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

% ***Date of Decision: December 02, 2025***

\+ **BAIL APPLN. 3554/2025 & CRL.M.A. 27954/2025, CRL.M.A. 27955/2025**

MAHESH CHUGH .....Applicant

Through: Mr. Pavan Narang, Senior Advocate with Mr. Anirudh D., Mr. Samarth K. Luthra, Mr. Shubh Kapoor, Ms. Aishwarya Chhabra and Mr. Manoviraj, Advs.

versus

STATE OF NCT OF DELHI .....Respondent

Through: Mr. Sunil Kumar Gautam, APP for the State with SI Manjeet, PS Kishangarh.
Mr. Ajay Chaudhary and Mr. Madhav Chaudhary, Advs. for the complainant.

CORAM:
HON'BLE MR. JUSTICE AMIT MAHAJAN

AMIT MAHAJAN, J. *(Oral)*

1. By the present bail application, the applicant seeks pre-arrest bail in FIR No. 377/2024 dated 25.12.2024, registered at Police Station Kishan Garh, for offences under Sections 420/467/468/471/120B of the Indian Penal Code, 1860.

2. Succinctly stated, M/s Rama Auto Cars was constituted on 04.04.2001 as a partnership firm, with M/s Kalu Ram Builders Limited holding 80% share and Complainant/Sh. Dharam Pal

Singh holding 20% share. The co-directors of M/s Kalu Ram Builders included Applicant/Mr. Mahesh Kumar Chugh and one Mr. Naresh Kumar.

3. The aforementioned FIR was registered on a complaint given by the complainant/Sh. Dharam Pal Singh, alleging that during the arbitral proceedings initiated by M/s Kalu Ram Builders through it's Directors i.e. the Applicant and Sh. Naresh Kumar in February 2024, the complainant discovered that his shareholding had been illegally diluted by the Applicant and Naresh Kumar, without proper approval of other partners/directors in the year 2010 and 2011.

4. It is alleged that Mahesh Kumar Chugh and Naresh Kumar, unilaterally on 31.03.2010 had issued 70,130 new shares and increased the shares from 50,000 to 1,20,130 without proper approval authorization.

5. It is further alleged that the paper works relating to the company-M/S Kalu Ram Builders in relation to Registrar of Companies and Income Tax Department were being done by Mr. Dharamvir Sachdeva, CA, at the instance and instructions of the Applicant/Mr. Mahesh Chugh and Mr. Naresh Kumar. They further in a pre-planned hatched conspiracy with each other in the month of January, 2011 formed two separate companies in the name and style of M/s Mahesh Consultant Pvt. Ltd and M/s Yograj Consultant Pvt. Ltd and further transferred 70,000/- shares, in order to siphon off the value of assets of M/s Kalu Ram Builders.

6. It is further alleged that in 2021, the accused individuals

allegedly removed the names of 12 shareholders without approval or knowledge of the complainant and illegally transferred 10,060 shares—5,460 to Applicant/Mahesh Chugh and 4,600 to Vikram Kapoor. The accused also forged and manipulated documents, including Form MGT-7 for FY 2022–23, which falsely showed 100% attendance of 30 members present at the AGM held on 30.09.2022, even listing a shareholder who had died in 2011 as present, when none of these meetings actually took place.

7. It is further alleged that all the documents submitted at the Registrar of Companies bearing the digital signatures of the Applicant indicating that Mahesh Chugh, Naresh Kumar, and the company's Chartered Accountant conspired to siphon off money by illegally issuing and reissuing shares, transferring shares to relatives and fictitious companies.

8. The learned Counsel for the Applicant has submitted that the present FIR pertains to allegations of the year 2011 and 2012 and has been registered belatedly after 14 years. The relevant documents such as certain share certificates and payment records pertain to transactions more than a decade old.

9. He submits that the allegations arise out of share allotments, transfers, and statutory filings of M/s Kalu Ram Builders Ltd., which are quintessential corporate law subject matters falling within the jurisdiction of the Companies Act and the National Company Law Tribunal.

10. He submits that the present FIR is merely a counterblast to the arbitral proceedings initiated by M/s Kalu Ram Builders

through it's Directors i.e. the Applicant and Sh. Naresh Kumar.

11. He further submits that the allegation of falsely showing 100% attendance in AGM dated 30.09.2022 and showing one member Satpal who had expired, has been belied by the own admission of the Complainant in his cross-examination during the arbitral proceedings, wherein he admitted that Satpal was personally known only to him and that he had never informed the company of Satpal's death.

