



**THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

CRM-M-3673-2025 (O&M)
Date of decision: 10.03.2025

Satinder Walia

...Petitioner

Versus

Serious Fraud Investigation Office

....Respondent

CORAM: HON'BLE MR. JUSTICE MAHABIR SINGH SINDHU

Present: Mr. Viren Jain, Advocate,
Mr. Pramod Kumar, Advocate,
Mr. Rajshekhar, Advocate and
Ms. Komaljit Kaur, Advocate,
for the petitioner.

Ms. Puneeta Sethi, Senior Panel Counsel with
Mr. Y.S. Thakur, Advocate,
for the respondent.

MAHABIR SINGH SINDHU, J.

Present petition has been filed under Section 482 of Bharatiya
Nagarik Suraksha Sanhita, 2023 (for short “BNSS”)/Section 438 of the Code of
Criminal Procedure, 1973 (for short “Cr.P.C”) for seeking pre-arrest bail in
Complaint No. COMA/17/2021 titled As "***Serious Fraud Investigation Office
(For short “SFIO”) Vs. SRS LTD. and others***, under Section 439, Section
436(1)(a) and (d) read with proviso to Section 212(14) of the Companies Act,
2013 (for short “the Act of 2013”) read with Section 621 (1) of the Companies
Act, 1956 (for short “the Act of 1956”) and Section 193 of Cr.P.C.

2. The Ministry of Corporate Affairs, Government of India, ordered
SFIO to investigate into the affairs of 88 companies of SRS Group vide order
dated 01.08.2018. In pursuance thereof, investigating officer(s) were appointed



by the Director, SFIO. The investigation was carried out in the matter and the report was submitted to Central Government on 05.06.2021 in terms of Section 212(12) of the Act of 2013.

2.1 Thereafter, complaint was filed before learned Special Court, Gurugram against 81 accused, including petitioner on 11.06.2021 and ultimately, all were summoned to face trial under various provisions of the Act of 2013 vide order dated 16.08.2021 (P-3).

2.2 During pendency of complaint, initially, petitioner was granted interim pre-arrest bail by learned Special Court, vide order dated 30.09.2022; however, later on, the same was dismissed on 24.12.2024; hence the present petition.

3. Allegations, as gathered from the complaint and investigation report dated 05.06.2021, are extracted here as under:-

“(I) SRS Group consisted of two categories of companies with the nomenclature 'SRS companies' and 'Non-SRS companies'. It is revealed that the affairs of these companies were managed and controlled by Anil Jindal, Jitender Kumar Garg, Praveen Kumar Kapoor, Bishan Bansal, Nanak Chand Tayal, Rajesh Singla and Sushil Singla. The said persons were the actual controlling "mind and will" and in control of the affairs of the SRS Group. The degree of their control was such that the directors in these companies were appointed or removed as per their whims and fancies.

II) That in case of Non-SRS companies, it is revealed that the directors were mostly the employees, known persons, or relatives of the controllers of the SRS Group. However, the total control over the operations of these companies was in the hands of the controllers of the SRS Group.

(III) It is revealed that five companies belonging to SRS Group i.e., SRS Limited, SRS Modern Sales Limited, SRS Healthcare & Research Centre Limited, SRS Finance Limited & SRS Real Estate Limited obtained loans to the tune of Rs. 528 crores (after



12.09.2013) from public sector banks/financial institutions. The outstanding bank loans with respect to nine of the SRS Group of companies, as per the latest financial statements filed with MCA, are Rs. 1596.94 Crores.

(IV) It is further revealed that the directors of SRS Ltd. and its four other Group Companies had presented falsified financial statements (after 12.09.2013) containing falsified statements of debtors, inflated Purchase & Sales figures, deliberately concealed the material facts in obtaining aforesaid credit facilities from public sector banks/financial institutions. In this regard, non-SRS companies were used for the purpose of inflating the sale, purchase, and profit of the SRS Companies, adjusting cash sales of jewellery and building material of declared SRS Companies, showing these Non-SRS companies as debtors in the books of accounts of SRS Companies.

