

April 12, 2026

The General Manager
Corporate Relationship Department
BSE Limited
PhirozeJeejeebhoy Towers
Dalal Street, Fort,
Mumbai 400 001

The Manager
National Stock Exchange of India Ltd.
Exchange Plaza, C/1, Block G
Bandra - Kurla Complex, Bandra (East)
Mumbai 400 051

BSE Scrip Code: 532712

NSE Symbol: RCOM

Dear Sir(s),

Subject: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Update on confirmation of provisional attachment orders (“PAOs”) by the Hon’ble Adjudicating Authority under the Prevention of Money Laundering Act, 2002

Reference: Earlier disclosure dated November 04, 2025 and November 20, 2025, regarding PAOs received from the Directorate of Enforcement (“ED”) in respect of the assets of Reliance Communications Limited (“Company” or “RCOM”) as well as Campion Properties Limited (“CPL”) and Reliance Realty Limited (“RRL”), both companies being wholly owned subsidiaries of RCOM

This is in continuation of our earlier disclosures dated November 04, 2025 and November 20, 2025, wherein we informed the stock exchanges regarding the PAOs received from the ED in respect of the assets of RCOM as well as CPL and RRL, both companies being wholly owned subsidiaries of RCOM.

This disclosure is being made pursuant to regulation 30 read with sub-clause 20 under Clause A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“**Listing Regulations**”).

We wish to inform you that the Hon’ble Adjudicating Authority under the Prevention of Money Laundering Act, 2002 (“**PMLA**”), New Delhi (“**Adjudicating Authority**”), has passed orders on April 10, 2026 (orally pronounced on April 10, 2026 and written copy uploaded on the website of the Adjudicating Authority on April 11, 2026), confirming the attachment of the property under the aforesaid PAO No. 32/2025; PAO No. 36/2025 and PAO No. 40/2025 (“**Orders**”). The details are as follows:

1. Confirmation of the attachment of the property under PAO No. 32/2025: The Hon’ble Adjudicating Authority has passed an order dated April 10, 2026 (written copy uploaded on the website of the Adjudicating Authority on April 11, 2026), in Original Complaint No. 471/2025, confirming the attachment of the property under PAO No. 32/2025 dated October 31, 2025. This relates to “*Lease of Plot of Land admeasuring 3.7 Acres, situated at Maharaja Ranjit Singh Marg, New Delhi -110002, bounded on the North by Government School, on the south by DESU Staff Quarters, on the East by Maharaja Ranjit Singh Marg, and on the west by a service road, containing building named Reliance Centre*” held by CPL.

2. Confirmation of PAO No. 36/2025: The Hon’ble Adjudicating Authority has also passed an order dated April 10, 2026 (written copy uploaded on the website of the Adjudicating Authority on April 11, 2026) in Original Complaint No. 475/2025, confirming the attachment of the property under PAO No. 36/2025 dated November 03, 2025. These relate to:

(a) “*Plot No Gen-1/2 admeasuring about 5,34,468.32 m2 (132.07 acres), situated and lying at Trans Thane Creek Industrial Area, within the village limits of Khairane, Koparkhairane, Savali and Mahape and within the limits of Navi Mumbai Municipal Corporation, Sub-District Thane, District and Registration District Thane*” (held by RRL) in Original Complaint No. 475/2025;

3. Confirmation of PAO No. 40/2025: The Hon’ble Adjudicating Authority has also passed an order dated April 10, 2026 (written copy uploaded on the website of the Adjudicating Authority on April 11,

Registered Office: Reliance Communications Limited. H Block, 1st Floor, Dhirubhai Ambani Knowledge City,
Navi Mumbai - 400 710

CIN No.: L45309MH2004PLC147531



2026) in Original Complaint No. 507/2025, confirming the attachment of the property under PAO No. 40/2025 dated November 19, 2025. These relate to:

- (a) "6th Floor in Fortune Tower, CWing, Maitri Vihar, Chandrasekharapur, Bhubaneswar, District-Khurda, Odisha-751023" (held by RCOM) in Original Complaint No. 507/2025;
- (b) "Commercial Land admeasuring 53,657 Sq. ft. along with building constructed thereon, admeasuring 2,51,200 Sq. ft. comprised in T S No.83/3 Block No.15 of Nungambakkam Town, Egmore Taluk, Chennai District" (held by RCOM) in Original Complaint No. 507/2025;
- (c) "Industrial Plot No. 40-A (North Phase) 3rd Main Road, Ambattur Industrial Estate, Ambattur, Chennai" (held by RCOM) in Original Complaint No. 507/2025;
- (d) "Land Parcel bearing S. No. 34/A/7/C/2, Plot No. 1 admeasuring 442.975 sq. Mtr. & plot no. 2 admeasuring 428.124 sq.mtr., Village Wadgaon Sheri, Pune- land with only RCC structure frame of G+2 construction done" (held by RCOM) in Original Complaint No. 507/2025;
- (e) "07 Buildings no. A8, 42, 6(151), 8(41), 108 (A), 09 and 43 situated at Sector-I, Plot No. MBP/2 in Trans Thane Creek Industrial Area within village limits of Mahape Taluka, District Thane, Navi Mumbai (Also Known as Millennium Business Park)" (held by RRL) in Original Complaint No. 507/2025; and
- (f) "Buildings and infrastructure situated over DhirubhaiAmbani Knowledge City, Navi Mumbai, Maharashtra" (held by RRL) in Original Complaint No. 507/2025.

The Company is under corporate insolvency resolution process, and its affairs, business, and assets are being managed by the resolution professional of the Company ("RP").

Furthermore, legal advice is being sought on the way forward with respect to the aforesaid development.

Pursuant to Regulation 30(2) of the Listing Regulations read with SEBI Circular HO/49/14/14(7)2025-CFD-POD2/1/3762/2026 issued on July 11, 2023 (last updated on January 30, 2026), the requisite disclosure with respect to the above, is set out in **Annexure A** to this letter.

A copy of the Orders received from Adjudicating Authority (PMLA) which were orally pronounced on April 10, 2026 and uploaded on the website of the Adjudicating Authority on April 11, 2026, are attached herewith as **Annexure B**, for your ready reference.

You are requested to kindly take the above information on record.

Thanking you.

Yours faithfully,
For **Reliance Communications Limited**

RAKESH Digitally signed by
RAKESH GUPTA
GUPTA Date: 2026.04.12
15:11:47 +05'30'

Rakesh Gupta
Company Secretary

(Reliance Communications Limited is under corporate insolvency resolution process pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016. With effect from June 28, 2019, its affairs, business and assets are being managed by, and the powers of the board of directors are vested in, the Resolution Professional, Mr. Anish Niranjana Nanavaty, appointed by Hon'ble National Company Law Tribunal, Mumbai Bench, vide order dated June 21, 2019 which was published on the website of the Hon'ble National Company Law Tribunal, Mumbai Bench on June 28, 2019).

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CIN No.: L45309MH2004PLC147531

Annexure A

Disclosure pursuant to Regulation 30(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 issued on July 11, 2023 (last updated on January 30, 2026)

Disclosure regarding the aforementioned Orders passed by the Adjudicating Authority under the Prevention of Money Laundering Act, 2002 (PMLA) dated April, 10, 2026 (which were orally pronounced on April 10, 2026 and written copy was uploaded on the website of the Adjudicating Authority on April 11, 2026)

Sr.	Particulars	Details
1	Name of the authority	Adjudicating Authority, New Delhi (under the Prevention of Money Laundering Act, 2002)
2	Nature and details of the action (s) taken, or order (s) passed	<p>Confirmation of the attachment of the property under Provisional Attachment Order No. 32/2025 dated October 31, 2025, by the Hon'ble Adjudicating Authority <i>vide</i> its order April 10, 2026 in Original Complaint No. 471/2025.</p> <p>Confirmation of the attachment of the property under Provisional Attachment Order No. 36/2025 dated November 03, 2025 and Provisional Attachment Order No. 40/2025 dated November 19, 2025, by the Hon'ble Adjudicating Authority <i>vide</i> its order April 10, 2026 in Original Complaint No. 475/2025 and 507/2025.</p> <p>The Orders confirm the attachment of assets belonging to RCOM, as well as its wholly-owned subsidiaries, Campion Properties Limited (CPL) and Reliance Realty Limited (RRL) in terms of the provisions of the PMLA.</p>
3	Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority	Orders dated April 10, 2026 (which were orally pronounced on April 10, 2026 and written copy of the Orders was uploaded on the website of the Adjudicating Authority on April 11, 2026.
4	Details of the violation(s)/contravention(s) committed or alleged to be committed	For the said details, please refer to the Orders passed by the Adjudicating Authority in respect of the assets of RCOM, RRL and CPL (annexed herewith as Annexure B)
5	Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible	<p>Given that certain assets of Company have been attached pursuant to the said Orders, the same will have an adverse impact on the Company, during the continuance of the Orders passed by the Adjudicating Authority, as referred to above.</p> <p>Furthermore, given that RRL and CPL are wholly-owned subsidiaries of the Company, the value of the investment of the Company in respect of RRL and in respect of CPL might be adversely affected during the continuance of the Orders which attaches certain assets of RRL and CPL.</p>

Registered Office:

Reliance Communications Limited. H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710

CIN No.: L45309MH2004PLC147531

BEFORE THE ADJUDICATING AUTHORITY
(UNDER THE PREVENTION OF MONEY LAUNDERING ACT, 2002)

NEW DELHI

BEFORE

SH. PRADEEP KUMAR UPADHYAY, MEMBER (FINANCE)

ORIGINAL COMPLAINT (OC) 471/2025

IN

PAO NO. 32/2025 DATED 31.10.2025

IN

ECIR/STF/26/2025

ORDER

Date: 10.04.2026

Mr. Jvalin Tejpal,
Deputy Director,
Directorate of Enforcement,
Government of India,
Special Task Force,
Ground Floor, B-Block, Pravartan Bhawan,
Dr. APJ Abdul Kalam Road, New Delhi-110011

