



NC: 2026:KHC:55747
CRL.P No. 13581 of 2026

CNR: KAHC010614652026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 1ST DAY OF OCTOBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE S VISHWAJITH SHETTY

CRIMINAL PETITION NO. 13581 OF 2026

BETWEEN:

SRI KARUTURI VENKATESHWARA RAO
S/O LATE SRI KARUTURI SURYA RAO
AGED ABOUT 62 YEARS
R/AT NO.20 AND 21, 10TH CROSS
WEST PARK ROAD, MALLESHWARAM
BENGALURU - 560 003
PRESENTLY IN JUDICIAL CUSTODY.

...PETITIONER

(BY SRI SANDESH J CHOUTA, SR. COUNSEL FOR
SRI MANE SHIVAJI HANMANTAPPA, ADV.)

AND:

THE DIRECTORATE OF ENFORCEMENT
THROUGH THE ASSISTANT DIRECTOR
ZONAL OFFICE, BENGALURU
HMT GROUNDS, HMT COLONY
JALAHALLI VILLAGE, JALAHALLI
BENGALURU - 560 013
REPRESENTED BY THE LEARNED
SPECIAL PUBLIC PROSECUTOR
HIGH COURT OF KARNATAKA.

...RESPONDENT

(BY SRI UNNIKRISHNAN M, ADV.)

THIS CRL.P IS FILED U/S.439 (FILED U/S.483 BNSS) CR.P.C
PRAYING TO ALLOW THE BAIL PETITION OF THE PETITIONER AND
ENALRGE THE PETITIONER/ACCUSED NO.2 SRI.K.VENKATESHWARA
RAO ON BAIL IN ECIR/BGZO/61/2022 FOR THE ALLEGED OFFENCE
P/US/ 3,4 OF PREVENTION OF MONEY LAUNDERING ACT 2002
PENDING BEFORE THE HONBLE PRINCIPAL CITY CIVIL AND
SESSIONS JUDGE, BENGALURU (SPECIAL COURT FOR PMLA CASES)
(CCH-1).

Digitally
signed by
NANDINI M S
Location:
HIGH COURT
OF
KARNATAKA



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THIS PETITION, COMING ON FOR ORDERS, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S VISHWAJITH SHETTY

ORAL ORDER

1. Accused No.2 in ECIR/BGZO/61/2022 pending before the Court of Principal City Civil and Sessions Judge (Special Court for PMLA cases), Bengaluru, registered for the offences punishable under Sections 3 and 4 of the Prevention of Money Laundering Act, 2002 (hereinafter referred to as 'the PMLA Act, 2002' for short) is before this Court in this petition filed under Section 483 of BNSS, 2023, seeking regular bail.
2. Heard the learned counsel for the parties.
3. Facts leading to filing of this petition narrated briefly are, based on the complaint received from the Deputy General Manager, State Bank of India, CBI had registered FIR bearing No.RC0782021E0003 dated 24.03.2021 against M/s. Deepak Cables (India) Ltd. and its Directors for the offences punishable under Sections 120B, 420 and 471 of IPC and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988 (hereinafter referred to as 'the PC Act' for short) with an



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allegation that the accused company and its Directors had cheated the consortium of Banks led by State Bank of India and had caused wrongful loss to the tune of Rs.899.35 crores by creating fictitious transactions based on manipulated documents. It appears that CBI had registered another FIR bearing No.RC0782022E0006 on 14.12.2022 against M/s. Deepak Cables (India) Ltd. and its Directors based on the complaint by AGM, Punjab National Bank regarding diversion and siphoning of loan funds sanctioned to accused company. Subsequently, since scheduled offences under the PMLA Act, 2002, were invoked in the aforesaid FIRs, respondent had registered ECIR/BGZO/61/2022 on 24.06.2022 and in the said case, petitioner, who is arrayed as accused no.2 was arrested on 02.06.2026 and remanded to judicial custody. His bail application filed before the Trial Court after the investigation was completed, was rejected on 28.08.2026. It is under these circumstances, accused no.2 is before this Court.

