2026:DHC:9285

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Reserved on: 12th October, 2026
Pronounced on: 15th October, 2026
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\# **CNR No. DLHC010282052026**

\+ BAIL APPLN. 2495/2026, CRL.M.A. 27250-27251/2026

PUNIT NARENDRA GARG .....Petitioner

Through: Mr. Arvind Nigam and Mr. Pavan Narang, Senior Advocates with Mr. VP Singh, Mr. Priyank Ladoia, Mr. Arjun Narang, Mr. Kushagra Jain, Ms. Puneet Dhanoa and Mr. Jitesh Lakra, Advocates.

versus

DIRECTORATE OF ENFORCEMENT .....Respondent

Through: Mr. Zoheb Hossain, Senior Advocate with Mr. Vivek Gurnani, Panel Counsel with Mr. Pranjal Tripathi and Mr. Shyam Bhageria, Advocates with Mr. Kota Shastri, I.O.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

JUDGMENT

SANJEEV NARULA, J.:

1. The Applicant, Punit Narendra Garg, seeks regular bail under Section 483 of the Bharatiya Nagarik Suraksha Sanhita, 2023[1], read with Section 45 of the Prevention of Money-Laundering Act, 2002[2], in Complaint Case No. 20/2026 arising out of ECIR/STF/26/2025 dated 26th August, 2025. He was

[1] "BNSS"

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arrested on 29th January, 2026 and has remained in custody since then. His earlier application for bail was dismissed by the Special Judge on 15th June, 2026.

2. The ECIR was registered following an FIR No. RC0742025E0005 dated 21st August, 2025 lodged by the Central Bureau of Investigation[3] on a complaint made by State Bank of India[4] against Reliance Communications Limited[5], Anil Ambani and others. The allegations concern criminal conspiracy, cheating and diversion of loan funds, resulting in an alleged loss of ₹2,929.05 crore to SBI. Two further FIRs dated 25th February, 2026 and 5th March, 2026, concerning facilities extended by Bank of Baroda and Punjab National Bank, have since been added to the ECIR. The period of the alleged scheduled offences identified in these FIRs is 2013-2017.

3. The prosecution under the PMLA concerns the alleged diversion of funds borrowed by RCOM through various overseas entities. In particular, ED identifies three transactions involving the Applicant: the acquisition and subsequent sale of a yacht known as "Tian"; the acquisition and subsequent sale of an apartment in Manhattan, New York; and payments from overseas group accounts towards educational expenses of the Applicant's daughters. The alleged proceeds of crime attributable to these transactions have been quantified at approximately ₹149.77 crore.

4. According to ED, RCOM obtained substantial foreign borrowings beginning in 2007, including a USD 500 million external commercial borrowing arranged through a Barclays-led consortium. Part of these funds

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[2] "PMLA"
[3] "CBI"
[4] "SBI"
[5] "RCOM"

was allegedly routed through overseas group entities and utilised in acquiring the yacht in 2008 for approximately USD 18.548 million. The yacht was held in the name of Ammolite Holdings Limited[6], an entity associated with Reliance Capital Limited. Similarly, an apartment in Manhattan was acquired in 2010 by Bonn Investment Inc.[7], an overseas step-down subsidiary of RCOM, for approximately USD 6.395 million.

5. The principal link which ED seeks to establish between these acquisitions and the scheduled offences is the subsequent refinancing of the earlier foreign borrowings. It alleges that consortium and non-consortium loans availed by RCOM during 2013-2017 were substantially utilised to repay earlier borrowings, including those from which funds had been routed towards acquisition of the two assets. According to ED, the transactions form part of an interconnected arrangement involving diversion, layering and eventual dissipation of loan funds.

6. As regards the Applicant's individual role, ED relies upon his position in RCOM and his communications with personnel managing the overseas entities. It alleges that he exercised effective control over these entities and participated in decisions concerning the sale of the yacht in 2021 and the Manhattan apartment in 2023. In relation to the yacht, ED relies on communications showing that the Applicant approved arrangements for its handover and subsequently coordinated the opening of an overseas bank account into which the sale proceeds were to be received. Concerning the Manhattan apartment, ED refers to his communications with the broker, his approval for proceeding with the sale and his subsequent approval

[6] "AHL"
[7] "Bonn"

concerning the investment of USD 8.2 million of the sale proceeds with AZCO.