.....Complainant

V/s

M/s Reliance Communications Limited,
(through its Resolution Professional Mr. Anish Nanavaty),
CIN: L45309MH2004PLC147531
Address: B-Block, Dhirubhai Ambani Knowledge City (DAKC),
Navi Mumbai, Maharashtra- 400710
Email: Anish.Nanavaty.irp@gmail.com

....Defendant No. 1

M/s Campion Properties Limited,
(through its authorized representative),
CIN: U55101MH2001PLC218815,
Address: B-Block, Dhirubhai Ambani Knowledge City (DAKC),
Navi Mumbai, Maharashtra- 400710
Email: mca.rocfilling@relianceada.com

....Defendant No. 2

Appearance (Hearing on 07.04.2026):-

For the Complainant : Mr. Sanjeev Menon, Ld. Advocate

: Mr. Jvalin Tejpal, DD

: Mr. Kota Ezra Shastry, AD

For the Defendant No. 1 & 2 : Ms. Nimrah Alvi, Ld. Advocate

: Ms. Adyasha Nanda, Ld. Advocate

: Mr. Vishal Pathak, Ld. Advocate

**PRADEEP
KUMAR
UPADHYAY**

Digitally signed by
PRADEEP KUMAR
UPADHYAY
Date: 2026.04.10
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Per Sh. Pradeep Kumar Upadhyay,

Member (Finance)

1. PROVISIONAL ATTACHMENT ORDER:-

The Provisional Attachment Order No. 32/2025 dated 31.10.2025 to be passed by the Deputy Director, Enforcement Directorate, Delhi, in ECIR No. ECIR/STF/26/2025. The said PAO is in respect of immovable/movable properties as detailed in the PAO. Pursuant thereto Original Complaint (OC) u/s 5(5) of Prevention of Money Laundering Act, 2002 (PMLA) came to be filed through E-filing portal on 24.11.2025 before this Authority numbered as OC-471/2025 giving the details of the movable/immovable properties attached on page no. 4 & 5. The said PAO and the OC are the subject matter of the present adjudication.

2. SUBSEQUENT TO THE RECEIPT OF THE COMPLAINT THE REASONS U/S 8(1) OF PMLA 2002 WAS RECORDED BY THE ADJUDICATING AUTHORITY FOR THE PURPOSE OF ISSUE OF NOTICE U/S 8(1) AS UNDER:-

1) “A Provisional Attachment Order (PAO) was issued by the Enforcement Directorate vide PAO No. **32/2025 dated 31.10.2025**. Pursuant to the PAO, Original Complaint (OC) 471/2025, along with its annexures/ RUD, was filed by the Deputy Director, Enforcement Directorate, Delhi (hereinafter referred to as the “Complainant”) on the E-Filing portal on 24.11.2025, under registration No. **20250102020544**. Following a review of the aforementioned documents and the exhibits thereto, the pertinent facts are briefly stated below for the purpose of issuing a notice under section 8(1) of the Act.

2) The complainant, having described the nature of offence and their relation to the immovable property attached, issued Provisional Attachment Order No. **32/2025 dated 31.10.2025** under sub section (1) of section 5 for provisional attachment in the form of immovable property to the extent of **Rs. 21,62,74,40,000/- (Rupees Two Thousand One Hundred Sixty-Two Crores Seventy-Four Lakhs and Forty Thousand Only)** acquired by/ under the possession of the defendant(s) as mentioned on pages 4 - 5 of the OC. The property has been attached as value thereof.

3) It has been brought on record that an FIR bearing No. RC0742025E0005 dated 21.08.2025 was registered by the Central Bureau of Investigation (“CBI”), Banking Securities Fraud Branch (“BSFB”), New Delhi, under Sections 120-B, 406 and 420 of the Indian Penal Code, 1860 (“IPC”) and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1989 (“PCA”), against M/s Reliance

Communications Limited (“RCOM”), Shri Anil D. Ambani, unknown public servants, and unknown others.

The FIR was registered on the basis of a complaint addressed to the CBI by Shri Jyoti Kumar, Deputy General Manager, State Bank of India (“SBI”), Stressed Assets Management Branch (“SAMB”)-III, Tulsiani Chambers, Nariman Point, Mumbai, vide letter dated 18.08.2025.

The complaint alleges that RCOM, its Director Shri Anil D. Ambani, and others committed offences including criminal conspiracy, cheating, criminal breach of trust, and criminal misconduct, thereby causing wrongful loss of ₹2,929.05 crores to SBI, along with a notional interest component of ₹3,661.16 crores.

4) As Sections 120-B and 420 of the IPC and Section 13(2) read with Section 13(1)(d) of the PCA constitute scheduled offences under the PMLA, enquiries under the PMLA were initiated against the persons/entities named in the CBI FIR, after recording the facts of the scheduled offence in ECIR/STF/26/2025 dated 26.08.2025 at the Directorate of Enforcement, Special Task Force.

5) Further, it is stated in the original complaint that:

(a) Credit facilities had been sanctioned by SBI to RCOM, M/s Reliance Telecom Limited, and M/s Reliance Infratel Limited. Collectively, these entities form part of the Reliance – Anil Dhirajlal Ambani Group (“RAAG”). The credit facilities were sanctioned to RAAG by SBI’s CAG-1, Mumbai (9995), Neville House, J.N. Heredia Marg, Ballard Estate, Fort, Mumbai, and by SBI’s Project Finance and Structuring Business Unit at the same branch, during the period from 20.10.2002 to 29.05.2018.

(b) The fraud declared by SBI is based on the forensic audit conducted by BDO India LLP, as per its report dated 15.10.2020, which covers the period from 01.04.2013 to 31.03.2017.

(c) The genesis of the fraud primarily lies in a Consortium/ Multiple Banking Arrangement involving credit facilities availed by RAAG. The accused individuals and companies, acting in conspiracy with each other, allegedly obtained credit facilities through misrepresentation and deception, and after disbursal, misappropriated bank funds by undertaking transactions in violation of the sanction terms and conditions.

(d) RAAG had also availed credit facilities from non-consortium banks during the same period, forming a set of inter-connected transactions, as funds obtained from consortium banks were utilised for servicing non-consortium credit facilities as well.

6) The complainant during the course of the investigation recorded statements u/s 50(2) & 50(3) of the PMLA as mentioned on pages 13 - 44 of the OC, elaborating the modus operandi of the generation of the proceeds of crime and deployment thereof.

7) The reasons to believe under section 5(1) of the PMLA, has been recorded and submitted before this Adjudicating Authority in sealed cover along with materials in possession, along with PAO as mentioned in para 1 supra.

8) From the analysis of the OC and RUDs along with the contents of the alleged scheduled offences under PMLA, it has been noted that the credit facilities availed by RAAG were fraudulently mis-utilized in the following manner:

(a) Loans sanctioned to one group entity by a particular bank were utilized for repayment of loans availed by other group entities from different banks, for transfers to related parties, and for investments in mutual funds, actions that were in clear violation of the respective sanction terms and conditions.

(b) Portions of the loan proceeds were illicitly siphoned off outside India through foreign outward remittances.

(c) Funds were diverted to infrastructure companies controlled by Shri Anil D. Ambani, including M/s Reliance Infrastructure Ltd. and M/s CLE Pvt. Ltd., in breach of the sanctioned loan covenants.

(d) Significant amounts were dissipated through payments to various third parties without any legitimate business justification.

9) The defendants have been alleged to be involved in the laundering of proceeds of crime as per OC and RUDs. The role of the defendant(s) and the involvement of the attached properties in the generation, concealment, layering, or placement of the proceeds of crime have been mentioned in the OC. The reasons to believe under Section 5(1) of the PMLA have been detailed in the OC. Thus, it is noted that the defendants are involved in the process of money laundering. Therefore, the reasons to believe formed by the Deputy Director are prima facie sustainable.

10) There is scheduled offence under PMLA, the role of defendants regarding their involvement in money laundering has been ascertained and there is cogent reasons to believe that the attached properties are directly or indirectly involved in the proceeds of crime and are likely intended to be concealed, transferred or dealt with in a manner that would obstruct the proceedings related to the confiscation of such proceeds.

11) Thus, there are reasons to believe that the properties presently attached under Provisional Attachment Order no. **32/2025 dated 31.10.2025** fall under the definition of “proceeds of crime” as defined under section 2(1)(u) of the PMLA, 2002 which renders them liable to confirmation of attachment under section 8(3) of the said Act.

However, the final view shall be taken after receiving responses from both sides and granting an opportunity of hearing to both parties, as per the schedule mentioned in the show cause notice u/s 8(1) of the PMLA.

Note: - A copy of the aforesaid recording of reasons u/s 8(1) of PMLA 2002 to be sent along with the notice to the Defendant(s)."

3. The show cause notice issued to all parties by the Adjudicating Authority along with reasons to believe recorded under Section 8(1) is as under:-

"Show Cause Notice

1) This show cause notice contains "Reasons to Believe" u/s 8(1) of the PMLA, 2002 wherein the details of the offences are described.

2) The offence of money laundering is very widely defined under section 3 of PMLA as under-

"Offence of money-laundering. —Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property shall be guilty of offence of money-laundering."

3) Mindful of the fact that no opportunity of hearing is mandated to be given to the affected parties at the stage of issuance of PAO, it is in the interest of justice and in the interest of the defendant(s) that they may be served a notice in accordance with the provisions of Section 8(1) of PMLA and be heard.

4) Hence, issue and serve Notice as applicable in the case of defendant(s) to Show Cause to the defendant(s) to indicate the source of their income, earnings or assets out of which or by means of which they have acquired the properties attached under section 5(1), the evidence on which they rely and other relevant information and particulars, and to show cause as to why the properties attached should not be declared to be the properties involved in money-laundering as defined under section 2(1)(u) of the PMLA, 2002 and be confiscated by the Central Government by confirming the PAO.

