CNR No: PHHC010661912026
2026:PHHC:120989

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

123 CRM-M-22257-2026

Sandeep Gupta

....Petitioner

V/s

Directorate of Enforcement

....Respondent

Date of decision: 27.08.2026
Date of Uploading : 29.08.2026

CORAM: HON'BLE MR. JUSTICE SUMEET GOEL

Present: Mr. Preetinder Singh Ahluwalia, Senior Advocate with
Mr. Tejeshwar Singh, Advocate and
Mr. Aryan Bajaj, Advocate for the petitioner.

Mr. Zoheb Hossain, Senior Advocate (through VC)
Mr. Lokesh Narang, Senior Panel Counsel and
Ms. Shubhleen Dhariwal, Advocate for the respondent-ED.

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SUMEET GOEL, J.

1. The present petition (hereinafter referred to as '*petition in hand*') has been filed by the petitioner — Sandeep Gupta for grant of regular bail in Case No.COMA-13 of 2026 dated 19.03.2026 arising out of ECIR/GNZO/03/2021 dated 31.3.2021 registered by Enforcement Directorate (hereinafter referred to as '*ED*') under the Prevention of Money Laundering Act, 2002 (hereinafter referred to as *'PMLA'*).

2. The gravamen of the allegations emerging from the ECIR and the prosecution complaint is that M/s Richa Industries Limited (hereinafter referred to as *'RIL*), a company engaged in textile and pre-engineered building activities, had availed substantial financial facilities from the bank(s) and its accounts were subsequently declared as fraudulent. The scheduled offence registered by the CBI relates to

allegations of criminal conspiracy, cheating, forgery and diversion of bank funds. On the basis of the said scheduled offence, the Enforcement Directorate registered ECIR No.GNZO/03/2021 and commenced proceedings under the Prevention of Money Laundering Act, 2002. The prosecution case is that the alleged fraud resulted in proceeds of crime of about ₹236 crores. The material relied upon by the Enforcement Directorate includes forensic audit reports, bank records, statements recorded under Section 50 of the PMLA, digital evidence and records relating to several companies and entities connected with RIL. The broad allegation is that the funds and business assets of RIL were systematically diverted through shell entities by using fabricated or manipulated accounts, accommodation entries, corporate guarantees and related-party transactions. As per the prosecution, the transactions were not genuine commercial transactions but were structured to move the funds away from *RIL*, layering them through different entities and ultimately projected the tainted funds as legitimate money. It has been further alleged that several entities i.e. Saariga Constructions Pvt. Ltd. (hereinafter referred to as '*SCPL*'), Subhash Gupta & Sons Pvt. Ltd., Riyana Infratech Pvt. Ltd. and Richa Krishna Constructions Pvt. Ltd., were used in the process of diversion, layering, possession and use of the alleged proceeds of crime. The prosecution has further alleged that the valuable projects and business opportunities of *RIL* were diverted to Saariga Constructions Pvt. Ltd. and the latter became a conduit for handling the funds, connected with the alleged proceeds of crime. The prosecution has further relied upon statements and digital communications to allege that creation and functioning of *SCPL*, including the execution of agreements with *RIL*, was not an independent commercial arrangement but was part of a pre-planned arrangement. It has been further alleged that the agreement between *RIL* and *SCPL* was executed even before Neha Singh formally became a Director of *SCPL*, which, according to the prosecution, indicates that the arrangement had already been worked out. The *ED* has described the petitioner as the *de facto* person in control behind *SCPL* and has alleged that the diversion of the project was jointly planned by the petitioner and Neha Singh. The prosecution has further alleged that *SCPL* had received substantial funds from *RIL* and these funds were shown in its books in such a manner so as to give them a legitimate appearance. It has been further alleged that the accommodation entries were created through certain NBFCs and large amount of unaccounted cash was introduced into the banking channel in the guise of share capital/loans etc. As per the prosecution, this arrangement had facilitated diversion of valuable business contracts of *RIL*, shielding of revenues from the insolvency process and projection of the proceeds of crime as untainted property.

2.1. The prosecution has further alleged that Subhash Gupta & Sons Pvt. Ltd. was used as a conduit by the petitioner and his family for aggregating, layering and projecting the proceeds of crime as clean money. As per the complaint, amount(s) received from *RIL* were given the appearance of legitimate business transactions while the funds received from other entities were retained through purported loan entries. The prosecution has further alleged that the tainted fund(s) were used for acquisition of assets, expansion of the family business and personal benefits. The diversion of funds to Richa Infrastructure and Starshine Brands had been made for the personal benefit of the petitioner and his family.

