statutory prohibitions. Funds from such sales were allegedly routed through shell companies and received back in cash. These acts, it is urged, place the petitioner within the exception noted in *Senthil Balaji* (supra) for cases where antecedents indicate a threat to society if released on bail.

31. On medical grounds, learned counsels for the ED submitted that the AIIMS Medical Board report dated 06.03.2025 found no requirement for overnight hospitalisation, recommending only an elective day-care coronary angiography. Interim bail granted for medical reasons was extended twice, but further extension was declined by this Court on 01.04.2025 for want of urgency. The



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Supreme Court, vide order dated 07.04.2025, declined to extend interim bail and directed the applicant to surrender. No fresh medical evidence has since been produced, rendering the present medical plea unsustainable.

32. It is lastly urged that the ground of delay in cognizance, now pressed by the petitioner, was already raised and effectively rejected before the Supreme Court in SLP (Crl.) No. 8997/2025, which was withdrawn after the Bench indicated disinclination to grant relief. In light of the gravity of the offence, the petitioner's conduct, failure to satisfy both the twin conditions under Section 45(1) PMLA and the triple test under Section 45(2) read with Section 439 CrPC, and the absence of any new medical exigency, the ED prays that the present bail application be dismissed.

Analysis and Conclusion:

33. This Court has carefully considered the submissions of learned senior counsel for the applicant and learned counsels for the Directorate of Enforcement ("ED"), along with the voluminous record placed before it. The allegations in the present case pertain to one of the largest economic offences investigated in the country, involving an alleged diversion and laundering of over ₹26,000 crores. The ED's case is that the applicant, as promoter and controlling mind of the Amtek Group, orchestrated a complex scheme of siphoning public funds through hundreds of shell entities and falsified financial reporting. The magnitude of the alleged fraud is staggering and has



caused colossal losses to public sector banks. Such offences, if proved, undermine the very foundation of the nation's financial system. The Court is mindful that the gravity of the charge is a primary consideration in bail adjudication.

34. The Supreme Court has consistently held that economic offences constitute a distinct class and must be viewed seriously. In *State of Gujarat v. Mohanlal Jitmalji Porwal* (1987) 2 SCC 364, it was observed that economic offences have far-reaching consequences on the community and must be visited with a different approach in matters of bail. Similarly, in *Nimmagadda Prasad v. CBI* (2013) 7 SCC 466, the Court held that these offences involve deep-rooted conspiracies and huge loss to the public exchequer, thereby warranting stringent treatment. The present allegations fit squarely within these judicially recognised principles. When public funds are siphoned off on such a scale, the damage is not merely financial but erodes public confidence in banking institutions. This consideration weighs heavily against the grant of bail.

35. The applicant invokes the first proviso to Section 45 of the PMLA on the ground of being a "sick and infirm" person. However, being "sick and infirm" is not an automatic passport to bail in serious economic offences. A perusal of order dated 01.04.2025 reveals that discharge summaries from both hospitals indicated that petitioner was suffering from non-critical CAD, which was a stable condition and did not require any specialised treatment available at jail referral hospitals



or AIIMS; the prescribed course of treatment had already been advised by the attending doctors, and therefore the petitioner's health could be adequately managed in custody, necessitating no special arrangements, leading to the rejection of the request for extension of interim bail. Vide report dated 06.03.2025, the AIIMS Medical Board informed this Court that the petitioner had non-obstructive coronary artery disease as per CT coronary angiography and, in view of worsening angina, required elective Coronary Angiography (CAG), which is a day-care procedure not requiring overnight admission, with further medical course to be determined based on the CAG findings, which may or may not necessitate further intervention.

36. The applicant's medical condition, though concerning, can be managed in custody, where prison authorities are obligated to provide adequate treatment, including referral to specialised hospitals if required. Illness warrants bail only when custodial treatment is clearly inadequate, which is not established in this case. Therefore, the medical plea cannot override the gravity of the offence, societal interest, and the statutory rigour governing such matters.

37. In this case, the Court is not satisfied that there are reasonable grounds to believe the applicant is not guilty. This is fatal to the bail plea. The Supreme Court in ***Rohit Tandon v. Directorate of Enforcement*** (2018) 11 SCC 46 clarified that economic offences involving deep-rooted conspiracies and loss of public funds are grave and must be viewed seriously, and when proceeds of crime are



projected as untainted, the burden under Section 24 of the PMLA shifts to the accused. At the bail stage, the court need not conclusively determine guilt but must assess broad probabilities, including the accused's mens rea and the likelihood of reoffending. The relevant para reads thus:

“21. The consistent view taken by this Court is that economic offences having deep-rooted conspiracies and involving huge loss of public funds need to be viewed seriously and considered as grave offences affecting the economy of the country as a whole and thereby posing serious threat to the financial health of the country. Further, when attempt is made to project the proceeds of crime as untainted money and also that the allegations may not ultimately be established, but having been made, the burden of proof that the monies were not the proceeds of crime and were not, therefore, tainted shifts on the accused persons under Section 24 of the 2002 Act.