5) Upon receipt of the Show Cause Notice along with the OC and RUD, the Defendant(s) is/are required to file their written reply(ies) on the E-filing Portal of the Adjudicating Authority, PMLA (<https://efiling.ecourt-dor.gov.in/#/>). The Defendant(s) is/are also required to submit the reply(ies) via email to the Registrar, Adjudicating Authority, PMLA (registraraapmla-rev@nic.in), in both MS Word and PDF formats, on or before **07th January 2026**, with a copy to the Complainant at

the following email IDs: **ddstf2-ed@gov.in** & **adstf21-ed@gov.in**. It is mandatory for the Defendant(s) to provide their email address within **30 days** of receiving this Show Cause Notice. Additionally, a copy of the email regarding the submission of the soft copy must be sent to both the Adjudicating Authority and the Complainant, ensuring that it reaches them on or before the **5th day** following the submission of the reply via email, as mentioned above. Due to the time limitations involved, failure to adhere to the submission schedule may result in the submission not being placed on record. **Further, on receipt of reply on or before 14th January 2026, the complainant is required to file the rejoinder by 14th February 2026 in the manner stated above with a copy to the defendant(s) simultaneously. In this case the opportunity of being heard is provided on 07th April 2026 at 10.30am.** (For the purpose of availing the opportunity of being heard it is mandatory for the defendant(s) to furnish their email for sending of video link at least a month before the date fixed for hearing.)

6) Further, it is also brought to the notice of the complainant and defendant(s) that at least 7 days before the scheduled date of hearing i.e., on **31st March 2026**, for a meaningful discussion on the main issues in the connection with case, the following are required to be submitted on the Email of the Adjudicating Authority:

- (i) The allegations as per the FIR/ Chargesheet not more than two pages.
- (ii) The allegations by the ED including the findings as mentioned in the PAO and the Complaint not more than two pages.
- (iii) Source of funds for each of the property which has been attached along with the arguments that the property is not involved in the money laundering.
- (iv) Gist of reply in response to notice u/s 8(1) not more than two pages and gist of rejoinder submitted by the Complainant not more than two pages.

7) The contents of PAO and the OC make it evident that prima facie compliance to the provisions of section 5 of the PMLA 2002 has been made by the Complainant. However, if any defendant(s) has any objection to it, the same may be raised while submitting of the reply in response to notice u/s 8(1) which will be taken into consideration adhering to the principles of natural justice in course of proceedings and consequently in order u/s 8(3). It is made clear that in view of the statutory time limitation involved such objections though will be considered in the order u/s 8(3) but will not be considered as constraint in filing of reply with reference to terms of notice u/s 8(1) as the reason for the action u/s 5 is evident from the contents of PAO/OC and on perusal thereof notice u/s 8(1) has been issued.”

4. REPLIES, SUBMISSIONS AND REJOINDERS :

Upon receipt of the show cause notice, the Defendant No. 1 & 2 have filed reply and the Complainant filed Rejoinder to the reply thereto. Elaborate written reply is filed by the Defendant and the said written reply and /or submissions made by him from time to time are on record. It is not necessary to reproduce the submissions made by the Defendant. From the background of the facts stated in the present Provisional Attachment Order concerning the scheduled offence and the ECIR based thereon and the PMLA investigation it cannot be said that the Enforcement Directorate has not placed sufficient material to justify the provisional attachment of the properties. However, the confirmation of the properties attached is to be decided after having considered the submissions made in the course of proceedings before this Authority. The submissions are dealt with hereinafter under the caption "CONSIDERATION OF SUBMISSIONS".

5. CONSIDERATION OF SUBMISSIONS:-

Having perused the contents of the Original complaint, the submission of the defendant in response to notice under section 8(1) and the rejoinder thereto and having heard them the relevant point for the purpose of adjudication are discussed hereunder:-

1) IN THIS CASE THE GIST OF THE FIR/CHARGE SHEET:-

A FIR No. RCBD1/2025/E/0005 dated 21.08.2025 was registered by Central Bureau of Investigation ("CBI"), Banking Securities Fraud Branch ("BSFB"), New Delhi, under sections 120-B, 406 and 420 of the Indian Penal Code, 1860 ("IPC") and section 13(2) read with section 13(1)(d) of the Prevention of Corruption Act, 1989 ("PCA") against M/s Reliance Communications Limited ("RCOM"), Mr. Anil D. Ambani ("Mr. Ambani"), unknown public servants & unknown others for offences including criminal conspiracy, cheating, criminal breach of trust, and criminal misconduct thereby, causing wrongful loss of ₹2,929.05 crores to SBI plus notional interest of ₹3,661.16 crores. The genesis of the fraud is primarily a Consortium / Multiple Banking Arrangement ("MBA") involving credit facilities availed by the Reliance Anil Ambani Group (RAAG) of Rs. 6,750 crores in February 2015. However, in the interim period, multiple requests were made by representatives of RCOM and RTL, including Mr. Anil Dhirajlal Ambani, for interim disbursements / sanctioning of credit facilities by individual banks of consortium. There was interim disbursements of consortium loans in 2012/13 by some of the consortium banks. Total outstanding loans of RAAG as per the FIR is Rs. 40,185.55 crores.

2) IN THIS CASE THE GIST OF INVESTIGATION UNDER THE PMLA IS AS UNDER:-

(a) After recording facts of scheduled offence, ECIR/STF/26/2025 dated 26.08.2025 was recorded at the Directorate of Enforcement, Special Task Force. During the

course of investigation, summons were issued to lender banks and statement U/s 50 of PMLA, 2002 was recorded. The investigation under PMLA, 2002 has revealed that RAAG had availed loans from various banks and has utilized the said funds for repayment of older loans and purposes other than declared before the banks, and has defaulted on the same. Further, the Group was also found to be non-compliant with the terms and conditions based on which the loans were sanctioned to the Group on various instances. In certain cases, the dissipation and diversion of the securities pledged by RAAG backing these loans has been identified.

(b) The investigation revealed that the credit facilities availed by RAAG have been fraudulently mis-utilized for repayment of loans taken by other entities from other banks, transfer to related parties and investments in Mutual funds. Certain loans were siphoned off outside India through foreign outward remittances, diverted to infrastructure companies of Mr. Anil Ambani such as M/s Reliance Infrastructure Ltd and M/s CLE Pvt. Ltd. in violation of the sanctioned loan terms. Certain loan amounts were utilized for repayment of loans taken by the company outside India.

(c) The detailed bank-wise trail of loans was prepared and depicted in PAO and OC and therefore the same is not reproduced herein for the sake of brevity.

3) ROLE OF THE DEFENDANTS:-

DEFENDANT NO. 1:-

RCOM availed loans under consortium and Multi-Banking Arrangement and other credit facilities from Indian Banks. Further, the company has also availed ECBs from foreign banks and has also raised funds by way of issuance of FCCBs. The loans availed by RCOM started becoming NPA from 2017. Total outstanding loan till the date of FIR was Rs. 40,185.55 crores. On examination of the utilization of these loans, it was observed that:

a. The loan proceeds were routed through multiple banking channels including SBI, HDFC Bank, ICICI Bank and YES Bank before reaching ultimate beneficiary accounts, indicating layered movement of funds rather than direct application towards stated end-use.

b. The fund trails reflect recurring inter-se transfers between entities of the Reliance Group, including RCOM, RITL, RTL and other group concerns, without corresponding evidence of contemporaneous underlying commercial transactions in the fund trails.

c. A consistent pattern of parking of substantial loan proceeds in liquid mutual fund schemes has been observed, which is inconsistent with utilisation for operational expenditure or capital deployment.

d. The transaction patterns do not reflect direct payments to identifiable third-party vendors, OEMs, infrastructure providers or service contractors, which would ordinarily be expected where funds are deployed for genuine business operations.

e. Certain bank accounts appear to have been used as nodal transit accounts for routing significant volumes of funds across multiple facilities and entities, indicating structured routing of transactions.

f. A pattern is also evident wherein fresh borrowings were utilised to adjust or regularise earlier loan exposures, several of which themselves exhibit indicators of deviation from sanctioned end-use, suggesting a cycle of refinancing rather than deployment towards productive economic activities.

DEFENDANT NO. 2:-

M/s Campion Properties Limited ("CPL") has received significant funds from RCOM, RTL and RITL over the years. CPL is one of the wholly owned subsidiaries of RCOM since 2006. Based on analysis of the audited financial statements filed by CPL with MCA it is revealed that CPL is merely a shell company purchased and held by RCOM for the sole reason of holding the asset of the leasehold land and its enjoyment by RCOM. Further, from a perusal of the bank accounts of CPL, it is revealed that from the period 09.10.2002 till 01.10.2025 the total credits in CPL's HDFC A/c #30310004483 are ₹156,66,35,108, of which 83%, i.e. ₹129,86,36,945 are from RCOM itself. Therefore, the entire operational and financial lifeline of CPL rests on funding infused from RCOM. RCOM is the effective owner of the assets of CPL, which has been demonstrated with evidence of bank-account analysis as well as scrutiny of the audited financial statements of CPL.