2.2. In respect of Riyana Infratech, the allegation is that the company was used for diverting the funds and generating personal gains for the promoter family of *RIL*; and the petitioner, being its Director, knowingly participated in the activities relating to possession and use of the alleged proceeds of crime. With regard to Richa Krishna Constructions Pvt. Ltd., the prosecution has alleged that the company was incorporated during the Corporate Insolvency Resolution Process (hereinafter referred to as 'CIRP') of *RIL* with an intention of siphoning off the business of *RIL* and the petitioner exercised control over its affairs.

2.3. The specific role, as delineated in the prosecution complaint against the petitioner is that, the petitioner – Sandeep Gupta was not merely a formal Director of *RIL* or its group companies but the prosecution has attributed to him an active role of handling the financial and operational affairs of *RIL* and its connected entities. The CBI charge-sheet itself describes him as the then Managing Director of *RIL* and he has also been arrayed as an accused in the scheduled offence. The prosecution has alleged that the petitioner exercised control over various group companies and used them for diversion and layering the alleged proceeds of crime. In relation to *SCPL*, the specific allegation is that, although the petitioner was not shown as a formal Director, he acted as its *de facto* controlling authority and gave directions and guidance in its financial and other matters. The prosecution has relied upon WhatsApp communications and statements of persons connected with *SCPL* to support the allegation that the petitioner was actively involved in its functioning. Furthermore, the petitioner had played an important role during the Corporate Insolvency Resolution Process of *RIL*. As per the material placed by the prosecution, the petitioner continued to exercise influence over important projects even after commencement of the insolvency proceedings. The petitioner is stated to have admitted that the Resolution Professional had authorized him to oversee certain projects and he recommended payments to vendors, including *SCPL*, depending upon the progress of the projects. The prosecution has relied upon these circumstances to show that the involvement of the petitioner was beyond that of a person merely assisting the Resolution Professional. It has been further alleged that Rahul Bansal, a close associate of the petitioner, had acquired the shares in *SCPL* for a consideration below the stated net worth of the Company, which shows the alleged diversion of projects and value from *RIL*. In relation to Riyana Infratech, the prosecution has alleged that the company was used for making personal gains for the promoter family from assets and projects connected with *RIL* and the petitioner, as its Director, knowingly participated in the possession, use and enjoyment of the alleged proceeds of crime.

2.4. The prosecution has attributed to the petitioner the role of an active participant in the alleged diversion and subsequent handling of the proceeds of crime rather than treating his involvement as arising merely from his designation as a Director. The material relied upon by the prosecution includes statements of persons associated with the group companies, financial records, digital communications and documents concerning the transactions between *RIL* and its connected entities. The Special Court, while rejecting his earlier bail application, recorded that the material collected during investigation, *prima facie*, indicate the active involvement of the petitioner in the financial and operational affairs of RIL and its connected entities.

3. Learned counsel for the petitioner; led by Shri. P.S Ahluwalia, Senior Advocate; espousing the cause of the petitioner, has iterated that the petitioner has been in custody since 20.01.2026 and has already undergone a substantial period of incarceration. Learned senior counsel has further contended that investigation *qua* the petitioner, after the prosecution complaint has already been filed before the competent Court, stand completed. It has been further contended that the material(s) relied upon by the prosecution are predominantly documentary in nature which are already in its possession and, therefore, the continued incarceration of the petitioner, despite the passage of considerable time in custody, would serve no useful purpose. Furthermore, the trial is likely

to take considerable time, particularly in view of the large number of accused, voluminous documentary material and the number of witnesses proposed to be examined by the prosecution. Learned senior counsel has emphasized that the length of custody, the filing of prosecution complaint and likelihood of the trial taking substantial time constitute relevant circumstances for the grant of bail to the petitioner.

3.1. It has been argued that the evidence relied upon by the *ED* substantially consists of documents, forensic audit reports, bank records, statements already recorded and digital material already seized and, hence, there is no reasonable possibility of the petitioner tampering with the evidence. Furthermore, the petitioner has deep roots in the Society; is not at flight risk and is ready to comply with any condition(s) imposed by this Court while granting the concession of regular bail.