22. It is not necessary to multiply the authorities on the sweep of Section 45 of the 2002 Act which, as aforementioned, is no more res integra. The decision in Ranjitsing Brahmajeetsing Sharma v. State of Maharashtra [Ranjitsing Brahmajeetsing Sharma v. State of Maharashtra, (2005) 5 SCC 294 : (2005) SCC (Cri) 1057] and State of Maharashtra v. Vishwanath Maranna Shetty [State of Maharashtra v. Vishwanath Maranna Shetty, (2012) 10 SCC 561 : (2013) 1 SCC (Cri) 105] dealt with an analogous provision in the Maharashtra Control of Organised Crime Act, 1999. It has been expounded that the Court at the stage of considering the application for grant of bail, shall consider the question from the angle as to whether the accused was possessed of the requisite mens rea. The Court is not required to record a positive finding that the accused had not committed an offence under the Act. The Court ought to maintain a delicate balance between a judgment of acquittal and conviction and an order granting bail much before commencement of trial. The duty of the Court at this stage is not to weigh the evidence meticulously but to arrive at a finding on the basis of broad probabilities. Further, the Court is required to record a finding as to the possibility of the accused committing a crime which is an offence under the Act after grant of bail.”



38. The ED has placed on record materials suggesting the applicant's active role in manipulation of accounts, overstatement of fixed assets, and routing of funds through more than 500 entities. These are not isolated or spontaneous acts but appear to be part of a deliberate and sustained criminal design over years. Such conduct, if established, would exemplify the sophisticated nature of economic crime requiring robust law enforcement response. The Supreme Court in *Vijay Madanlal Choudhary v. Union of India* (*supra*) recognised the societal harm posed by money laundering and endorsed the legislature's intent to impose stringent bail conditions. This Court is bound to apply the statutory twin conditions under Section 45 of the PMLA. On the material presently available, those conditions are not satisfied.

39. The stage of trial is also a significant consideration. The prosecution complaint has been filed, but cognizance in the predicate offences is yet to be taken. The trial in the PMLA case is thus at a nascent stage. In *State of Bihar v. Amit Kumar* (*supra*), the Supreme Court held that in cases involving economic offences of large magnitude, early release on bail can prejudice the trial and erode public confidence in the justice system. Here, releasing the applicant at this stage may embolden similar conduct in other cases of public fund diversion. Given the enormity and complexity of the case, custody is justified until the trial reaches a more advanced stage.



40. The applicant's reliance on ***Manish Sisodia v. ED***, (*supra*), and ***Union of India v. K.A. Najeeb*** (*supra*), is misplaced in the present context. Those cases turned on prolonged incarceration without trial progress in circumstances where the offences, though serious, did not involve the magnitude and complexity found here. Moreover, in ***K.A.Najeeb*** (*supra*), the accused had been in custody for over five years, here, the custody is just about one year. The scale of harm caused to the banking system and the potential influence the applicant wields over witnesses distinguish this case from those precedents. The principle that liberty must yield to societal interest in such cases is well recognised. This is one such case.

41. Law is well settled that detailed examination of evidence and elaborate discussion on merits of the case need not be undertaken for grant of bail. The Court has to indicate in the bail order, reasons for *prima facie* conclusion why bail was being granted, particularly, when the accused is charged of having committed a serious offence.

42. In the case of ***Kalyan Chandra Sarkar v. Rajesh Ranjan alias Pappu Yadav*** 2004 SCC (Cri) 1977, it was held as follows:

"11....The Court granting bail should exercise its discretion in a judicious manner and not as a matter of course. Though at the stage of granting bail, a detailed examination of evidence and elaborate documentation of the merit of the case need not be undertaken, there is a need to indicate in such orders reasons for prima facie concluding why bail was being granted particularly where the accused is charged of having committed a serious offence. Any order devoid of such reasons would suffer from non-application of mind. It is also necessary for the Court to consider among other circumstances, the following factors also before granting bail:



- (a) *The nature of accusation and the severity of punishment in case of conviction and the nature of supporting evidence.*
- (b) *Reasonable apprehension of tampering with the witness or apprehension of threat to the complainant.*
- (c) *Prima facie satisfaction of the Court in support of the charge.”*