4. Learned Senior Counsel appearing on behalf of the petitioner submits that in the cases registered by CBI for predicate offences, at no stage, petitioner was arrested. After



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charge sheet was filed in the said cases, petitioner had appeared before the Trial Court and has been enlarged on bail. In the present case, which is registered in the year 2022, throughout the petitioner has co-operated for the purpose of investigation and just prior to filing of the prosecution complaint, petitioner has been arrested. Case before the Trial Court is at pre-cognizance stage. The records produced along with the complaint are voluminous. Under similar circumstances, the Hon'ble Supreme Court has granted bail to accused as against whom complaint is filed for the offence punishable under Section 3 of the PMLA Act, 2002.

5. In support of his arguments, he has relied upon the following judgments:-

1. *P. Chidambaram vs. Directorate of Enforcement - (2020) 13 SCC 791;*
2. *Manish Sisodia vs. Directorate of Enforcement - (2024) 12 SCC 660;*
3. *V. Senthil Balaji vs. Deputy Director, Directorate of Enforcement - 2024 SCC OnLine SC 2626;*



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4. *Padam Chand Jain vs. vs. Enforcement Directorate - 2025 SCC OnLine SC 1291;*

5. *Arvind Dham vs. vs. Directorate of Enforcement - (2026) 7 SCC 330;*

6. Per contra, learned counsel for respondent, who has filed his statement of objections, has opposed the petition. He submits that *prima facie* material is available against the petitioner, who is the mastermind in the alleged crime. He submits that in view of Section 45 of the PMLA Act, 2002, petitioner's bail application is liable to be rejected. He also submits that in the event, petitioner is enlarged on bail, the chances of he tampering with the evidence cannot be ruled-out. In support of his arguments, he has placed reliance on the judgment of the Hon'ble Supreme Court in the case of ***Tarun Kumar vs. Assistant Director, Directorate of Enforcement - (2024) 13 SCC 788***. Accordingly, he prays to dismiss the petition.

7. The allegation against the accused persons in the two FIRs that were registered by CBI invoking scheduled offences is that accused persons, who had availed loans from the



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consortium of Banks, had subsequently diverted the loan funds, not repaid the loan installments and thereby cheated the Banks. It is also alleged that for the purpose of availing loan, documents which were concocted, created and forged were submitted on behalf of the accused persons to the Banks, which had sanctioned loan to them. It is not in dispute that during the investigation of the aforesaid two cases in FIR Nos. RC0782021E0003 and RC0782022E0006 registered by CBI, none of the accused, including the petitioner, were arrested in the said cases. It is brought to the notice of this Court that after charge sheet was filed in the said cases by CBI, petitioner, who had appeared before the Trial Court in response to the summons received by him, has been enlarged on bail.

8. Insofar as the present ECIR case registered in the year 2022 is concerned, undisputedly petitioner has throughout co-operated with the Investigation Officer and except the petitioner, none of the accused named in the prosecution complaint have been arrested. Petitioner was arrested in the present case on 02.06.2026 and remanded to judicial custody. Subsequently, investigation of the case is completed and



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prosecution complaint is also filed. The case before the Trial Court is now at pre-cognizance stage. The prosecution has cited 32 charge sheet witnesses and has filed 154 documents in 6 volumes along with the complaint before the Trial Court. Therefore, the chances of trial being completed and case being disposed off in the near soon is very remote. The maximum punishment for the alleged offences in the present case is imprisonment for a period of seven years. Properties acquired by the petitioner allegedly using the proceeds of crime have already been attached. For the last more than four years, no other case has been registered against the petitioner.