7. ED also relies upon payments aggregating USD 77,046.43 from accounts maintained by Bonn and Reliance Communications Inc. towards educational and related expenses of the Applicant's daughters. Particular reliance is placed upon a communication in which an employee proposed making a payment through Bonn to avoid a query from the bank, to which the Applicant responded affirmatively. ED submits that these transactions demonstrate not merely his knowledge of the overseas assets but his active involvement in dealing with the proceeds of crime and deriving personal benefit from them. Allegations concerning deletion of electronic communications and possible interference with evidence have also been raised.

8. The Applicant disputes the prosecution's central premise. It is submitted that the yacht and apartment were acquired in 2008 and 2010 respectively, well before the period of the scheduled offences identified in the predicate FIRs. Neither property was mortgaged or otherwise offered as security for the loans forming the subject matter of those FIRs. The subsequent repayment of earlier borrowings through fresh credit facilities, according to the Applicant, cannot retrospectively convert an existing asset into proceeds of a crime allegedly committed years later. It is further asserted that refinancing pre-existing debt is in accordance with prevailing RBI norms.

9. It is further submitted that the Applicant was not involved in obtaining the disputed credit facilities or in deciding their utilisation. During the relevant period, he was working in regulatory and other managerial

functions and became an Executive Director of RCOM only in October 2017, when the company was already undergoing strategic debt restructuring. His subsequent association with the overseas entities, it is argued, did not make him responsible for their earlier financial transactions. The Applicant also relies upon the separate corporate ownership of both assets and disputes ED's allegation that he personally directed their unauthorised disposal.

10. Regarding the educational expenses, the Applicant relies upon correspondence of August, 2017 indicating that he had sought reimbursement of his daughter's educational fees and that the request had received approval from Anil Ambani. It is submitted that these payments were made pursuant to an employment benefit and cannot be characterized as personal utilization of proceeds of crime. The Applicant also relies upon the non-arrest of several other persons to whom ED has attributed substantial roles in the financial transactions. Lastly, attention is drawn to his continued incarceration, the predominantly documentary nature of the evidence and the substantial expansion of the prosecution following the supplementary complaint filed in August, 2026.

11. ED has opposed the application, submitting that the Applicant's role is established by contemporaneous electronic records, banking transactions and statements recorded during investigation. It is emphasized that liability under Section 3 of the PMLA is not confined to the person who originally generated the proceeds of crime. A person who subsequently participates in their concealment, possession, use or disposal may also commit the offence. ED accordingly submits that the absence of the Applicant's name from the predicate FIRs, his lack of involvement in obtaining the original loans and

the non-arrest of other accused cannot justify bail. It also relies upon the serious nature of the allegations and the ongoing investigation, which is being monitored by the Supreme Court.

12. The Court has considered the submissions and examined the material placed on record. Section 45 of the PMLA imposes two mandatory conditions for grant of bail where the Public Prosecutor opposes the application. The Court must be satisfied that there are reasonable grounds for believing that the accused is not guilty of the offence and that he is not likely to commit any offence while on bail. These conditions cannot be bypassed merely because the investigation is substantially complete or the accused has spent some time in custody. Equally, the Court is not expected to conduct a trial of the allegations or record a finding of innocence. The enquiry is one of broad probabilities on the material presently available. The governing principles have been explained in ***Vijay Madanlal Choudhary v. Union of India***[8], and ***Prem Prakash v. Union of India***. The necessity of recording the statutory satisfaction has also been reiterated in ***Union of India v. Kanhaiya Prasad***[9].