(V) It is further revealed that the controllers of the CUIs connived and Siphoned Off funds of Rs. 671.48 Crores and diverted funds amounting to Rs. 645.86 Crores from SRS Group of Companies by way of separate/distinct transactions. Further, the unlawful gain to the family members or Companies of the controller of SRS Group was by way of siphoning off the public funds from SRS Group of Companies and it was to the tune of Rs. 21.11 Crores after the period 11.09.2013.

(VI) Investigation also revealed that the auditors of the SRS Companies had deliberately suppressed the actual figures & entries in the accounts of the company and had given wrong, false, and misleading statements in the financial statements, knowing it to be false in a material particular and had omitted to state the material facts, knowing to be material to hide the true nature of the financial statements.

(VII) The SRS Group-where mostly the directors were the Controllers of SRS Groups and their family members in these companies, the employees were also made directors. The directors of these companies were employees of SRS Group or their relatives. Many of these directors were the past directors in the SRS Group.



(VIII) Whenever Anil Jindal/co-accused wanted to incorporate a company either in SRS Group or as a Non-SRS Company, the Secretarial Department was provided the basic details such as a Name, Main objects, place of registered office, authorized capital, and directors, etc. by him. Based on information/instruction given by Anil Jindal, the Secretarial Department use to fill the form for incorporation after preparing the MOA and AOA as per the main objects through Ms. Savita Trehan, Practicing Company Secretary.

(IX) In this regard it is pertinent to mention here that Ms. Savita, in her statement on oath, stated that she either got incorporated or filed forms concerning many companies.

(X) As per the requirement, Anil Jindal conveys which person is to be appointed or resigned as director from any company and provide them the documents of the appointee director and accordingly they file the Form -32 / Form DIR- 12 of the concerned persons.

(XI) Anil Jindal or Accounts Department conveys which person/firm is to be appointed or has resigned from any company and further he provided them the documents of the appointee auditors. Accordingly, they filed forms for the appointment and resignation of concerned auditors.

(XII) No board meetings of most of the SR Group companies/were held, however, in compliance with Company Law or for other requirements such as the opening of bank accounts, etc., the Secretarial Department prepares the minutes of all such companies. AGMs of SRS Group companies were not held physically. However, documents of these AGMs were prepared in compliance with company law on the instructions of Anil Jindal.

(XIII) Financial statements of SRS and Non-SRS companies were prepared by the accounts departments and they get the balance sheets signed by auditors, preparing notices, director reports, MDA, etc. After the preparation of the notice, director reports, MDA, etc., they use to handed over it to the accounts department or Anil Jindal for signing by Directors. After receiving the signed annual reports, they use to file the same with ROC as generally digital signatures of all the directors were kept with the Secretarial Department with the knowledge of the concerned Directors. ”



CONTENTIONS:

4. ON BEHALF OF PETITIONER :-

4.1 Learned counsel contends that petitioner was inducted as a Director in SRS Banquets & Resorts Limited (for short “SRS”) on 21.05.2014; whereas allegations pertain to the financial years 2010-11, 2011-12, 2012-13 & 2013-14 only.

4.2 Again contended that no role with regard to alleged siphoning off/diversion of funds has been attributed to petitioner and he has been falsely implicated in the present case, without there being any incriminating material in support of the same.

4.3 Further contended that as per Section 166 of the Act of 2013, petitioner was under a legal obligation to sign the alleged balance-sheet for the year 2013-14 and which he discharged after exercising due diligence.

4.4 Also contended that petitioner joined investigation from time to time; duly cooperated with the investigating officer(s) and he was never arrested till the filing of complaint in question.

4.5 Still further contended that there is no allegation that petitioner hatched criminal conspiracy with co-accused i.e. Directors of SRS Limited and/or that he was part of alleged syndicate, which controlled the affairs of SRS Group of Companies.