9. In ***P. Chidambaram's*** case (supra), wherein the accused was in custody for about 50 days, the Hon'ble Supreme Court in paragraph No.29 of the judgment, has observed as under:

"29. As noted, the appellant has not been named as one of the accused in the ECIR but the allegation while being made against the co -accused it is indicated the appellant who was the Finance Minister at that point, has aided the illegal transactions since one of the co-accused is the son of the appellant. In this context, even if the statements on record and



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materials gathered are taken note of, the complicity of the appellant will have to be established in the trial and if convicted, the appellant will undergo sentence. For the present, as taken note of, the anticipatory bail had been declined earlier and the appellant was available for custodial interrogation for more than 45 days. In addition to the custodial interrogation if further investigation is to be made, the appellant would be bound to participate in such investigation as is required by the respondent."

10. In **Manish Sisodia's** case (supra), the Hon'ble Supreme Court taking into consideration the period of petitioner's custody and also the fact that trial in the case is not likely to conclude within a reasonable time, has granted bail to the accused.

11. In **V. Senthil Balaji's** case (supra), considering the period of custody and also the maximum punishment for the alleged offences, in paragraph Nos.25 & 27 of the judgment, the Hon'ble Supreme Court has observed as under:

"25. Considering the gravity of the offences in such statutes, expeditious disposal of trials for the crimes under these statutes is contemplated. Moreover, such statutes contain provisions laying down higher



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threshold for the grant of bail. The expeditious disposal of the trial is also warranted considering the higher threshold set for the grant of bail. Hence, the requirement of expeditious disposal of cases must be read into these statutes. Inordinate delay in the conclusion of the trial and the higher threshold for the grant of bail cannot go together. It is a well-settled principle of our criminal jurisprudence that "bail is the rule, and jail is the exception." These stringent provisions regarding the grant of bail, such as Section 45(1)(iii) of the PMLA, cannot become a tool which can be used to incarcerate the accused without trial for an unreasonably long time.

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27. Under the Statutes like PMLA, the minimum sentence is three years, and the maximum is seven years. The minimum sentence is higher when the scheduled offence is under the NDPS Act. When the trial of the complaint under PMLA is likely to prolong beyond reasonable limits, the Constitutional Courts will have to consider exercising their powers to grant bail. The reason is that Section 45(1)(ii) does not confer power on the State to detain an accused for an unreasonably long time, especially when there is no possibility of trial concluding within a reasonable time. What a reasonable time is will depend on the



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provisions under which the accused is being tried and other factors. One of the most relevant factor is the duration of the minimum and maximum sentence for the offence. Another important consideration is the higher threshold or stringent conditions which a statute provides for the grant of bail. Even an outer limit provided by the relevant law for the completion of the trial, if any, is also a factor to be considered. The extraordinary powers, as held in the case of K.A. Najeed, can only be exercised by the Constitutional Courts. The Judges of the Constitutional Courts have vast experience. Based on the facts on record, if the Judges conclude that there is no possibility of a trial concluding in a reasonable time, the power of granting bail can always be exercised by the Constitutional Courts on the grounds of violation of Part III of the Constitution of India notwithstanding the statutory provisions. The Constitutional Courts can always exercise its jurisdiction under Article 32 or Article 226, as the case may be. The Constitutional Courts have to bear in mind while dealing with the cases under the PMLA that, except in a few exceptional cases, the maximum sentence can be of seven years. The Constitutional Courts cannot allow provisions like Section 45(1)(ii) to become instruments in the hands of the ED to continue incarceration for a long time when there is



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no possibility of a trial of the scheduled offence and the PMLA offence concluding within a reasonable time. If the Constitutional Courts do not exercise their jurisdiction in such cases, the rights of the undertrials under Article 21 of the Constitution of India will be defeated. In a given case, if an undue delay in the disposal of the trial of scheduled offences or disposal of trial under the PMLA can be substantially attributed to the accused, the Constitutional Courts can always decline to exercise jurisdiction to issue prerogative writs. An exception will also be in a case where, considering the antecedents of the accused, there is every possibility of the accused becoming a real threat to society if enlarged on bail. The jurisdiction to issue prerogative writs is always discretionary."