13. The present case requires consideration of two distinct questions. The first concerns the character of the assets which ED describes as proceeds of crime. The second concerns the Applicant's involvement in dealing with those assets. Evidence bearing upon the latter cannot dispense with examination of the former. Under Section 2(1)(u) of the PMLA, proceeds of crime must be property derived or obtained, directly or indirectly, as a result of criminal activity relating to a scheduled offence, or the value of such

[8] 2022 SCC OnLine SC 929
[9] 2025 INSC 210

property. In *Prem Prakash*, the Supreme Court explained that the prosecution must establish the foundational facts concerning the scheduled offence, the generation of proceeds of crime and the accused's involvement in a process or activity connected with those proceeds before the statutory presumption under Section 24 can operate.

14. The first difficulty in the prosecution's case concerns the chronology of the transactions. The yacht was acquired in 2008 and the Manhattan apartment in 2010. The scheduled offences identified in the predicate FIRs, however, concern alleged fraudulent borrowing and diversion during 2013-2017.

15. The Special Judge, in paragraph 9.2 of the impugned order, has treated the refinancing of earlier borrowings through loans availed during 2013-2017 as establishing an inextricable link between those loans and the assets acquired from the earlier funds. The repayment trail relied upon by ED is undoubtedly relevant and would require examination at trial. The question, however, remains whether that financial connection, by itself, provides a sufficient basis to regard the yacht and the apartment, acquired in 2008 and 2010 respectively, as proceeds of crime arising from the scheduled offences alleged for 2013-2017. The extent of any security interest acquired by the subsequent lenders is a separate matter which need not be determined at this stage. For the present purpose, what requires consideration is whether the material sufficiently establishes the requisite connection between the assets and criminal activity relating to a scheduled offence, as contemplated under Section 2(1)(u) of the PMLA.

16. Successive financial transactions may form part of a larger fraudulent arrangement, and ED is entitled to investigate their true character. Nor does

the PMLA require that the scheduled offence and the subsequent laundering activity occur simultaneously. In *Vijay Madanlal Choudhary*, the Supreme Court recognised that dealing with proceeds of an earlier criminal activity may constitute a continuing offence under Section 3. The essential requirement, however, remains that the property must have been derived or obtained as a result of criminal activity relating to a scheduled offence. The continuing nature of money laundering does not dispense with that requirement. In ***Pavana Dibbur v. Directorate of Enforcement***[10], the Supreme Court examined the acquisition of two properties. It observed that the first property, having been acquired before the acts constituting the scheduled offence, could not *ex facie* be connected with the proceeds of crime generated by those acts. As regards the second property, the Court held that whether tainted funds had been used for its acquisition could be determined only upon evidence being adduced.

17. The Special Judge, in paragraphs 9.4 and 9.5 of the impugned order, noted that ED had shared with the CBI material concerning the alleged diversion of funds from 2007 onwards, and observed that the CBI investigation might, in due course, extend to that period. There is no reason to foreclose such investigation. Equally, the possibility of its expansion cannot be treated as though the earlier transactions already stand established as part of a scheduled offence. For the present purpose, the statutory nexus must be assessed on the material concerning the scheduled offences presently before the Court, without anticipating what further investigation may reveal.

18. This assumes significance because ED's case is that loans availed

[10] 2023 INSC 1029

during 2013-2017 were utilised to repay earlier borrowings, part of which had allegedly funded the acquisition of the yacht and the apartment. That repayment trail is relevant and may also bear upon the alleged improper utilisation of the later credit facilities. The further inference that the assets acquired in 2008 and 2010 thereby became proceeds of the scheduled offences requires examination of the criminal activity from which those assets were derived and cannot be *ipso facto* assessed. Refinancing, by itself, does not answer that enquiry. On the material presently placed before the Court, the requisite connection between the earlier acquisitions and the alleged scheduled offences remains a substantial disputed question.