4) GIST OF THE REPLY/REJOINDER:-

GIST OF THE REPLY OF DEFENDANT NO. 1	GIST OF REJOINDER OF DEFENDANT NO. 1
<p>1. The Property attached by the Complainant does not belong to RCOM. The Complainant admitted at paragraph 6.52 of the OC, that the Property has been leased to CPL (known as Hotel Sleepwell Pvt. Ltd. at the time) by the President of India through Land & Development Officer, Ministry of Urban Development and Poverty Alleviation for a period of 99 years from the date of execution of the Lease Deed. Therefore, the requirement to provide any source of income, earning or assets by RCom for obtaining the Property in response to the SCN, does not arise. The Property has been attached on the basis of the allegation that CPL is a shell company by virtue of it being a wholly owned subsidiary of RCom. The sole premise for attachment of the Property is that 100% of the CPL's shareholding is owned by</p>	<p>1. The Provisional Attachment Order has been issued strictly in accordance with the mandate of Section 5 of the Prevention of Money Laundering Act, 2002. The statutory pre-conditions as contemplated under Section 5 stand fully satisfied in the present case.</p> <p>2. Before issuing Provisional Attachment Order (PAO), the Authorized Officer recorded a duly reasoned "reason to believe" under Section 5 of the PMLA, 2002, based on material in his possession, that (i) the person was in possession of proceeds of crime, and (ii) such proceeds were likely to be concealed, transferred, or dealt with in a manner that could frustrate confiscation proceedings.</p> <p>3. The PAO reflects that substantial and tangible material existed before its issuance, including FIRs registered by the CBI, the ECIR, documents collected during investigation,</p>

<p>RCom, which is completely flawed, fallacious and contrary to the well settled principles of corporate law regarding separate corporate juristic identity. The Complainant has erroneously treated CPL's assets as those of RCom, as it is a well settled principle that the shareholders of a company, irrespective of their number, do not own the assets of a company. The CPL has a separate corporate personality from that of its shareholder, i.e., RCom.</p> <p>2. The well-established principles of law do not countenance lifting of the corporate veil in a casual and routine fashion without there being any allegation of fraud, evasion or wrong-doing on part of an entity.</p>	<p>admissible statements recorded under Section 50 of PMLA, bank account statements, financial statements of M/s Campion Properties, email correspondence from ITDC, Share Purchase and Lease Agreements, summons issued during investigation, and a valuation report. The "reason to believe" was thus founded on cogent and comprehensive material.</p> <p>4. The PAO details the scheduled offence, registration of ECIR, investigation under PMLA, generation and utilisation of proceeds of crime, and bank-wise tracing of fund flows from credit facilities. It further examines the role of entities such as M/s Campion Properties, indicators of shell company characteristics, effective ownership and control of RCOM, and alleged attempts to influence the resolution process, all supported by documentary and financial analysis.</p> <p>5. The attachment was necessary to prevent concealment, transfer, or alienation of properties identified as equivalent value of proceeds of crime under Section 2(1)(u) read with Section 5(1) of the PMLA.</p> <p>6. The present case exemplifies money laundering carried out by a beneficial owner under the cover of the corporate veil. Courts have consistently recognized that corporate structures may be misused to conceal true ownership, source of funds, and unlawful activities. Judicial precedents establish that where corporate personality is used to perpetrate fraud, evade obligations, or facilitate illegal acts, courts are empowered to lift the corporate veil to ascertain the real nature of transactions and identify the persons in actual control.</p> <p>7. Section 70 of the PMLA enables penetration of the corporate structure to fix liability on those responsible for the company's affairs. Persons who control and benefit from unlawful activities cannot seek refuge behind corporate identity. Given the magnitude of alleged money laundering in the present case, the defendant's objection to lifting the corporate veil is stated to be untenable.</p> <p>8. M/s Reliance Communications Limited itself, in its filing dated 16.02.2024 before the Bombay Stock Exchange and National Stock Exchange, has invited expressions of interest for the sale of the property attached in PAO 32/2025.</p>
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	Therefore, the defendant's claim that assets of CPL cannot be considered as assets of RCOM is wholly incorrect.
GIST OF THE REPLY OF DEFENDANT NO. 2	GIST OF REJOINDER OF DEFENDANT NO. 2
<p>1. The ECIR dated 26.08.2025, which led to the issuance of the Provisional Attachment Order (PAO), is based on a CBI FIR dated 21.08.2025, CPL is not named as an accused in the predicate offence FIR of CBI dated 21.08.2025.</p> <p>2. The property was acquired in 2002, nearly a decade prior to the alleged scheduled offences, and there is no allegation of CPL's involvement in such offences. The property is attached under the second limb of Section 2(1)(u) of the PMLA, i.e., as "value thereof," thereby admitting that the property is not itself tainted or directly derived from proceeds of crime. The attachment is based solely on RCom's 100% shareholding in CPL, and not on any allegation that the property was acquired from actual proceeds of crime.</p> <p>3. Attachment of 'value of such property' under section 2(1)(u) is only applicable to the property of the accused - CPL, not being an accused under Section 3 of PMLA and being a separate legal entity from RCom, cannot be subjected to such attachment.</p> <p>4. There is no allegation in the Original Complaint of CPL having committed any scheduled offence or offence of money laundering, nor any allegation connecting CPL or the attached property with the generation, movement, utilisation, or repayment of the alleged proceeds of crime relating to RCom's loans. No nexus has been established between CPL/the Property and the alleged proceeds of crime.</p> <p>5. Attachment under the second limb of Section 2(1)(u) of the PMLA—i.e., attachment of the "value of such property"—is permissible only where the actual proceeds of crime are untraceable, intermingled, or dissipated. For a valid attachment under Section 5, the Complainant must establish: (i) a nexus with a scheduled offence; (ii)</p>	<p>1. The PAO has been issued strictly in accordance with the mandate of Section 5 of the Prevention of Money Laundering Act, 2002. The statutory pre-conditions as contemplated under Section 5 stand fully satisfied. Prior to issuance of the PAO, the Authorized Officer recorded a duly reasoned "reason to believe" under Section 5 of the PMLA, 2002, based on material in his possession, that (i) the person was in possession of proceeds of crime, and (ii) such proceeds were likely to be concealed, transferred, or dealt with in a manner that could frustrate confiscation proceedings.</p> <p>2. The PAO reflects that substantial and tangible material existed before its issuance, including FIRs registered by the CBI, the ECIR, documents collected during investigation, admissible statements recorded under Section 50 of PMLA, bank account statements, financial statements of M/s Campion Properties, email correspondence from ITDC, Share Purchase and Lease Agreements, summons issued during investigation, and a valuation report. The "reason to believe" was thus founded on cogent and comprehensive material.</p> <p>3. The PAO details the scheduled offence, registration of ECIR, investigation under PMLA, generation and utilisation of proceeds of crime, and bank-wise tracing of fund flows from credit facilities. It further examines the role of entities such as M/s Campion Properties, indicators of shell company characteristics, effective ownership and control of RCOM, and alleged attempts to influence the resolution process, all supported by documentary and financial analysis.</p> <p>4. All statutory prerequisites under Section 5 were duly complied with, rendering the attachment legally sustainable. The attachment was necessary to prevent concealment, transfer, or alienation of properties identified as equivalent value of proceeds of crime under Section 2(1)(u) read with Section 5(1) of the PMLA.</p> <p>5. Attachment of properties as value thereof is within the canons of law. It is a trite law, and</p>