43. In the case of **Ram Govind Upadhyay v. Sudarshan Singh** 2002 SCC (Cri) 688, it is held as follows:—

“3. Grant of bail though being a discretionary order but, however, calls for exercise of such discretion in a judicious manner and not as a matter of course. Order of bail bereft of any cogent reason cannot be sustained. Needless to record, however, that the grant of bail is depended upon the contextual facts of the matter being dealt with by the court and facts, however, do always vary from case to case. While placement of the accused in the society, though may be considered but that by itself cannot be a guiding factor in the matter of grant of bail and the same should and ought always to be coupled with other circumstances warranting the grant of bail. The nature of the offence is one of the basic considerations for the grant of bail. More heinous is the crime, the greater is the chance of rejection of the bail, though, however, depending on the factual matrix of the matter.”

44. In the case of **Prahalad Singh Bhati v. NCT, Delhi** 2001 SCC (Cri) 674, it is held as follows:—

“8.....While granting the bail, the Court has to keep in mind the nature of accusations, the nature of evidence in support thereof, the severity of the punishment which conviction will entail, the character, behaviour, means and standing of the accused, circumstances which are peculiar to the accused, reasonable possibility of securing the presence of the accused at the trial, reasonable apprehension of the witnesses being tampered with, the larger interests of the public or state and similar other considerations”

45. In the case of **Sanjay Chandra v. CBI**(2012) 1 SCC 40 : AIR 2012 SC 830, it is held as follows:—



“25.....It is, no doubt, true that the nature of the charge may be relevant, but at the same time, the punishment to which the party may be liable, if convicted, also bears upon the issue. Therefore, in determining whether to grant bail, both the seriousness of the charge and the severity of the punishment should be taken into consideration. The grant or refusal to grant bail lies within the discretion of the Court. The grant or denial is regulated, to a large extent, by the facts and circumstances of each particular case. But at the same time, right to bail is not to be denied merely because of the sentiments of the community against the accused. The primary purposes of bail in a criminal case are to relieve the accused of imprisonment, to relieve the State of the burden of keeping him, pending the trial, and at the same time, to keep the accused constructively in the custody of the Court, whether before or after conviction, to assure that he will submit to the jurisdiction of the Court and be in attendance thereon whenever his presence is required”.

46. The ED’s apprehension of tampering with evidence is supported by specific instances alleged, including sale of undervalued properties post-search operations and instructions to witnesses not to cooperate. These are not speculative fears but stem from actual investigative findings. In ***Y.S. Jagan Mohan Reddy v. CBI*** (2013) 7 SCC 439, the Supreme Court cautioned that in cases involving powerful economic offenders, there is a real risk of witness influence and evidence tampering. The relevant para is extracted below:-

“34. Economic offences constitute a class apart and need to be visited with a different approach in the matter of bail. The economic offence having deep-rooted conspiracies and involving huge loss of public funds need to be viewed seriously and considered as grave offences affecting the economy of the country as a whole and thereby posing serious threat to the financial health of the country.

35. While granting bail, the Court has to keep in mind the nature of accusations, the nature of evidence in support thereof, the severity of the punishment which conviction will entail, the character of the



accused, circumstances which are peculiar to the accused, reasonable possibility of securing the presence of the accused at the trial, reasonable apprehension of the witnesses being tampered with, the larger interests of public/State and other similar considerations.”

47. In case of **Mohan Lal Jitamalji Porwal** (*supra*), it is held as follows:

“5.....The entire community is aggrieved if the economic offenders who ruin the economy of the State are not brought to book. A murder may be committed in the heat of moment upon passions being aroused. An economic offence is committed with cool calculation and deliberate design with an eye on personal profit regardless of the consequence to the Community. A disregard for the interest of the community can be manifested only at the cost of forfeiting the trust and faith of the community in the system to administer justice in an even-handed manner without fear of criticism from the quarters which view white colour crimes with a permissive eye unmindful of the damage done to the National Economy and National Interest”.

48. The applicant’s position as the central figure in the alleged fraud enhances this risk. The Court cannot ignore the likelihood of interference with the investigation and trial if bail is granted. Continued custody is therefore warranted.

49. The principle that economic offences warrant stringent treatment in bail matters is not absolute, however, in cases involving large-scale diversion of public funds the gravity of the offences assumes overriding significance. Given the serious repercussions for the economy and the banking sector, such offences undermine public confidence and harm depositors and creditors. Granting bail too liberally in such matters risks sending a counterproductive signal.