3.2. Learned senior counsel has further urged that the petitioner is not in custody in predicate offence.

3.3. Learned senior counsel has further urged that the petitioner is neither in a position to intimidate the prosecution witnesses nor is capable of influencing the course of trial in any manner prejudicial to the interest of the *ED.*

3.4. It has been contended that the petitioner has been in custody for a considerable period of time i.e. about 07 months in the *ECIR* in question. Furthermore, there is no likelihood of the trial concluding in near future as the case is still at the stage of pre-cognizance, and insofar as predicate offence is concerned, the charge-sheet filed by the CBI relies upon 1245 documents running into more than 28,000 pages and cites 187 prosecution witnesses *whereas* the trial in scheduled offence is yet to commence as it is still at the stage of issuing notice to all the accused persons. Learned counsel has emphasized that the trial of both offences i.e. the scheduled offence as well as the PMLA offence, is at nascent sage and, thus, the prospect of conclusion of trial in near future is bleak which constitutes a grave violation of his fundamental right to speedy trial under Article 21 of the Constitution of India

3.5. On these grounds, the grant of regular bail is entreated for.

4. In *oppugnation*, learned counsel appearing for the *ED;* led by Shri Zoheab Hussain, Senior Advocate; has opposed the *petition in hand* by arguing that the allegations are not confined to ordinary commercial transactions. According to learned senior counsel, the material collected during the course of investigation shows a systematic diversion of bank funds, fabrication of accounts, creation and use of shell entities, issuance of corporate guarantees and layering of transactions immediately before the insolvency of *RIL*. Learned senior counsel appearing for the *ED* has argued that these activities generate proceeds of crime of approximately ₹236 crores and the petitioner has an active role in financial and operational affairs through network of companies controlled or influenced by him. Learned senior counsel for *ED* has further relied upon the statements of witnesses, forensic audit material, bank records and digital communications to contend that the petitioner was directly connected with the entities through which the alleged

proceeds of crime were diverted, layered and projected as legitimate funds. It has been further contended that the offence of money-laundering is a continuing offence and tracing the money trail is of substantial importance.

4.1. Learned senior counsel has further iterated that the material collected during investigation *prima facie* establishes involvement of the petitioner in generation, diversion, layering, possession and utilization of proceeds of crime and the petitioner has failed to satisfy the statutory requirements for grant of bail under Section 45 of the PMLA. Furthermore, the likelihood of the petitioner evading the process of law, if released on bail, cannot be ruled out at this stage.

4.2. Learned senior counsel has vociferously urged that the factum of the petitioner being incarcerated for a period of more than 07 months in the *ECIR* in question *vis-à-vis* the nature of allegations against him do not, *ipso facto*, warrant his release on regular bail.

4.3. Thus, dismissal of the *petition in hand* is canvassed for.

5. I have heard learned counsel for the rival parties and perused the record.

6. While adjudicating a prayer for grant of regular bail, the Court is required to undertake a careful assessment of a multitude of factors. The exercise is necessarily contextual and calls for a judicious balancing of the competing considerations. Amongst the relevant considerations are the nature and gravity of the accusation; the severity of the punishment prescribed for the alleged offence; the precise role

attributed to the accused; the nature and quality of the material collected during investigation; whether the allegations are specific and individualised or vague and omnibus; the *prima facie* strength of the prosecution case; the circumstances in which the offence is alleged to have been committed; the antecedents and criminal history, if any, of the accused; the likelihood of the accused absconding or evading the process of law; the possibility of influencing or intimidating witnesses; the likelihood of tampering with or destroying evidence; the propensity, if discernible from the material on record, to commit a similar or further offence; the possibility of repetition of the offence; the stage and progress of investigation or trial; the period of incarceration already undergone; the likelihood of the trial being concluded within a reasonable time; the possibility of the accused being subjected to an unduly prolonged incarceration without adjudication of guilt; and the existence of any special or compelling circumstance which may bear upon the question of release on bail. The Court may also, depending upon the nature of the accusation(s), take into consideration the manner in which the offence is alleged to have been conceived and executed, whether the alleged criminality is individual or forms part of an organised or concerted design, the number of persons allegedly involved, the extent of alleged financial or pecuniary benefit derived, the magnitude of the loss caused, the vulnerability of the victims, the sophistication employed in perpetrating the alleged offence, and whether the accused is alleged to have occupied a position of authority, trust or control which was utilised in the commission of the offence. Equally relevant may be the conduct of the accused before and after registration of the case, including cooperation with the investigation, compliance with previous orders, attempts to evade the process of law, or conduct suggestive of an endeavour to frustrate the investigation or trial.