4.6 Lastly contended that petitioner was granted interim bail by learned Special Court on 30.09.2022; he never misused the concession and had been regularly appearing before learned Special Court; thus, there was no occasion to dismiss his bail application after a period of 02 years.



5. ON BEHALF OF THE RESPONDENT:-

5.1 On the other hand, learned counsel for SFIO, while opposing the prayer, submits that petitioner is not entitled to pre-arrest bail in view of involvement in serious economic offences.

5.2 Also submits that petitioner was part of syndicate running SRS group of companies, including SRS Banquets and Resorts Ltd., which suppressed vital information and submitted wrong as well as misleading financial statements in order to fraudulently avail huge loan amounts from various bank(s).

5.3 Further submits that petitioner being Director of SRS, signed financial statements of said entity for the financial year 2013-14, containing falsified statements and knowingly made statements, which were false in material particulars.

5.4 Again submits that petitioner was not only the Director; but was also holding 2,80,740 shares of SRS; thus, he was interested in profit making from the company during relevant period.

5.5 Vehemently submits that petitioner was a Director in other co-accused company, namely, SRS Event Management Limited during the year 2014-15; signed its balance sheet and also held 7000 shares of this company.

5.6 Lastly submitted that bail petition i.e CRM-M-18420-2022 and CRM-M-24418-2022 of similarly situated co-accused i.e. Lalit Khosla as well as Dinesh Kumar, respectively have already been dismissed by Coordinate Bench on 04.03.2024 and their applications under Section 88 of Cr.P.C (Section 72(2) of BNSS) are pending consideration before learned Special Court.

6. Heard learned counsel for the parties and perused the paper-book.

7. It is worthwhile to mention here that petitioner was granted interim protection by learned Special Court vide order dated 30.09.2022 on the strength of interim order(s) passed in the case(s) of co-accused Lalit Khosla & Dinesh



Kumar by Coordinate Bench in CRM-M-18420-2022 & CRM-M-24418-2022 (*supra*). However, later on, bail application(s) of Lalit Khosla & Dinesh Kumar were dismissed vide order dated 04.03.2024 and during the course of hearing, it was acknowledged by both sides that order(s) dated 04.03.2024 (*ibid*) were not challenged any further; thus, have attained finality. After taking into consideration the above factual position, bail application of the petitioner was dismissed by learned Special Court vide order dated 24.12.2024 (P-7), while observing as under:-

“10. The provision under section 212(6) of the Companies Act, 2013 imposes limitation on the power of the Court to grant bail. Needless to mention that restrictive conditions under provisions of 212(6) of the Companies Act, 2013 are pari materia to the restrictive conditions under provisions of section 45 of the Prevention of Money Laundering Act, 2002.

*11. In the light of allegations against the applicant-accused, this court is unable to record that there are reasonable ground for believing that applicant is not guilty of such alleged offence i.e. offence under section 448 of the Companies Act, 2013. There is no denial about the fact that applicant-accused was a Director in the stated Company and had signed the financials statements) as noticed herein above. As per settled law, while adjudicating bail application, the court is not to weigh the evidence meticulously, but to arrive at a finding on the basis of broad probabilities. The Hon'ble Supreme Court in case titled as **P.Chidambaram Vs. Directorate of Enforcement-(2019) 9 SCC 24** has, inter-alia, observed that power of anticipatory bail should be sparingly exercised in economic offences.*

*12. The Hon'ble High Court, while adjudicating anticipatory bail application of co-accused Dinesh Kumar, has also observed that as per law laid down by Hon'ble Supreme Court in **Vijay Mandanlal Chaudhary (supra)** case, restrictive conditions as enshrined under*



section 212(6) of the Companies Act, 2013 do have an applicability on the issue of grant of "anticipatory bail" also.