12. He further submits that the Complainant had admitted that he had received notice for and attended the Board Meeting dated 16.10.2021 held at Maharaja Hotel, Rohtak. His active participation in company meetings belies the allegation that he was excluded or unaware of the company's functioning and rather shows he was fully engaged in the management of the company.

13. He further submits that the Complainant himself admitted in cross-examination that all records were kept at his personal premises at Adhchini, New Delhi, which was registered as the official address of both M/s Rama Auto Cars and M/s Kalu Ram Builders Ltd. This proves that the statutory records and books of account have always been within the Complainant's custody and control.

14. The Status Report has also been filed. The investigations reveal as under: -

> *"Investigations conducted regarding the role of petitioner/accused Mahesh Chugh:*
>
> *7. That the accused Mahesh Chugh was served notice to join the investigation and produce registers and all*

documents of Kaluram Builders Ltd. On 28/06/2025, accused Mahesh Chugh joined the investigation but did not produce any document related to Kaluram Builders Ltd. Thereafter he was served notice for 07/07/2025 to produce the share certificates of 35000 shares of Kaluram Builders Ltd purchased by Mahesh Consultants Pvt Ltd. He is also director in Mahesh Consultants Pvt Ltd. He was also asked to provide the details of payment made to Kaluram Builders Ltd for purchasing these shares. But on 07/07/2025 he neither joined the investigation nor produced the share certificates.

8. That thereafter 3 separate notices dated 04/08/2025 were sent to accused Mahesh Chugh directing him to join the investigation, produce all the share certificates of shares purchased by him (of Kaluram Builders Ltd), produce all the share certificates of Kaluram Builders Ltd purchased by Mahesh Consultants Pvt Ltd and also produce the details of payment made for purchasing these shares.

9. That on 06/08/2025, accused Mahesh Chugh joined the investigation but neither produced the share certificates nor provided the payment details made for purchasing the shares. He told that the share certificates are at his house but he could not find the same and he will search them hence he was again given opportunity to produce the same on 12/08/2025 and also to join the investigation on this date. On 12/08/2025 the accused neither joined the investigation nor produced the desired documents/details. He sent a reply through his counsel stating that the share certificates are with Shri Dharampal Singh (complainant) contrary to his version dated 06/08/2025.

10. That as per the documents filed with ROC, Kaluram Builders Ltd has 50000 shares and out of which Mahesh Chugh has 10000 shares till filings of year 2010. According to report filed with ROC in year 2011 the total shares of this company are 1,20,130. There are 30 share holders as per the financial report of financial year 2020-21 and Mahesh Chugh's shares are 10000. According to the financial report of financial year 2022-23, the share holders became 18 and the shares of Mahesh Chugh are increased from 10000 to 15460.

11. That in the financial report of year 2022-23 when the shares of accused Mahesh Chugh were increased all 30 members are shown present while one Shri Satpal has died in year 2011 and Ms Neelam Bajaj has died in year 2019. Also during investigation shareholders including Ashok Kumar Saharan, Ashok Kumar Ghilod, Kaluram, Vikram Kapoor, *Smt Shalu Verma have stated that they have not attended any such meeting where the alleged shares were transferred.*

12. That during the course of investigation, complaints have been received from the shareholders whose shares were transferred without their consent or knowledge. Statements of these share holders of Kaluram Builders Ltd and other witnesses have been recorded. The relevant part of their version is being mentioned for kind perusal:-

Sr no.	*Person examined*	*Role in this case*	*Relevant part of statement given*
1	*Shri Suresh Kumar*	*Share holder of 1800 shares of Kaluram Builders Ltd as per year 2010 and report filed with ROC.*	*All 1800 shares were transferred by accused Mahesh Chugh without knowledge or consent of Suresh Kumar.*
2	*Shri Ashok Kumar Shahararn*	*Share holder of 1800 shares of Kaluram Builders Ltd*	*All 1800 shares were transferred by accused Mahesh Chugh and other accused persons without knowledge or consent of Ashok Kumar.*
3	*Sanjay Kumar*	*He is son of Satpal Singh who was holding 1800 shares of Kaluram Builders Ltd. Satpal Singh Died in year 2011.*	*The shares of his deceased father were transferred fraudulently by the accused persons without the knowledge or consent of his legal heirs.*
4	*Smt Shalu*	*Share holder of 1800 shares of Kaluram Builders Ltd*	*She still holds the shares as per record but the accused persons have not handed over the share certificates to her.*
5	*Vikram Kapoor*	*Share holder of 4610 shares of Kaluram Builders Ltd. He is accountant by profession and had worked under Dharamveer Sachdeva, CA till 2006-07. Accused Mahesh Chugh used to get account related works of*	*Vikram Kapoor has deposed that he has never purchased any share of Kaluram Builders Ltd. He has also stated that after lodging of this case in year 2024 Mahesh Chugh came to him and got his signatures on some blank forms stating that some shares are wrongfully transferred to him which need to be*