6.1. The aforesaid considerations acquire a somewhat distinct complexion in cases involving economic offence(s). Such offence(s), though invariably not attended by physical violence, cannot on that account be regarded as less serious. Economic offence(s) are frequently characterised by calculated design, deliberation, sophistication and a conscious abuse of financial, commercial and fiduciary mechanisms. Unlike an offence which may be committed in a moment of passion, impulse or sudden provocation, an economic offence(s) may, indubitably depending upon its factual matrix, involve a preconceived course of conduct, preparation, manipulation of records or transactions, diversion or layering of funds, creation of fictitious documentation, misuse of corporate or fiduciary structures, concealment of the proceeds or coordinated participation of several persons. The absence of physical violence, therefore, cannot by itself dilute the seriousness of the alleged criminality or the potential consequences flowing therefrom.

6.2. This distinction assumes particular significance where the material collected during investigation, *prima facie*, does not merely disclose a general or omnibus allegation against the accused, but contains specific and direct material connecting the individual with the alleged transaction or the *modus operandi* of the offence. Where the accusation is founded upon identifiable transactions, documentary material, financial trails, communications, corporate records, statements, digital evidence or other contemporaneous material which, at the stage of consideration of bail, *prima facie* attributes a definite and active role to the accused, the Court would necessarily be required to approach the prayer for bail with greater circumspection. The Court is not expected, at the stage of bail, to conduct a meticulous appreciation of evidence as would be undertaken at trial; nevertheless, it is equally impermissible to disregard material of substantial probative significance which, on a *prima facie* assessment, demonstrates a direct nexus between the accused and the alleged criminal conduct.

7. Adverting to the factual conspectus of the *petition in hand,* the allegations against the petitioner are grave and serious in nature. From the material available on record, a rather specific and direct role is forthcoming in respect of the petitioner who has effective control of the *RIL*, and thereby in active and direct control of affairs and financial operations of *RIL* and other group concerns and companies. Moreover, *prima facie,* there appears to exist sufficient material on record, including, statement of witnesses, Whatsapp communications, with individuals connected with *SCPL* (through which the proceeds of crime were siphoned-off); the alleged direct involvement of the petitioner during the CIRP proceedings*;* are sufficient to reflect direct and active role of the petitioner in alleged offence. As per the prosecution version,

the petitioner through this nefarious *modus,* has been involved in generation and further laundering of proceeds to the tune of Rs.236 Crores (approximately).

7.1. The *ECIR* in question was registered on 31.03.2021; the petitioner was arrested on 20.01.2026 and the prosecution complaint was thereafter filed on 19.03.2026. The prosecution complaint cites 25 witnesses, whose evidence would be material for determining the allegations levelled against the petitioner. The allegations against the petitioner being direct and specific, the examination of key witnesses, thus, assumes significance. The witnesses cited by the prosecution, including key witnesses, are yet to be examined & therefore, the effect of such evidence cannot be assessed at this stage. The trial is required to proceed in accordance with law and this Court cannot, at this stage, prejudge the evidentiary value of the statements or documents relied upon by either side, *lest* it may prejudice the trial. At this juncture, there is no basis *nay* tangible basis, whereupon this Court is satisfied that there are reasonable grounds for believing that the petitioner is not guilty of the offence(s) as alleged.

7.2. The petitioner is in custody for a period of about 07 months. This period, by itself, cannot be construed to be sufficient, at least for the *nonce*, to afford benefit of bail to the petitioner on the ground of his long incarceration when considered *vis.-a-vis* the present stage of trial especially in the backdrop of the nature etc. of the allegations against him. The prosecution complaint has been filed but the material witnesses are yet to be examined & the custody period has not progressed to such a stage as would warrant interference merely on the ground of the period of incarceration already suffered by the petitioner.

7.3. Keeping in view the entirety of the factual *milieu* of the *petition in hand*, this Court does not deem it appropriate to afford regular bail to the petitioner at this stage.

8. In view of the prevenient ratiocination, it is ordained thus:

(i) The petition in hand is devoid of merits and is hereby dismissed, for the *nonce*.

(ii) Any observations made and/or submissions noted hereinabove shall not have any effect on merits of the case and the trial Court shall proceed further, in accordance with law, without being influenced with this order.

(iii) Pending application(s), if any, shall also stand disposed of.

(SUMEET GOEL)
JUDGE

August 27, 2026
Ajay/mahavir

Whether speaking/reasoned: Yes/No
Whether reportable: Yes/No