*13. The Hon ble Supreme Court in case titled **V.Senthil Balaji versus The Deputy Director, Directorate of Enforcement-Criminal Appeal No. 4011 of 2024** has, inter-alia, observed to the following effect:" There are a series of decisions of this Court starting from the decision in the case K.A.Najeeb, which hold that such stringent provisions for the grant of bail do not take away the power of Constitutional Courts to grant bail on the grounds of violation of part III of the Constitution of India.*

14. It is a mater of record that anticipatory bail applications of similarly situated co-accused i.e. Lalit Khosla, Dinesh Kumar etc. have already been dismissed by the Hon'ble High Court vide orders dated 04.03.2024 passed in CRM-M-18420-2022 and CRM-M-24418-2022 and since interim order was passed by the then learned Addl. Sessions Judge, Gurugram on the strength of interim order(s) passed by Hon'ble High Court, therefore, this Court does not find any merit in the instant bail application and is constrained to dismiss the same.

15. Keeping in view the material on record, nature of allegations against the applicant-accused and other attending facts and circumstances of the case, this Court is of the considered opinion that no case for grant of anticipatory bail is made out and accordingly, the same stands dismissed."

7.1 Although, bail application(s) filed by Lalit Khosla and Dinesh Kumar were dismissed by Coordinate Bench while passing separate orders of even date i.e. 04.03.2024, but for reference, the relevant extract from the order of co-accused Lalit Khosla (CRM-M-18420-2022) is recapitulated as under:-

"35. In the present case, it is not under dispute that the petitioner has, rather than disclosing the true picture of the financial health of



his company, furnished under his signatures financial statement(s) containing false material particulars. Consequently, since the act (supra) of the petitioner prima facie contravenes the provisions of Section 129 of the Companies Act, 2013, therefore, by virtue of sub-section (7) thereof, he is amenable for punishment. Moreover, this Court has, in the preceding paragraphs of this verdict, elaborately and based on broad probabilities examined the allegations levelled against the petitioner, however, is unable to record that prima facie the petitioner is not liable to be held guilty under Section 448 of the Companies Act, 2013. The allegations against the petitioner are so grave that this Court cannot even form any inference that the petitioner has been falsely entangled in the alleged economic offence(s).

*36. The Hon'ble Supreme Court, in case titled as "**P. Chidambaram vs. Directorate of Enforcement**", (2019) 9 SCC 24, while dealing with economic offences, has held that the power of anticipatory bail should be sparingly exercised in economic offences. The relevant extract of this judgment is reproduced under:-*

"77. After referring to Siddharam Satlingappa Mhetre and other judgments and observing that anticipatory bail can be granted only in exceptional circumstances, in Jai Prakash Singh v. State of Bihar, the Supreme Court held as under: (SCC p.386, para 19)

"19. Parameters for grant of anticipatory bail in a serious offence are required to be satisfied and further while granting such relief, the court must record the reasons therefor. Anticipatory bail can be granted only in exceptional circumstances where the court is prima facie of the view that the applicant has falsely been entangled in the crime and would not misuse his liberty.

Economic Offences

78. Power under Section 438 CrPC being an extraordinary remedy, has to be exercised sparingly; more so, in cases of economic offences. Economic offences stand as a different class as they affect the economic fabric of the society. In Directorate of Enforcement v. Ashok Kumar Jain, it was held



that in economic offences, the accuse is not entitled to anticipatory bail.

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83. Grant of anticipatory bail at the stage of investigation may frustrate the investigating agency in interrogating the accused and in collecting the useful information and also the materials which might have been concealed. Success in such interrogation would elude if the accused knows that he is protected by the order of the court. Grant of anticipatory bail, particularly in economic offences would definitely hamper the effective investigation. Having regard to the materials said to have been collected by the respondent Enforcement Directorate and considering the stage of the investigation, we are of the view that it is not a fit case to grant anticipatory bail.