19. The Applicant's individual role must be considered in this context. The Special Judge, while declining bail, observed in paragraph 11.16 of the impugned order that the Applicant appeared to have had no direct role in acquiring either asset, though he was found to have knowledge of the acquisitions and an active role in their subsequent disposal and concealment. This observation must be read alongside the material relied upon by ED, including the Applicant's authorisation concerning the acquisition of shares in GNTPL, an email relating to Bonn in 2010, and his subsequent communications concerning the overseas entities. These circumstances may bear upon his knowledge and involvement, but do not, by themselves, establish his participation in obtaining the original foreign borrowings or in the decisions concerning the alleged diversion of the subsequent credit facilities.

20. There remains, however, a distinction between the Applicant's involvement in dealing with the assets and the character of those assets as proceeds of crime. Section 3 of the PMLA is not confined to persons

involved in committing the scheduled offence or originally acquiring the property. In ***Anoop Bartaria v. Deputy Director, Enforcement Directorate***[11], the Supreme Court clarified that knowledge on the part of the accused that the property constituted proceeds of crime is not a condition precedent or *sine qua non* for the offence under Section 3. That principle, however, does not dispense with the requirement that the property concerned must constitute proceeds of crime within the meaning of Section 2(1)(u) of the PMLA. The communications relied upon by ED may indicate the Applicant's participation in the subsequent transactions, but they do not, by themselves, resolve the question whether the underlying assets were derived from criminal activity relating to a scheduled offence. It is this aspect which, on the material presently available, raises a substantial question which cannot be resolved with certainty at this stage.

21. The Court has also considered the statements recorded from the Applicant under Section 50 of the PMLA during his custody. In ***Prem Prakash v. Union of India***[12], the Supreme Court held that a statement recorded under Section 50 from an accused who is in custody under the PMLA, by the same investigating agency, is inadmissible against its maker. It is unnecessary to examine the admissibility of each statement separately at this stage. Significantly, the Special Judge himself observed in paragraph 11.11 of the impugned order that ED had principally relied upon independent material and that even if the custodial statements were excluded, it would make little difference to the assessment of the allegations. The Court has accordingly considered the electronic communications and

[11] 2023 INSC 413
[12] 2024 INSC 637

other documentary material independently of the Applicant's custodial statements.

22. The proceedings before the National Company Law Tribunal concerning the Manhattan apartment have also been examined. By its order dated 10th March 2026, the NCLT dismissed the Resolution Professional's application under Section 66(1) read with Section 60(5) of the Insolvency and Bankruptcy Code, 2016. The dismissal proceeded principally on the ground that the impugned transaction concerned the affairs of Bonn, a foreign subsidiary of RCOM, and that the NCLT lacked jurisdiction to adjudicate the claim against that entity in the proceedings concerning RCOM's insolvency. The NCLT nevertheless expressed concern regarding the sale of the apartment and the subsequent investment of the proceeds under an agreement that exposed the amount invested to the risk of forfeiture. It expressly clarified, however, that its observations were not findings on the conduct of any party and left the applicants at liberty to pursue appropriate remedies before a competent forum. The order, therefore, does not exonerate the Applicant.

23. The allegation concerning educational expenses also requires a measured and careful assessment. The communication proposing payment from Bonn's account to avoid a bank query is a relevant circumstance and cannot be brushed aside. At the same time, the Applicant has produced correspondence indicating that reimbursement of his daughter's educational fees was sought from and approved by the management. That correspondence does not conclusively establish the legitimacy of the particular remittances or their source. It does, however, provide an explanation which requires consideration alongside the payment records.

Pertinently, the alleged payments do not independently resolve the question whether the funds in the overseas accounts represented proceeds of the scheduled offences.

24. The Applicant has also relied upon his absence from the predicate FIRs and chargesheets and the non-arrest of several persons allegedly involved in the underlying financial transactions. Neither circumstance is decisive. As held in *Pavana Dibbur*, a person may be prosecuted under Section 3 of the PMLA without being an accused in the scheduled offence. Nevertheless, the respective roles of the persons concerned merit consideration. The supplementary prosecution complaint has now arrayed RCOM and several senior functionaries as accused, including Amitabh Jhunjhunwala, who is alleged to have been responsible for the group's finances, and Vishwanath D. Rao, who was associated with RCOM's banking operations during the relevant period. Both were arraigned without arrest in the present ECIR, although proceedings against them in other cases stand on a different footing. The record also contains a statement of Hari S. Nair concerning his role in the decision to acquire the yacht, though he has not been arraigned as an accused. At the same time, ED relies upon specific communications concerning the Applicant's subsequent dealings with the assets and their proceeds, which distinguish his alleged role from those concerned principally with the earlier financial transactions. Other accused have also been arrested in the present ECIR. These circumstances do not establish parity or independently entitle the Applicant to bail, but remain relevant to the overall assessment of his continued detention.