12. In ***Padam Chand Jain's*** case (supra) placing reliance on its earlier judgment, the Hon'ble Supreme Court has observed that the main evidence in the case is documentary in nature, which is already seized by the prosecution agency, as such there is no possibility of the same being tampered with, and accordingly, granted bail to the accused.



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13. In **Arvind Dham's** case (supra), the Hon'ble Supreme Court taking into consideration that the accused had cooperated for investigation which was completed and the maximum sentence provided is seven years, in paragraph No.20, has observed as under:

"20. It is pertinent to note that various Benches of this Court, while taking into account the period of incarceration which ranges from 3 months to 17 months in several cases have granted bail to the appellants therein. In the instant case, no cognizance has been taken on the prosecution complaint and the proceeding is at the stage of scrutiny of documents. No material has been placed on record to show the fate of the application filed by the ED on 27-9-2025 seeking day-to-day hearing even after period of approximately three months has expired. There are 210 witnesses to be examined in the proceeding. There is no likelihood of trial commencing in the near future. The continued incarceration in such circumstances, particularly where the evidence which is primarily documentary in nature, is already in custody of the prosecution, violates the right of the appellant to speedy trial under Article 21 of the Constitution of India."



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14. The Hon'ble Supreme Court in the case of **Anwar Dhebar Vs Directorate Of Enforcement- (CRL.A.NO.(S) 2669 OF 2025)** following the law laid down in **V. Senthil Balaji's** case *supra*, taking into consideration the maximum punishment for the alleged offences and that there is no possibility of trial commencing in the near future, has granted bail to the accused. Similar view has been taken by the Hon'ble Supreme Court in the case of **Anil Tuteja Vs. Directorate of Enforcement - (SLP (CRL.) NO.3148/2025)**.

15. In the case of **Tarun Kumar** (*supra*), considering the fact that the appellant was not able to overcome the threshold stipulations in Section 45 of the PMLA Act, 2002, the Hon'ble Supreme Court has refused to grant bail. The Hon'ble Surpeme Court subsequently in the case of **Padam Chand Jain** (*supra*), in paragraph No.7, has observed as follows:-

"7. We may clarify that in the case of Manish Sisodia (supra) the Court has not exercised the powers under Article 142 of the Constitution of India. The Court has held that the twin conditions under Section 45 of the PMLA cannot override the constitutional safeguards, as provided under Article 21 of the



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Constitution of India. This Court has held that a prolonged incarceration cannot be permitted to be converted pre-trial detention into a sentence without trial. Like in the case of Manish Sisodia (supra) in the present case also thousands of documents are required to be considered at the stage of trial, so also around 50 witnesses are required to be examined. The main evidence in the present case is documentary in nature, which is already seized by the prosecution agency. As such, there is no possibility of the same being tampered with."

16. Considering the aforesaid aspects of the matter, I am of the opinion that the prayer made by the petitioner for grant of regular bail is required to be answered affirmatively, subject to appropriate conditions. Accordingly, the following order:-

17. The criminal petition is allowed. The petitioner is directed to be enlarged on bail ECIR/BGZO/61/2022 pending before the Court of Principal City Civil and Sessions Judge (Special Court for PMLA cases), Bengaluru, registered for the offences punishable under Sections 3 and 4 of the Prevention of Money Laundering Act, 2002, subject to the following conditions:



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a) Petitioner shall execute personal bond for a sum of Rs.1,00,000/- with two sureties for the likesum, to the satisfaction of the jurisdictional Court;

b) The petitioner shall appear regularly on all the dates of hearing before the Trial Court unless the Trial Court exempts his appearance for valid reasons;

c) The petitioner shall not directly or indirectly threaten or tamper with the prosecution witnesses;

d) The petitioner shall not involve in similar offences in future;

e) The petitioner shall not leave the jurisdiction of the Trial Court without permission of the said Court until the case registered against him is disposed off.

Sd/-
(S VISHWAJITH SHETTY)
JUDGE