84. In a case of money-laundering where it involves many stages of “placement” “layering i.e. funds moved to other institutions to conceal origin” and “interrogation i.e. funds used to acquire various assets”, it requires systematic and analysed investigation which would be of great advantage. As held in Anil Sharma, success in such interrogation would elude if the accused knows that he is protected by a pre-arrest bail order. Section 438 CrPC is to be invoked only in exceptional cases where the case alleged is frivolous or groundless. In the case in hand, there are allegations of laundering the proceeds of the crime. The Enforcement Directorate claims to have certain specific inputs from various sources, including overseas banks. Letter rogatory is also said to have been issued and some response have been received by the Department. Having regard to the nature of allegations and the stage of the investigation, in our view, the investigating agency has to be given sufficient freedom in the process of investigation. Though we do not endorse the approach of the learned Single Judge in extracting the note produced by the Enforcement Directorate, we do not find any ground warranting interference with the impugned order.



Considering the facts and circumstances of the case, in our view, grant of anticipatory bail to the appellant will hamper the investigation and this is not a fit case for exercise of discretion to grant anticipatory bail to the appellant. (emphasis supplied)”

37. The view (*supra*) was reinforced and reiterated by the Hon’ble Supreme Court in “*Serious Fraud Investigation Officer V/s Nittin Johari and another*”, (2019) 9 SCC 165, wherein, it set aside the order of High Court of Delhi granting bail to the accused therein and held that “...it is necessary to advert to the principles governing the grant of bail under Section 439 of the Cr.P.C. Specifically, heed must be paid to the stringent view taken by this Court towards grant of bail with respect of economic offences.....”

38. Though the learned counsel for the petitioner has also assailed the validity of the complaint (*supra*), owing to non-impleadment of his entity/ company (*supra*) as accused therein, however, the learned counsel representing the respondent has made a rebuttal to this argument, by placing reliance upon the hereinabove extracted provisions of Section 129(7) of the Companies Act, 2013, which renders the Director, in the absence of any other specifically charged person by the company, amenable for prosecution and punishment. To the considered mind of this Court, the argument (*supra*) of the learned counsel for the petitioner pales into insignificance, in the light of provisions (*supra*).

FINAL ORDER

39. As an upshot of the discussion made hereinabove, especially:
(i) attribution of specific role to the petitioner; (ii) the gravity and magnitude of offence(s); (iii) the petitioner’s co-accused, who are on a co-equal pedestal as him, being already declined the concession of bail upto the Hon’ble Supreme Court; this Court does not find any merit in the instant petition and is constrained to dismiss the same. Therefore, the instant petition is **dismissed** being devoid of merits.”



A bare perusal of the above extract reveals that bail application of co-accused-Lalit Khosla with similar allegations has already been dismissed by the Coordinate Bench vide order dated 04.03.2024 and said order remained unchallenged till date.

7.2 Also noteworthy that after dismissal of aforesaid bail applications, co-accused (Lalit Khosla & Dinesh Kumar) moved applications under 88 of Cr.P.C (Section 72(2) of BNSS) on the strength of *Tarsem Lal vs Directorate of Enforcement, 2024 SCC Online SC 971*, before learned Special Court and the same are stated to be still pending consideration.

7.3 In view of the above, this Court is of the considered opinion that petitioner, who is being prosecuted for the allegations similar to co-accused (Lalit Khosla & Dinesh Kumar), also deserve the same fate.

- 8. Consequently, there is no option, except to dismiss the petition.
- 9. Ordered accordingly.
- 10. Needless to say that petitioner would be at liberty to take recourse of the remedy available under 88 of Cr.P.C (Section 72(2) of BNSS), if so advised.
- 11. It is clarified that observations made here-in-above shall have no bearing on the merits of pending complaint, in any manner.
- 12. It is further clarified that interim protection granted vide order dated 14.02.2025 and subsequently extended on 28.02.2025, shall come to an end, automatically.

Pending criminal misc. application(s), if any, shall also stand disposed off.

10.03.2025
SN

(MAHABIR SINGH SINDHU)
JUDGE

Whether speaking/reasoned : Yes/No

Whether Reportable: Yes/No