<p>generation of proceeds of crime as defined under Section 2(1)(u); (iii) involvement of the accused in the process or activity constituting money laundering under Section 3; and (iv) a duly recorded “reasons to believe” identifying the value of such proceeds. In the absence of this foundational requirement, the attachment is unsustainable in law. Reliance is placed on the judgment of Vijay Madanlal Choudhary v. Union of India, (2023) 12 SCC 1.</p> <p>6. The Complainant has not undertaken any independent quantification of the alleged proceeds of crime. The FIR, specifies wrongful loss of ₹2,929.05 crores plus notional interest of ₹3,661.16 crores however PAO incorrectly states the value as ₹40,185.55crores, this reflects a clear discrepancy in valuation. There is no material in the OC or PAO showing efforts to trace the alleged proceeds of crime. No finding is recorded that such proceeds have become untraceable, intermingled, or dissipated. Such determination is mandatory for invoking attachment under the “value thereof” limb of Section 2(1)(u).The Complainant has merely reproduced details of alleged fund diversion in tabular form. It has failed to demonstrate how those funds are presently unavailable or dissipated. A vague averment in paragraph 5.2 of the PAO is insufficient to establish statutory compliance for attachment.</p> <p>7. Emergency attachment can only be of tainted property. The PAO is issued under the second proviso to Section 5(1) of PMLA, despite none of the conditions for invocation of the said proviso being met. The Property was acquired by CPL much prior to the alleged scheduled offence and is admittedly not involved in money laundering. There is no material available on record to show that the Property was, directly or indirectly acquired from the alleged proceeds of crime. Accordingly, the PAO falls foul of Condition 1.</p> <p>8. CPL could not verify whether “reasons to believe” have been recorded under the second proviso to Section 5(1) of</p>	<p>time & again has been reiterated by the Hon’ble Courts that the Authority under the law has power not only to attach ‘tainted’ but also ‘untainted properties’/ any other asset/property of equivalent value to the extent the property is not traceable/deficient/ not reachable to the authorities. The same has been observed by the Hon’ble Delhi High Court in Deputy Director v/s Axis Bank 2019 SCC Online Del 7854.</p> <p>6. In Vijay Madanlal Choudhary v Union of India 2022 SCC Online 929 it has been observed by the Hon’ble Supreme Court that the proceeds of crime is wide enough to not only refer property derived / obtained as a result of criminal activity related to such scheduled offence but also value of such property.</p> <p>7. In, K. Rethinam v Union of India 2018 SCC Online Del 6523, the Hon’ble Delhi High Court held that the expression ‘value of any such property’ would be a value equivalent to the value of a property derived or obtained directly or indirectly by criminal activity. The property itself may no longer be available but the equivalent value of such property, would be liable for attachment.</p> <p>8. In Asset Reconstruction Company v Deputy Director, Directorate of Enforcement, 2024 SCC Online AT SAFEMA 14, the Appellate Tribunal for SAFEMA Act held that properties mortgaged with banks prior to the commission of scheduled offences under the PMLA can be attached as "value" of proceeds of crime, even if they were not purchased using tainted funds. The Tribunal observed that the definition of "proceeds of crime" under Section 2(1)(i) of PMLA is wide enough to include not just property derived from criminal activity, but also property of equivalent value.</p> <p>9. Property acquired prior to the commission of the scheduled offence can be attached under the PMLA. In Suresh Devi v The Deputy Director, Directorate of Enforcement, Jalandhar FPA-PMLA-4964/DLI/2023. The Tribunal emphasised that in the absence of direct proceeds of crime, other assets can be attached as equivalent value.</p> <p>10. The attachment can be effected against subsidiary companies that are not accused in the scheduled offence must be examined in the</p>
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<p>PMLA for exercising the power of emergency attachment.</p> <p>9. There can be no cause to suspect that the Property could be dealt with in any manner to frustrate the proceedings, making the PAO foul of Condition 2</p> <p>10. At Paragraph 5 of the PAO, the Complainant has made certain averments under the head “Recording of Reasons to Believe”, which are completely vague and have no relevance to the Property.</p> <p>11. The averments are unsustainable in light of Condition 2 as the apprehensions are based on uncorroborated allegations regarding attempts to influence RCom’s CIRP, which commenced in 2018. Even if assumed to be true, such allegations have no connection to CPL, the owner of the attached property. RCom is presently under CIRP and managed by an independent Resolution Professional, not its erstwhile management.</p> <p>12. Mere reproduction of the language of Section 5(1) of the PMLA does not amount to valid recording of “reasons to believe.” The statute mandates that such reasons must be specific, cogent, and based on tangible material in possession, particularly with respect to the apprehension that non-attachment would frustrate proceedings.</p> <p>13. There is no material indicating any likelihood that the property would be concealed, transferred, or otherwise dealt with to defeat the proceedings. The PAO fails to satisfy the second statutory condition under Section 5(1). It is further submitted that the requirement of recording reasons is a substantive safeguard, and a mere pretence or mechanical reproduction of statutory wording cannot substitute a valid decision-making process. The Complainant has failed to adhere to these settled legal standards. Reliance is placed on Hon’ble Supreme Court in Income Tax Officer, Calcutta v. Lakhmani Mewal Das (1976) 3 SCC 757</p> <p>14. Corporate veil cannot be lifted to attach the property of CPL. It is submitted that the OC and PAO are founded on allegations that do not form part of the FIR or the underlying complaint in respect of the</p>	<p>context of the specific facts and circumstances of the present case as under:</p> <p>a. Champion Properties Limited is a wholly-owned subsidiary of RCOM, holding 100% shares. It is a shell company wherein the net revenue is either nil or minimal since inception. The capital base of the company is supported by a term loan of Rs 152.75 crore by RCOM which constitutes majority of the entire balance sheet of the company from inception till date. Champion has no employees from 2007-08 onwards till date and has no electricity expenditure from F.Y. 10-11 onwards.</p> <p>b. RCOM’s principal place of business in the NCT of Delhi, as per its GSTIN (07AACCR7832C1ZJ) is Reliance Centre, Maharaja Ranjit Singh Marg, New Delhi – 110002, which is the same property as the one leased by CPL.</p> <p>c. RCOM itself, in its filing dated 16.02.2024 before the Bombay Stock Exchange and National Stock Exchange, has invited expressions of interest for the sale of the property attached in PAO 32/2025. Therefore, the defendant’s claim that assets of CPL cannot be considered as assets of RCOM is wholly incorrect.</p> <p>11. In the present facts, the case reflects money laundering conducted by a beneficial owner behind the corporate veil. Corporate structures can be misused to conceal true ownership, the source of funds, and unlawful activities. Courts have consistently recognized such potential misuse of corporate personality. Where the corporate form is employed to perpetrate fraud or facilitate illegality, courts may intervene. Accordingly, courts are empowered to lift the corporate veil to uncover the real nature of transactions and identify the persons in actual control.</p> <p>12. Section 70 of the PMLA enables penetration of the corporate structure to fix liability on those responsible for the company’s affairs. Persons who control and benefit from unlawful activities cannot seek refuge behind corporate identity. Given the magnitude of alleged money laundering in the present case, the defendant’s objection to lifting the corporate veil is stated to be untenable.</p>
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<p>scheduled offence. The Complainant has exceeded its jurisdiction by introducing allegations—such as CPL being a shell company of RCOM—which are beyond the scope of the FIR and the investigation into the scheduled offence.</p> <p>15. There is no averment of CPL being used to perpetuate a fraud, circumvent a statute or for a wrongful purpose. The Complainant cannot deploy the civil threshold of fraud to lift the corporate veil in a PMLA proceeding to evade the requirement of as scheduled offence or the offence of money laundering to be made out qua CPL.</p> <p>16. The premise for attachment of the Property is that 100% of CPL’s shareholding is owned by RCom. Such attachment is completely flawed, fallacious and contrary to the well settled principles of corporate law regarding separate corporate juristic identity. RCOM is not the owner of CPL’s assets.</p> <p>17. The PAO has been issued on the basis of mere presumption and suspicion without any material, much less cogent material.</p> <p>18. Attaching CPL’s property despite not being an accused and having acquired the property prior to the alleged scheduled offence would be legally unjust. The law, affords protection to similarly placed properties of an accused, making such attachment discriminatory. Section 24 of the PMLA was not intended to cast the burden of proof on a non-accused for property acquired before the alleged offence.</p> <p>19. BDO Report not supplied to CPL contrary to the principles of natural justice.</p>	<p>13. All the relevant documents as mandated under the law has been duly complied with. The reasons to believe recorded by the Complainant u/s 5 of the PMLA are to be sent to the Adjudicating Authority in a sealed cover in terms of Section 5(2) of the PMLA and providing a copy of the same to the petitioner will run contrary to the scheme of the Act.</p> <p>14. In Vijay Madanlal Choudhary & Ors. vs. Union of India & Ors. 2022 SCC OnLine SC 929 at Para 282, 290, 457, 467, wherein it has been specifically held that ECIR is not a statutory document, it is only an internal document of the ED and there is no requirement of supplying a copy of the same.</p> <p>15. The complainant has not placed any reliance upon the forensic audit report of BDO India LLP for forming its independent satisfaction under the PAO, Original Complaint or reasons to believe.</p> <p>16. Proceedings under Section 5 of the PMLA are civil and preventive, aimed at securing proceeds of crime to safeguard future confiscation. At the stage of provisional attachment and confirmation, the Adjudicating Authority need not conduct a mini-trial but only verify if statutory conditions are met. It is asserted that in the present case, all such requirements have been duly satisfied.</p> <p>17. The PAO (paras 3.29–3.31 and 5) details the apprehension that the company may alienate RAAG’s assets. The “reasons to believe” are based on tangible material and are corroborated by statements recorded under Section 50 of the PMLA, which are legally admissible. In law, only the existence of “reasons to believe” is subject to scrutiny, not the adequacy or sufficiency of those grounds.</p> <p>18. In cases involving attachment of properties, the presumption under Section 24 of the PMLA may be invoked. The authority shall/may presume that the attached properties constitute proceeds of crime involved in money-laundering. The burden of proof then shifts to the accused to establish that such properties are not involved in money-laundering.</p>
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OC NO. 471/2025 PMLA

5) THE APPLICATION FILED BY DEFENDANT NO. 1 VIDE EMAIL DATED 25.03.2026 IS AS UNDER:-

“MOST RESPECTFULLY SHEWETH:

1. The present application is being filed by the Applicant/Defendant No. 1 in the captioned proceedings to place its objection on the additional documents filed by the Complainant along with its rejoinder dated February 13, 2026. The Applicant/Defendant No. 1 seeks liberty to rely on the contents of its reply dated January 22, 2026, and the same are not repeated here for the sake of brevity.

2. It is stated that the Complainant has, by way of its rejoinder dated February 13, 2026, sought to place on record the following additional documents:

(i) Order dated February 04, 2026 passed by the Hon’ble Supreme Court in W.P. (C) No. 1217/2025 (E.A.S. Sarma v. Union of India & Ors.)

(ii) Order dated February 10, 2026 passed by the Hon’ble Delhi High Court in W.P. (C) No. 995/2026 (Campion Properties Limited v. Deputy Director, Directorate of Enforcement &Anr.) and W.P. (C) No. 1024/2026 (Reliance Realty Limited v. Deputy Director, Directorate of Enforcement &Anr.)

(iii) Disclosure dated February 16, 2024 under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Reliance Communications Limited (“**RCom Disclosure**”).

3. While the documents at 2 (i) and 2 (ii) above are orders of the Hon’ble Court, the Applicant humbly submits that:

(i) The order dated February 04, 2026 in W.P. (C) No. 1217/2025 has no relevance to the present *lis* as it does not pertain to the present attachment order. The adjudication proceedings under Section 8 of the Prevention of Money Laundering Act, 2002 (“**PMLA**”) have to be conducted basis the alleged facts in the provisional attachment order and the complaint as per Section 5 r/w Section 8 of PMLA. The Complainant, however, has sought to attach an order of the Hon’ble Supreme Court, which has no relevance to the present proceedings, merely to cause prejudice to the Applicant.

(ii) While the order dated February 10, 2026 in W.P. (C) No. 995/2026 pertains to the same provisional attachment order, it is submitted that the same has no relevance to the present proceedings. Further, it is submitted that the Complainant’s averment regarding the said petition being dismissed is a blatant attempt to mislead this Ld. Adjudicating Authority and cause prejudice to the Applicant.

4. The Applicant strongly objects to the Complainant placing on record the RCom Disclosure, for the following reasons:

(i) It is submitted that the RCom Disclosure did not form any part of the ‘reasons to believe’ or ‘relied upon documents’ or the provisional attachment order itself. The provisional attachment order must stand on its own legs. The Complainant cannot improve upon the said order by adducing further documents. The Hon’ble Supreme Court in *Mohinder Singh Gill v. Chief Election Commissioner* (1978) 1 SCC 405, has clearly held that when a statutory functionary makes an order based on certain grounds, its validity must be judged by the reasons so mentioned and cannot be supplemented by fresh reasons in the shape of an affidavit or otherwise. This principle

has been further affirmed by the Hon'ble Supreme Court in *Opto Circuits (India) Ltd v. Axis Bank* (2021) 6 SCC 707.

(ii) It is submitted that the proceedings before this Ld. Adjudicating Authority under Section 8 of PMLA are confirmatory in nature. The scope of such proceedings is to examine whether the attachment order, as passed, ought to be confirmed basis the contents of the attachment order filed with original complaint under Section 5(5), "reasons to believe" under Section 5 of PMLA and "relied upon documents" filed by the Complainant before the Ld. Authority. The Complainant cannot be permitted to expand the foundation of its order by introducing fresh documents at the stage of the Rejoinder, the same being contrary to the scheme of PMLA.

(iii) Without prejudice, it is submitted that the RCom Disclosure pre-dates the provisional attachment order and was at all material times available to the Complainant. However, the same clearly was never the basis of attachment under Section 5 of PMLA. Adducing the said document is merely an afterthought and an attempt by the Complainant to improve its case.

5. In light of the above, the Applicant submits that the RCom Disclosure should not be taken on record by the Ld. Authority and accordingly should not be considered for the determination of the present *lis*.