25. The Court has considered the material as a whole, including ED's account of the refinancing transactions and the electronic communications

indicating the Applicant's involvement in the subsequent dealings with the assets. The difficulty is not merely that the yacht and apartment were acquired before the period mentioned in the predicate FIRs. Even accepting, at this stage, the repayment trail relied upon by ED, the material does not sufficiently establish how assets acquired in 2008 and 2010 came to constitute property derived or obtained from the criminal activity alleged in relation to the loans availed during 2013-2017. The Special Judge's own observation that the Applicant appeared to have had no direct role in acquiring either asset, coupled with the absence of any specific role attributed to him in obtaining or diverting the subsequent credit facilities, assumes relevance in this context. Neither circumstance would, by itself, exclude liability under Section 3 of the PMLA. The communications relied upon by ED do indicate his participation in the subsequent transactions, but such participation would constitute money laundering only if the assets or funds concerned were proceeds of crime. It is this essential connection which, on the material presently available, has not been sufficiently established. These circumstances, assessed on the broad probabilities applicable at the stage of bail, provide reasonable grounds for believing that the Applicant is not guilty of the offence alleged. This finding is confined to the requirements of Section 45 and does not determine the legality of the underlying transactions or the Applicant's eventual culpability, which remain matters for trial.

26. There is, in addition, a substantial concern arising from the progress of the prosecution. The Applicant has remained in custody for over eight months. The original prosecution complaint filed on 27th March, 2026 cited 39 witnesses and relied upon approximately 8,726 pages of documents. The

supplementary complaint filed in August, 2026 has added seven accused persons and approximately 68,658 pages of further documents, besides additional witnesses. The aggregate record is now stated to comprise approximately 77,384 pages, with 56 witnesses identified in the consolidated proceedings. The updated status placed before the Court indicates that difficulties concerning scrutiny and supply of documents continued into September 2026. Proceedings against some of the additional accused have yet to advance, and further investigation has been kept open.

27. The predicate prosecution is itself substantial, involving several accused, over 100 witnesses and extensive documentary evidence. The Court is conscious that these are complex financial proceedings and that considerable time may legitimately be required for their preparation and trial. The Special Judge, when dismissing bail in June 2026, observed that no undue delay had then occurred, as the complaint had been filed within the prescribed period and the proceedings had reached the stage of consideration of charge. That assessment was made before the supplementary complaint substantially enlarged the prosecution. The present position is materially different. Considering the number of accused, the nature and volume of documents, the remaining procedural steps and the continuing investigation, there is little realistic prospect of an early conclusion of the trial.

28. In ***V. Senthil Balaji v. Deputy Director, Directorate of Enforcement***[13], the Supreme Court held that where trial under the PMLA is unlikely to conclude within a reasonable time, the restrictions under Section 45 cannot justify indefinite pre-trial detention. The principle has been

[13] 2024 INSC 739

applied in ***Mahesh Joshi v. Directorate of Enforcement***[14], and reiterated in ***Arvind Dham v. Directorate of Enforcement***[15]. These decisions do not prescribe any fixed period of incarceration upon completion of which bail must follow. They require consideration of the period already undergone, the realistic prospect of progress and conclusion of trial, the nature of the evidence and the continued necessity for custody.