Signature Not Verified
Signed By:SHIKHA SEHGAL
Signing Date:02.12.2025 20:27:20

		Kaluram Builders Ltd done from Dharamveer Sachdeva.	*corrected.*
6	*Vijay Kumar Bajaj*	*In year 2010, 10 shares were issued to Smt Neelam Bajaj W/o Vijay Kumar Bajaj. She has died in year 2019.*	*Vijay Kumar Bajaj has stated that in year 2001 when the land was allotted to Rama Auto Cars, at the request of Yograj, he had invested and deposited demand draft of Rs 7 Lakhs in Delhi High Court. He was getting interest per month but it stopped around year 2021. He or his wife never purchased any share in Kaluram Builders Ltd. Neither they were told by any person that they had shares in this company nor they got any share certificate.*
7	*Lekhraj Bajaj*	*Company secretary who used to file documents of Kaluram Builders Ltd*	*Stated that it was only Mahesh Chugh who used to send the documents of Kaluram Builders Ltd to him for filing. All the documents were filed with the digital signatures of Mahesh Chugh.*
8	*Shri Kaluram*	*He was the director in Kaluram Builders Ltd at initial stage. In year 2010, 10 shares were issued to his another company Kalu Ram Construction and Development Pvt. Ltd.*	*He has stated that he neither applied for shares in Kaluram Builders Ltd nor he ever got any share certificate of Kaluram Builders Ltd.*

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15. I have heard the learned Additional Public Prosecutor for the State and the learned counsel for the complainant.

16. The law in regard to the grant of pre-arrest bail is well-

settled. In the case of ***Siddharam Satlingappa Mhetre* v. *State of Maharashtra* : (2011) 1 SCC 694**, the Hon'ble Supreme Court dealt with the issue of pre-arrest bail, and the balance that needs to be maintained while granting the same to an accused and further laid down the factors that must be taken into consideration while dealing with pre-arrest bail.

> *"…112. The following factors and parameters can be taken into consideration while dealing with the anticipatory bail:*
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> *i. The nature and gravity of the accusation and the exact role of the accused must be properly comprehended before arrest is made;*
> *ii. The antecedents of the applicant including the fact as to whether the accused has previously undergone imprisonment on conviction by a Court in respect of any cognizable offence;*
> *iii. The possibility of the applicant to flee from justice;*
>
> *iv. The possibility of the accused's likelihood to repeat similar or the other offences.*
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> *v. Where the accusations have been made only with the object of injuring or humiliating the applicant by arresting him or her.*
>
> *vi. Impact of grant of anticipatory bail particularly in cases of large magnitude affecting a very large number of people.*
> *vii. The courts must evaluate the entire available material against the accused very carefully. The court must also clearly comprehend the exact role of the accused in the case. The cases in which accused is implicated with the help of sections 34 and 149 of the Penal Code, 1860, the court should consider with even greater care and caution because over implication in the cases is a matter of common knowledge and concern;*
> *viii. While considering the prayer for grant of anticipatory bail, a balance has to be struck between two factors namely, no prejudice should be caused to the free, fair and full investigation and there should be prevention of harassment, humiliation and unjustified detention of the accused;*

ix. The court to consider reasonable apprehension of tampering of the witness or apprehension of threat to the complainant;
x. Frivolity in prosecution should always be considered and it is only the element of genuineness that shall have to be considered in the matter of grant of bail and in the event of there being some doubt as to the genuineness of the prosecution, in the normal course of events, the accused is entitled to an order of bail…"

17. In the present case, it is undisputed that the arbitration proceedings were initiated in the month of February, 2024 by the company - M/s Kalu Ram Builders Ltd., and the complainant was the respondent therein. It is the case of the complainant that it is during the proceedings in arbitration, when he became aware that his shareholding of the partnership had been illegally diluted way back in the year 2010 and 2011.