6. Without prejudice to the above, even a bare perusal of the RCom Disclosure reveals that the assets of the Applicant's subsidiary i.e. Champion Properties Limited ("CPL"), have not been treated as the assets of the Applicant because:

(a) The following extracts from Annexure A to the RCom Disclosure i.e. i.e. "Invitation to submit Expression of Interest for sale of certain assets of Reliance Communications Limited and certain assets of Reliance Realty Limited and Champion Properties Limited", show that it is only the shares of RRL held by the Applicant that have been treated as Applicant's assets as is clear from the definition of "RCom Assets" at paragraph 3 of said Annexure A. Accordingly, expression of interest sought by the Resolution Professional of the Applicant is limited to the investment of Applicant in RRL.

"3. The RP under the instructions and authorization of the committee of creditors of the Corporate Debtor ("CoC"), is desirous of selling (i) **certain real estate assets of Corporate Debtor**, and/or (ii) shares of Champion Properties Limited ("CPL") and Reliance Realty Limited ("RRL"), wholly owned subsidiaries of the Corporate Debtor, as more particularly set out in Annexure 1 hereto, held by the Corporate Debtor (**real estate assets** and shareholding of CPL and RRL are hereafter collectively referred to as the "Rcom Assets"), to potential bidders in terms of Regulation 29 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ("CIRP Regulations"), for maximization of value of assets. In this regard, the RP had pursuant to the authorization of the CoC filed an application with the NCLT, Mumbai Bench seeking its approval for sale of the RCom Assets under Regulation 29 of the CIRP Regulations and in terms of the order dated December 7, 2023, the NCLT has allowed the same.

...5. Accordingly, this communication is being issued by the RP (under the instructions of the CoC) for inviting expressions of interest by interested parties for submission of bids **in respect of sale of the assets of the Corporate Debtor and the shareholding of**

RRL and/or CPL held by the Corporate Debtor, as more particularly set out in Annexure I hereto.

(b) The said Annexure A is an invitation by an independent Resolution Professional of the Applicant and not its erstwhile management.

7. Further, without prejudice to the above, from a perusal of the RCom Disclosure, it is clear that the sale of assets of CPL was contemplated pursuant to meeting with the committee of creditors of the Applicant, where specific consent was taken from the management of CPL. The below extracts only reflect the clear intention and understanding that the assets of CPL are separate and distinct from that of the Applicant:

“4. Further, the CoC is also desirous of potential maximization of value of the Corporate Debtor by way of sale of assets of CPL and RRL and in furtherance of the same, CPL and RRL have also agreed to undertake the sale of certain identified real estate assets held by them respectively, as more particularly set out in Annexure I hereto, to potential bidders.

...

6. Further, **pursuant to the authorisation by RRL and CPL**, this communication is also being issued by the RP, for and on behalf of RRL and CPL, for inviting expressions of interest by interested parties for submission of bids in respect of the sale of identified real estate assets held by them respectively, as more particularly set out in Annexure I hereto, to potential bidders.

7. With a view to value maximization, the RP under the authorization of the **CoC is running a common process for seeking bids for sale of the RCOM Assets (including the shareholding in RRL and CPL) as well as for the identified assets of RRL and CPL (pursuant to the authorization by their respective boards).**

...

9. The sale of assets of RRL and CPL is being conducted by RRL and CPL, through a common sale process, to provide flexibility to potential bidders with the overall objective of value maximization, to offer them an opportunity to bid for the identified assets of RRL and / or CPL as set out in Annexure I.

10. With respect to the assets (including shares of CPL and / or RRL) owned by the Corporate Debtor (as set out in Annexure I hereto), each potential bidder may bid for one or more of such assets and submit expression of interest for any of the assets of the Corporate Debtor (including shareholding of RRL and / or CPL) set out in Annexure I. Any potential bidder interested in the assets of RRL and / or CPL may bid for the assets of RRL and / or CPL set out in Annexure I and submit an expression of interest for the same.”

Note:

...

4. In respect of the assets of RRL and CPL, the sale of their respective assets is subject to the approval of their respective board of directors and shareholders.”

8. Further, it is submitted that the reliance upon the RCom Disclosure is merely placed to mislead this Ld. Adjudicating Authority by diverting this Ld. Adjudicating Authority’s attention from the sufficiency of ‘reasons to believe’ forming part of the provisional attachment order.

9. In view of the above, it is submitted that the additional documents sought to be relied upon by the Complainant in its rejoinder, were not forming part of the relied-upon-documents in the captioned original complaint and have been adduced at the stage of filing the rejoinder in order to mislead this Ld. Authority. Accordingly, the Complainant should not be allowed to place reliance upon the additional documents filed with the rejoinder.

PRAYER

In the facts and circumstances stated hereinbefore, it is humbly prayed that this Ld. Adjudicating Authority may be kindly be pleased to:

1. To pass an order directing that the additional documents placed on record by the Complainant in its rejoinder, are not relevant and cannot be taken on record and be relied upon by the Complainant; and
2. To pass such other and/or further orders as this Ld. Adjudicating Authority may deem fit in the facts and circumstances of the present case. ”

6) THE APPLICATION FILED BY DEFENDANT NO. 2 VIDE EMAIL DATED 25.03.2026 IS AS UNDER:-

“MOST RESPECTFULLY SHEWETH:

1. The present application is being filed by the Applicant/Defendant No. 2 in the captioned proceedings to place its objection on the additional documents filed by the Complainant along with its rejoinder dated February 13, 2026. The Applicant/Defendant seeks liberty to rely on the contents of its reply dated January 22, 2026, and the same are not repeated here for the sake of brevity.

2. It is stated that the Complainant has, by way of its rejoinder dated February 13, 2026, sought to place on record the following additional documents:

(iv) Order dated February 04, 2026 passed by the Hon’ble Supreme Court in W.P. (C) No. 1217/2025 (E.A.S. Sarma v. Union of India & Ors.)

(v) Order dated February 10, 2026 passed by the Hon’ble Delhi High Court in W.P. (C) No. 995/2026 (Campion Properties Limited v. Deputy Director, Directorate of Enforcement &Anr.) and W.P. (C) No. 1024/2026 (Reliance Realty Limited v. Deputy Director, Directorate of Enforcement &Anr.)

(vi) Disclosure dated February 16, 2024 under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Reliance Communications Limited (“**RCom Disclosure**”).

3. While the documents at 2 (i) and 2 (ii) above are orders of the Hon’ble Court, the Applicant humbly submits that:

(iii) The order dated February 04, 2026 in W.P. (C) No. 1217/2025 has no relevance to the present *lisas* it does not pertain to the present attachment order. The adjudication proceedings under Section 8 of the Prevention of Money Laundering Act, 2002 (“**PMLA**”) have to be conducted basis the alleged facts in the provisional attachment order and the complaint as per Section 5 r/w Section 8 of PMLA. The Complainant, however, has sought to attach an order of the Hon’ble Supreme Court, which has no relevance to the present proceedings, merely to cause prejudice to the Applicant.

(iv) While the order dated February 10, 2026 in W.P. (C) No. 995/2026 pertains to the same provisional attachment order, it is submitted that the same has no relevance to the present proceedings. Further, it is submitted that the Complainant's averment regarding the said petition being dismissed is a blatant attempt to mislead this Ld. Adjudicating Authority and cause prejudice to the Applicant.

4. The Applicant strongly objects to the Complainant placing on record the RCom Disclosure, for the following reasons:

(iv) It is submitted that the RCom Disclosure did not form any part of the 'reasons to believe' or 'relied upon documents' or the provisional attachment order itself. The provisional attachment order must stand on its own legs. The Complainant cannot improve upon the said order by adducing further documents. The Hon'ble Supreme Court in *Mohinder Singh Gill v. Chief Election Commissioner* (1978) 1 SCC 405, has clearly held that when a statutory functionary makes an order based on certain grounds, its validity must be judged by the reasons so mentioned and cannot be supplemented by fresh reasons in the shape of an affidavit or otherwise. This principle has been further affirmed by the Hon'ble Supreme Court in *Opto Circuits (India) Ltd v. Axis Bank* (2021) 6 SCC 707.

(v) It is submitted that the proceedings before this Ld. Adjudicating Authority under Section 8 of PMLA are confirmatory in nature. The scope of such proceedings is to examine whether the attachment order, as passed, ought to be confirmed basis the contents of the attachment order filed with original complaint under Section 5(5), "reasons to believe" under Section 5 of PMLA and "relied upon documents" filed by the Complainant before the Ld. Authority. The Complainant cannot be permitted to expand the foundation of its order by introducing fresh documents at the stage of the Rejoinder, the same being contrary to the scheme of PMLA.

(vi) Without prejudice, it is submitted that the RCom Disclosure pre-dates the provisional attachment order and was at all material times available to the Complainant. However, the same clearly was never the basis of attachment under Section 5 of PMLA. Adducing the said document is merely an afterthought and an attempt by the Complainant to improve its case.

5. In light of the above, the Applicant submits that the RCom Disclosure should not be taken on record by the Ld. Authority and accordingly should not be considered for the determination of the present *lis*.

6. Without prejudice to the above, even a bare perusal of the RCom Disclosure reveals that the assets of the Applicant have not been treated as the assets of Reliance Communications Limited/Defendant No. 1 because:

(c) The following extracts from Annexure A to the RCom Disclosure i.e. i.e. "*Invitation to submit Expression of Interest for sale of certain assets of Reliance Communications Limited and certain assets of Reliance Realty Limited and Campion Properties Limited*", show that it is only the shares of the Applicant held by Defendant No. 1 that have been treated as Defendant No. 1's assets as is clear from the definition of "**RCom Assets**" at paragraph 3 of said Annexure A. Accordingly, expression of interest sought by the Resolution Professional of Defendant No. 1 is limited to the investment of Defendant No. 1 in the Applicant.