50. The Court has also considered the argument that the applicant has been cooperating with the investigation and has complied with earlier interim bail conditions. Cooperation alone does not diminish the gravity of the offence or negate the risks identified.

51. The Court notes that the alleged proceeds of crime far exceed any recovery secured through insolvency proceedings. The applicant's proposed resolution plan, envisaging payment of only ₹35 crores against dues of over thousands of crores, reflects a near-total haircut to creditors. This underscores the irreparable nature of the alleged loss to the public exchequer. In such circumstances, premature release risks undermining efforts to secure accountability. The Supreme Court has repeatedly cautioned against leniency in cases involving massive public fund defalcation. That caution must be heeded here.

52. With the advancement of technology and Artificial Intelligence, economic offences such as money laundering have emerged as a serious threat to the financial system of the country. These offences pose a significant challenge for investigating agencies, given the complex and intricate nature of the transactions and the involvement of multiple actors. A meticulous and thorough investigation is essential to ensure that innocent persons are not wrongfully implicated and that the actual offenders are brought to justice.

53. In *Anwar Dhebar v. State of Chhattisgarh* MCRC No. 3455 of 2024, the Chhattisgarh High Court rejected the bail application on the



ground that the offence involved grave economic irregularities, deep-rooted conspiracy, and substantial loss to the State exchequer. The Court emphasized that while considering bail in such matters, the gravity of the offence, the seriousness of the allegations, and the prescribed punishment must be considered in addition to the standard triple test. This reasoning was upheld by the Supreme Court on 14.07.2025. Notably, the financial magnitude of the offences involved in *Anwar Dhebar* (supra) was significantly lesser than that in the present case. The present applicant stands charged under Sections 120B IPC read with Sections 420 and 409 IPC, and Section 7(c) of the Prevention of Corruption Act, 1988 (as amended), in FIR No. RC2202022E0019. Furthermore, the applicant is also facing prosecution under Sections 120B read with 420, 406, 468 IPC and Sections 13(2) read with 13(1)(d) of the PC Act in FIR No. RC2232022A0009, involving an alleged siphoning of funds in one of the largest bank frauds, with total outstanding bank dues amounting to ₹38,760 crores.

54. The argument that trial delay justifies bail does not hold in this factual setting. The complexity of the case, the multiplicity of transactions, and the layered corporate structures necessarily entail a protracted trial. The applicant's continued custody, in such circumstances, is not an arbitrary deprivation of liberty but a necessary measure to preserve the integrity of the process. In *Amit Kumar* (supra), the Supreme Court upheld denial of bail despite trial delay in



a large-scale examination scam, emphasising the need to protect the process from subversion. The same rationale applies here. Delay, in such cases, is a function of complexity, not prosecutorial inertia.

55. It is also relevant that the ED's case is founded not on mere suspicion but on extensive documentary evidence, forensic audits, and statements recorded under Section 50 of the PMLA. These materials prima facie implicate the applicant in the alleged money laundering scheme. While the defence may challenge their admissibility and credibility at trial, at the bail stage they cannot be ignored. The statutory presumption under Section 24 of the PMLA operates against the accused, requiring him to rebut the inference of guilt. The applicant has not discharged that burden.

56. The Applicant was arrested by the Respondent Agency on 09.07.2024. Subsequently, on 07.09.2024 the Respondent Agency filed a Prosecution Complaint against 16 proposed accused persons before the Ld. Special Judge, Rouse Avenue District Court, New Delhi. The applicant has been in and out on interim bail since 11.03.2025 to 01.04.2025.

57. The Court is conscious of its duty to strike a balance between individual liberty and the larger societal interest. In economic offences of this nature, the latter assumes enhanced significance. Granting bail at this juncture would risk compromising both the trial and public confidence in the justice system. The seriousness of the charge, the



weight of the evidence, and the statutory scheme all point in one direction. The applicant has not shown circumstances exceptional enough to justify departure from that path. Continued custody is thus warranted.

58. In conclusion, this Court finds that the allegations against the applicant pertain to an economic offence of exceptional magnitude, involving complex, deliberate, and sustained criminal conduct causing grave loss to public sector banks. Such offences erode the fabric of economic governance and public trust and cannot be taken lightly. While the applicant may be ailing, adequate medical care can be provided in custody under judicial supervision. The trial is at a nascent stage, and the statutory conditions under Section 45 of the PMLA are not satisfied. On a cumulative assessment of all factors, this Court finds no ground to grant bail. The application is accordingly dismissed.

59. It is clarified that any observation made in this order, is for the purpose of adjudication of the bail application only and shall not tantamount to an expression on the merits of the case.

RAVINDER DUDEJA, J.

AUGUST 19, 2025/na