29. The period of custody must be considered alongside the present stage of the proceedings and the necessity for continued detention. The material concerning the Applicant consists substantially of banking records, corporate documents and electronic communications, much of which has already been secured. Indeed, in paragraph 11.7 of the impugned order, the Special Judge recorded that the complaint *qua* the Applicant was complete. Since then, the supplementary prosecution complaint has considerably enlarged the proceedings, while the trial has yet to commence. ED's apprehensions regarding possible interference with witnesses or evidence remain relevant, but can be addressed through appropriate conditions. Further investigation into the wider transactions and the roles of other persons cannot, by itself, justify the Applicant's continued incarceration, particularly when an early conclusion of the trial appears unlikely. His period of custody must therefore be considered in light of the protection afforded by Article 21 of the Constitution.

30. ED has also relied upon the directions issued by the Supreme Court in ***E.A.S. Sarma v. Union of India***[16]. By its orders dated 4th February, 2026 and 23rd March, 2026, the Supreme Court emphasised the need for a

[14] 2025 INSC 1377
[15] 2026 INSC 12

thorough, fair and independent investigation into the alleged financial irregularities and directed the investigating agencies to bring the investigation to its logical conclusion in a time-bound manner. These directions must be given full effect. They concern the conduct and progress of the investigation and do not determine the question of the Applicant's continued detention pending trial. That question must be examined independently under Section 45 of the PMLA and Article 21 of the Constitution. Grant of bail, subject to appropriate safeguards, does not prevent the investigating agencies from continuing their investigation in accordance with those directions.

31. As regards the second condition under Section 45, the Applicant is 61 years of age and ceased to hold office in RCOM in 2025. He is arrayed as an accused in two other ED proceedings, though he was not arrested in either, and no previous conviction has been shown. The transactions alleged against him relate to an earlier period, and the principal documentary and electronic evidence has already been secured. ED's concerns regarding his influence over overseas entities and the possibility of further dealings with the assets have been considered. These can be adequately addressed through conditions restricting his contact with persons connected with the transactions and any dealings with the assets or their proceeds. In these circumstances, the Court is satisfied that the Applicant is not likely to commit any offence while on bail.

32. The allegations are serious and involve substantial public funds. That consideration has received due weight. The seriousness of an accusation, however, cannot determine the application for bail to the exclusion of the

[16] W.P. (C) No. 1217/2025

statutory requirements and the constitutional protection of personal liberty. On the material presently available, and for the reasons discussed, the Court is satisfied that both conditions under Section 45 stand fulfilled. The period of incarceration, the substantial enlargement of the prosecution and the remote prospect of an early conclusion of trial provide additional reasons why continued detention is not warranted.

33. Accordingly, the application is allowed. The Applicant shall be released on regular bail in Complaint Case No. 20/2026 arising out of ECIR/STF/26/2025, upon furnishing a personal bond of ₹1,00,000/- with two sureties of the like amount, to the satisfaction of the Special Judge, subject to the following conditions:

a. The Applicant shall surrender his passport before the Special Court, if not already surrendered, and shall not leave India without its prior permission.

b. He shall furnish his residential address, mobile number and email address to the Investigating Officer and shall intimate any change in these particulars to the Investigating Officer and the Special Court.

c. He shall appear before the Special Court on every date of hearing, unless exempted, and shall cooperate with the expeditious conduct of the trial.

d. He shall not directly or indirectly contact, influence, threaten or induce any prosecution witness in relation to the present case, or tamper with any evidence.

e. He shall not, directly or through any other person, issue instructions concerning the disposal, transfer or further investment of the assets or sale proceeds forming the subject matter of the present prosecution, except with

the prior permission of the Special Court.

f. He shall join further investigation whenever required through written notice and shall cooperate with the investigating agency in accordance with law.

34. In the event of breach of any of these conditions, ED shall be at liberty to seek cancellation of bail. The Applicant shall be released forthwith upon compliance with the conditions, unless required in custody in any other case.

35. All observations made in this order are confined to the adjudication of the present bail application. They shall not influence the Special Court while considering the question of charge or appreciating the evidence during trial.

36. The application stands disposed of accordingly.

SANJEEV NARULA, J

OCTOBER 12, 2026
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