"3. *The RP under the instructions and authorization of the committee of creditors of the Corporate Debtor ("CoC"), is desirous of selling (i) certain real estate assets of*

Corporate Debtor, and/or (ii) shares of Campion Properties Limited ("CPL") and Reliance Realty Limited ("RRL"), wholly owned subsidiaries of the Corporate Debtor, as more particularly set out in Annexure 1 hereto, held by the Corporate Debtor (real estate assets and shareholding of CPL and RRL are hereafter collectively referred to as the "Rcom Assets"), to potential bidders in terms of Regulation 29 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ("CIRP Regulations"), for maximization of value of assets. In this regard, the RP had pursuant to the authorization of the CoC filed an application with the NCLT, Mumbai Bench seeking its approval for sale of the RCom Assets under Regulation 29 of the CIRP Regulations and in terms of the order dated December 7, 2023, the NCLT has allowed the same.

*...5. Accordingly, this communication is being issued by the RP (under the instructions of the CoC) for inviting expressions of interest by interested parties for submission of bids **in respect of sale of the assets of the Corporate Debtor and the shareholding of RRL and/or CPL held by the Corporate Debtor**, as more particularly set out in Annexure 1 hereto.*

(d) The said Annexure A is an invitation by an independent Resolution Professional of Defendant No. 1 and not its erstwhile management.

7. Further, without prejudice to the above, from a perusal of the RCom Disclosure, it is clear that the sale of assets of the Applicant was contemplated pursuant to meeting with the committee of creditors of Defendant No. 1, where specific consent was taken from the management of the Applicant. The below extracts only reflect the clear intention and understanding that the assets of the Applicant are separate and distinct from that of Defendant No. 1:

"4. Further, the CoC is also desirous of potential maximization of value of the Corporate Debtor by way of sale of assets of CPL and RRL and in furtherance of the same, CPL and RRL have also agreed to undertake the sale of certain identified real estate assets held by them respectively, as more particularly set out in Annexure 1 hereto, to potential bidders.

...

*6. Further, **pursuant to the authorisation by RRL and CPL**, this communication is also being issued by the RP, for and on behalf of RRL and CPL, for inviting expressions of interest by interested parties for submission of bids in respect of the sale of identified real estate assets held by them respectively, as more particularly set out in Annexure 1 hereto, to potential bidders.*

*7. With a view to value maximization, the RP under the authorization of the **CoC is running a common process for seeking bids for sale of the RCOM Assets (including the shareholding in RRL and CPL) as well as for the identified assets of RRL and CPL (pursuant to the authorization by their respective boards)**.*

...

9. The sale of assets of RRL and CPL is being conducted by RRL and CPL, through a common sale process, to provide flexibility to potential bidders with the overall

objective of value maximization, to offer them an opportunity to bid for the identified assets of RRL and / or CPL as set out in Annexure I.

10. With respect to the assets (including shares of CPL and / or RRL) owned by the Corporate Debtor (as set out in Annexure I hereto), each potential bidder may bid for one or more of such assets and submit expression of interest for any of the assets of the Corporate Debtor (including shareholding of RRL and / or CPL) set out in Annexure I. Any potential bidder interested in the assets of RRL and / or CPL may bid for the assets of RRL and / or CPL set out in Annexure I and submit an expression of interest for the same.”

Note:

...

4. In respect of the assets of RRL and CPL, the sale of their respective assets is subject to the approval of their respective board of directors and shareholders.”

8. Further, it is submitted that the reliance upon the RCom Disclosure is merely placed to mislead this Ld. Adjudicating Authority by diverting this Ld. Adjudicating Authority’s attention from the sufficiency of ‘reasons to believe’ forming part of the provisional attachment order.

9. In view of the above, it is submitted that the additional documents sought to be relied upon by the Complainant in its rejoinder, were not forming part of the relied-upon-documents in the captioned original complaint and have been adduced at the stage of filing the rejoinder in order to mislead this Ld. Authority. Accordingly, the Complainant should not be allowed to place reliance upon the additional documents filed with the rejoinder.

PRAYER

In the facts and circumstances stated hereinbefore, it is humbly prayed that this Ld. Adjudicating Authority may be kindly be pleased to:

- a) To pass an order directing that the additional documents placed on record by the Complainant in its rejoinder, are not relevant and cannot be taken on record and be relied upon by the Complainant; and
- b) To pass such other and/or further orders as this Ld. Adjudicating Authority may deem fit in the facts and circumstances of the present case. ”

7) THE WRITTEN SUBMISSIONS FILED BY THE LEARNED COUNSEL FOR DEFENDANT NO. 1 IS AS UNDER:-

1. “The present written submissions are being filed on behalf of Reliance Communications Ltd. i.e., Defendant No. 1 (“RCom”/ “D-1”) in Original Complaint No. 471 of 2025 (“Original Complaint”/ “OC”) seeking confirmation of the Provisional Attachment Order No. 32 of 2025 dated October 31, 2025 (“PAO”) which has provisionally attached the lease of plot admeasuring 3.7 acres, situated at Maharaja Ranjit Singh Marg, New Delhi – 110002 , bounded on the north by Government School, on the south by DESU Staff Quarters, on the east by Maharaja Ranjit Singh Marg, and on the west by a service road, containing building named Reliance Centre (“Property”) under the second proviso to Section 5(1) of the

Prevention of Money Laundering Act, 2002 (“PMLA”). The said lease hold rights are owned by Campion Properties Limited/Defendant No. 2 (“CPL”/ “D-2”).

2. The present written submissions may be read along with the D-1’s reply dated January 22, 2026 and the miscellaneous application dated March 24, 2026, the contents of which are not being repeated herein for the sake of brevity.

3. At the outset, it is stated that:

(i) RCom is currently under the corporate insolvency resolution process (“CIRP”) which commenced pursuant to the order dated May 15, 2018 passed by the Hon’ble National Company Law Tribunal, Mumbai Bench, in CP (IB) No. 1387/MB/2017 (“Admission Order”). Since June 2019, the Resolution Professional has been discharging his statutory duties in accordance with Sections 18 and 20 of the IBC, with the primary objective of preserving the assets of RCom and maintaining it as a going concern.

(ii) RCom came to acquire 100% shareholding in CPL with effect from September 12, 2006, when a company named Formax Commercial Private Limited was merged with RCom.

(iii) Property attached by the Complainant does not belong to RCom. It is an admitted case of the Complainant (as is apparent from the lease agreement dated October 07, 2002 filed with the OC as RUD-65) that the Property is held by CPL.

(iv) Property of CPL has been attached on the sole alleged ground that RCom is the effective owner of the Property given that CPL is RCom’s wholly owned subsidiary.

4. PAO ought not to be confirmed on the following **grounds**:

4.1. Shareholders are not the owners of subsidiary’s assets/ No grounds for lifting the corporate veil

4.1.1 The Complainant has committed an error in exercising its power of attachment by ‘lifting the corporate veil’. It is submitted that D-2 is a separate corporate personality from that of its shareholder, *i.e.*, RCom, and this distinction cannot be obliterated in an unbridled exercise of powers by the Complainant.

Reliance placed on: *Western Coalfields Ltd. v. Special Area Development Authority* reported at (1982) 1 SCC 125; and *Rustom Cavasjee Cooper v. Union of India* (1970) 1 SCC 248.

4.1.2 It is a trite law that the shareholders of a company, irrespective of their shareholding, do not own the assets of a company.

Reliance placed on: *Shree Hanuman Cotton Mills Ltd. & Ors. v. Union of India & Ors.*, WPA 17513/2022; Order dt. 26.09.2022; *Hanuman Cotton Mills Limited & Ors. v. Union of India & Ors.*, reported at 2025 SCC Online Cal 9571 *Bacha F Guzdar v. Commissioner of Income Tax, Bombay*, reported at (1954) 2 SCC 563; and *Electronics Corporation of India v. Secretary, Revenue Dept.*, reported at (1999) 4 SCC 458.

4.1.3 Further, the corporate veil has been lifted to attach the Property of D-2 without establishing any element of fraud, wrongdoing or evasion of legal liability. It is submitted that mere subsidiary-holding company relationship between RCom and CPL does not justify lifting the corporate veil. Reliance is placed on *Vodafone International Holdings B.V. v. Union of India & Ors.*, reported at 2012 6 SCC 613 at paragraph 259.

4.1.4 While there is no cavil to the principles laid down in *State of UP v. Renusagar Power Co. (1988) 4 SCC 59* and *Delhi Development Authority v. Skipper Construction, Formosa Plastic Corporation Ltd v. Ashok Chauhan 1998 SCC OnLine Del 743* and *LIC India v. Escorts Ltd.(1986) 1 SCC 264*, the said principles have no application to the facts of the present case.

(i) In *Renusagar Power Co.* (supra), the corporate veil was lifted because Renusagar (subsidiary company) had absolutely no independent existence. It was created solely to fulfil Hindalco's (holding company's) industrial license. All operations were carried out by Hindalco, Renusagar supplied power only to Hindalco via a single transmission line, and the State itself had repeatedly treated the two as one entity. In contrast, CPL had been independently incorporated, independently acquired its Property and only became associated with RCom in 2006. Further, CPL has its own board, its own objects, and was not created by or for RCom.

(ii) In *Skipper Construction*(supra), the corporate veil was lifted in contempt proceedings under Articles 129 and 142 where the contemner had violated Hon'ble Supreme Court's order, defrauded hundreds of persons, and created multiple companies as "mere cloaks" and "fig-leaves" to screen fraudulently obtained assets.

(iii) In *Farmosa Plastic Corporation*(supra),the Hon'ble Delhi High Court merely observed that it has power to lift the veil where properties are "acquired fictitiously" to commit illegalities or defraud others. However, in the present case, the Complainant has not established how the Property has been acquired to commit illegalities or defraud others given that the Property was, admittedly, acquired much prior to any of the alleged scheduled offences.

(iv) Lastly, in *Escorts Limited* (supra), the Hon'ble Supreme Court was concerned with a situation where a non-resident entity was investing through multiple channels to circumvent the ceiling limit of holding 1% shares in Indian companies under the Portfolio Investment Scheme issued under the Foreign Exchange Regulation Act, 1973. In this context, the Hon'ble Supreme Court held that lifting the corporate veil is allowed if there is fraud, circumvention of statute or if a statute itself governs for lifting the corporate veil. However, in the present case, the said principle is not applicable.