18. Admittedly, allegations of illegal dilution of the shares dates way back to the year 2010 and 2011. The complaint has been filed belatedly after 14 years stating that the knowledge of the same was gained by the complainant only in the year 2023 and the FIR was registered on 25.12.2024.

19. On being specifically asked, it was also informed that no proceedings or suit has been initiated by the complainant seeking a declaration with respect to the dilution of shareholding or the validity of the resolutions passed. Hence, the civil remedy has also not been availed by the complainant herein in these 14 years.

20. Whether the complainant was not aware of the same during these 14 years again becomes a subject matter of trial and can be delved into after due consideration of evidence led by the parties.

21. Undisputedly, the complainant continued to be a Director of M/s Kalu Ram Builders and he and the Applicant had been working together for a long period of time. They both, directly and indirectly, continued to have some interest in the partnership firm. In such circumstances, whether the dilution of the shares was done in order to defraud or was done with the consent of the parties, becomes a subject matter of trial and can only be ascertained after the evidence is led by the parties and cannot be commented upon at this stage.

22. Insofar as the question whether the Applicant was complicit in the alleged transfer of shares or the forgery of documents, is concerned, the same also cannot be ascertained at this stage, and can only be examined after the evidence is led.

23. It is pertinent to note that this Court had protected the applicant from being arrested subject to him joining and cooperating with the investigation *vide* Order dated 18.09.2025.

24. It has been pointed out that the applicant has since joined the investigation on multiple occasions.

25. It has been held in the case of ***Pradip N. Sharma v. State of Gujarat***, **2025 SCC OnLine SC 457** that it is well-settled that anticipatory bail can be granted where custodial interrogation is not essential, particularly in cases where the allegations hinge on official records and the presence of the accused can be secured without pretrial detention. It was further observed that in the absence of any concrete material indicating a likelihood of tampering with evidence or influencing witnesses, the grant of anticipatory bail is justified.

26. It is also well-settled that not confessing to the crime alleged does not amount to non-cooperation with the investigation [Ref. ***Dwarkadas Fafat v. State of Maharashtra* : (2017) 9 SCC 714**].

27. Consequently, considering that the applicant has joined the investigation pursuant to the interim protection granted to him, and the allegations levelled against the applicant at this stage, this Court is of the opinion that the custodial interrogation of the applicant is not required.

28. It is not in doubt that order for grant of bail cannot be passed in a routine manner so as to allow the accused to use the same as a shield. At the same time, it cannot be denied that great amount of humiliation and disgrace is attached with the arrest.

29. In cases where the accused has joined the investigation, cooperating with the Investigating Agency and is not likely to abscond, the custodial interrogation should be avoided.

30. The purpose of custodial interrogation is to aid the investigation and is not punitive.

31. No apprehension has been raised that the applicant is a flight risk. Even otherwise, any apprehension regarding the applicant fleeing from justice, tampering with evidence or not cooperating with the investigation can be taken care of by putting appropriate conditions.

32. In view of the above, the present bail application is allowed and the applicant in the event of arrest, is directed to be admitted on bail on furnishing a personal bond for a sum of ₹50,000/- with two sureties of the like amount subject to the

satisfaction of the concerned SHO, on the following conditions:

a. The applicant shall join and cooperate with the investigation as and when directed by the IO;

b. The applicant will not leave the boundaries of the country without the permission of the learned Trial Court;

c. The applicant shall not contact the witnesses or tamper with the evidence in any manner;

d. The applicant shall give her mobile number to the concerned IO/SHO and shall keep her mobile phone switched on at all times;

e. The applicant shall provide the address of her residence to the IO/SHO and shall not change the same without informing the concerned IO/SHO.

33. In the event of there being any violation of the stipulated conditions, it would be open for the State to seek redressal by filing an application seeking cancellation of the bail.

34. It is clarified that the observations made in the present order are for the purpose of deciding the present pre-arrest bail application, and should not influence the outcome of the Trial and should not be taken, as an expression of opinion, on the merits of the case.

35. The bail application is allowed in the aforesaid terms. Pending applications also stand disposed of.

AMIT MAHAJAN, J

DECEMBER 2, 2025/'KDK'