4.1.5 The Complainant's reference to Section 70 of PMLA is irrelevant to the present proceedings. Section 70, while providing for vicarious liability in case of offences by companies cannot apply to a situation where the corporate veil has been lifted in reverse, i.e., the corporate veil of a subsidiary has been lifted and it has been subjected to attachment proceedings for alleged actions of its shareholder, i.e. D-1.

4.1.6 In the above context, it is also pertinent to note that at the time of filing its Rejoinder to D-1's Reply, the Complainant for the first time has relied upon a filing dated February 16, 2024 by D-1 before the Bombay Stock Exchange and National Stock Exchange inviting expressions of interest for the sale of the Property. While the Complainant relies on the said document to contend that D-2's assets can be considered as D-1's assets, the same did not form part of 'reasons to believe' or 'relied upon documents' or PAO or the OC. The same is clearly an afterthought and was never the basis of the PAO, and is a flagrant attempt by the Complainant to

improve its case by adducing further documents. D-1 vehemently objects to the same being taken on record and has filed a miscellaneous application before this Ld. Authority objecting to the same.

Reliance placed on: *Mohinder Singh Gill v. Chief Election Commissioner* reported at (1978) 1 SCC 405; and *Opto Circuits (India) Ltd v. Axis Bank* reported at (2021) 6 SCC 707.

4.1.7 Without prejudice to D-1's objections above, it is submitted that the above said documents make it clear that the sale of assets of D-2 was contemplated pursuant to meeting with the committee of creditors of D-1, where specific consent was taken from the management of the D-2. The document further reflects the clear intention and understanding that the assets of the D-2 are separate and distinct from that of D-1.

4.1.8 It is also stated that order dated February 04, 2026 in W.P. (C) No. 1217/2025 (E.A.S. Sarma v. Union of India & Ors.) is unrelated to the present proceedings and therefore, completely irrelevant.

5. In light of the above, it is humbly submitted that the Ld. Authority ought not confirm the PAO under Section 8(3) of PMLA and dismiss the OC."

8) THE WRITTEN SUBMISSIONS FILED BY THE LEARNED COUNSEL FOR DEFENDANT NO. 2 IS AS UNDER:-

1. "The present written submissions are being filed on behalf of Campion Properties Ltd., i.e., Defendant No. 2 ("CPL"/ "D-2") in Original Complaint No. 471 of 2025 ("Original Complaint"/ "OC") seeking confirmation of the Provisional Attachment Order No. 32 of 2025 dated October 31, 2025 ("PAO") which has provisionally attached the lease of plot admeasuring 3.7 acres, situated at Maharaja Ranjit Singh Marg, New Delhi – 110002 , bounded on the north by Government School, on the south by DESU Staff Quarters, on the east by Maharaja Ranjit Singh Marg, and on the west by a service road, containing building named Reliance Centre ("Property") under the second proviso to Section 5(1) of Prevention of Money Laundering Act, 2002 ("PMLA").

2. The present written submissions may be read along with the D-2's reply dated January 22, 2026 and the miscellaneous application dated March 25, 2026, the contents of which are not being repeated herein for the sake of brevity.

3. At the outset, it is submitted that the source of income, earnings or assets out of which the Property has been acquired by D-2 is irrelevant for the present proceedings as it is clear that from the PAO/OC that:

- (i) D-2 acquired the Property much prior to the alleged scheduled offence.
- (ii) Property has been attached under the second limb of Section 2(1)(u) of PMLA, i.e., as "value of any such property" - it is not tainted property.
- (iii) Sole basis for attachment of Property is that Reliance Communications Ltd. ("D-1"/ "RCom") holds 100% shareholding in CPL.

4. PAO ought not to be confirmed on the following **grounds**:

4.1. **Pre-requisites for "emergency" attachment under second proviso to Section 5(1) not met**

PAO has been purportedly issued in exercise of powers of emergency attachment under the second *proviso* to Section 5(1) of the PMLA, despite none of the pre-requisites having been met, *viz.*:

4.1.1. Property should be “involved in money laundering”.

In this regard, it is submitted that:

(i) Second proviso to Section 5(1) of PMLA allows for attachment of only tainted property, i.e. proceeds of crime under first limb of Section 2(1)(u) of PMLA as untainted property cannot be involved in money laundering. Such reading is consistent with the observations in *Vijay Madanlal Choudhary v. Union of India (2023) 12 SCC 1*.

(ii) PAO is under second limb of Section 2(1)(u) as deemed tainted property. A property deemed tainted *in praesenti* cannot be said to have been “involved in money laundering” for the purposes of the second *proviso*.

(iii) There is no averment in the PAO/OC regarding the Property’s or even CPL’s alleged involvement in money laundering. On the contrary, it is an admitted case that the Property was acquired much prior to the alleged scheduled offence and therefore untainted.

(iv) Second proviso to Section 5(1) contemplates urgency or need to “immediately” attach a property to protect it from being dissipated/alienated and therefore will only apply to a property involved in money laundering. This is evident from the observations in *Vijay Madanlal Choudhary* (supra) at **paragraph 159 to 170**.

(v) Lastly, Complainant’s reliance on para 299 of *Vijay Madanlal Choudhary* (supra) (para 173 of the SCC version) does not address D-2’s contention that though property in “whosoever’s name” may be attached, it has to be tainted property, i.e. “involved in money laundering” as required under the second *proviso* to Section 5(1) of PMLA. In fact, when read in its context, paras 168-170 of *Vijay Madanlal Choudhary* (supra) lend support to this argument of D-2.

“168. *As a sequel to these recommendations of FATF and the observations in the stated Report, Section 5 came to be amended vide Act 2 of 2013. In this connection, it may be useful to refer to the Fifty-Sixth Report of the Standing Committee on Finance relating to the 2011 Bill, which reads thus:*

“5. Amendment in provisions implemented by Enforcement Directorate:

(i) *Attachment of property : The present Act in Section 5 stipulates that the person from whom property is attached must “have been charged of having committed a scheduled offence”. It is proposed to be deleted as property may come to rest with someone, who has nothing to do with the scheduled offence or even the money laundering offence. Procedure for attachment is at present done as provided in the Second Schedule to the Income Tax Act, 1961. Now it is proposed in Section 5(1) that the procedure will be prescribed separately. Time for adjudicating authority to confirm attachment of property by ED has been proposed to be increased from 150 days to 180 days.*

(ii) ***

(iii) *Making confiscation independent of conviction : At present attachment of property becomes final under Section 8(3) “after the guilt of the person is proved in the trial court and order of such trial court becomes final”. Problems are faced in*

such cases where money laundering has been done by a person who has not committed the scheduled offence or where property has come to rest with someone who has not committed any offence. Therefore, it is proposed to amend Section 8(5) to provide for attachment and confiscation of the proceeds of crime, even if there is no conviction, so long as it is proved that predicate offence and money laundering offence have taken place and the property in question (i.e. the proceeds of crime) is involved in money laundering.

...

169. As aforesaid, in this backdrop Amendment Act 2 of 2013 came into being. Considering the purport of the amended provisions and the experience of implementing/enforcement agencies, further changes became necessary to strengthen the mechanism regarding prevention of money laundering. It is not right in assuming that the attachment of property (provisional) under the second proviso, as amended, has no link with the scheduled offence. Inasmuch as Section 5(1) envisages that such an action can be initiated only on the basis of material in possession of the authorised officer indicative of any person being in possession of proceeds of crime. The precondition for being proceeds of crime is that the property has been derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence. The sweep of Section 5(1) is not limited to the accused named in the criminal activity relating to a scheduled offence. **It would apply to any person (not necessarily being accused in the scheduled offence), if he is involved in any process or activity connected with the proceeds of crime.** Such a person besides facing the consequence of provisional attachment order, may end up in being named as accused in the complaint to be filed by the authorised officer concerning offence under Section 3 of the 2002 Act.

170. Be it noted that the attachment must be only in respect of property which appears to be proceeds of crime and not all the properties belonging to the person concerned who would eventually face the action of confiscation of proceeds of crime, including prosecution for offence of money laundering. ...”

(emphasis added)

Reliance placed on: ***Impress Estates Pvt. Ltd. &Anr. v. Deputy Director, Directorate of Enforcement &Anr.*** order dated 09.12.2019 in W.P. (C) No. 12945 of 2019, ***Vijay Madanlal Choudhary & Ors. v. Union of India & Ors.***, reported at (2023) 12 SCC 1.

4.1.2. Recording of reasons to believe that if such properties are not attached immediately, the non-attachment is likely to frustrate proceedings under the PMLA.

In this regard, it is submitted that:

(i) As CPL was denied inspection of the document named “Reasons to Believe”, it has not been able to verify whether the “reasons to believe” corresponding to second proviso of Section 5(1) have been recorded.

(ii) Notwithstanding the above, it is submitted that the averments made in para 5 of the PAO under the head “*Recording of Reasons to Believe*” are vague and have no link or relevance to the Property or CPL’s conduct. Particularly, it is not the Complainant’s case in the PAO or OC that there was any *mala fide* action or conduct

by CPL to alienate the Property since its acquisition in 2002, much less in recent times. In absence of the same, the Complainant could not have formed a belief that the non-attachment of the property may frustrate proceedings under PMLA. It is well settled that reasons to believe must be based on material in possession which is not vague, indefinite, distant or far fetched and must not be pretence. It may further be noted that:

- *Firstly*, the apprehensions are based on uncorroborated statements about alleged attempts to influence RCom's corporate insolvency resolution process ("CIRP"), which commenced seven years ago in 2018.
- *Secondly*, even assuming that such statements are true, they do not bear any reference to CPL, who is the owner of the Property under attachment.
- *Thirdly*, assuming without admitting that RCom could exercise any control over the Property, it is submitted that RCom is in CIRP with its management and affairs being conducted by an independent Resolution Professional and not the erstwhile management of RCom.

(iii) While the observation in *Gautam Khaitan v. Union of India 2015 Cri LJ 2112 (Del)* [relied upon in para 33 of the Complainant's Rejoinder] is not in dispute, the same, when applied herein, does not further the Complainant's case. The grounds purported to be "reasons to believe" in the PAO are not relevant and have no nexus with the formation of belief for an emergency attachment under the *second proviso*.

(iv) On the contrary, there can be no cause to suspect that the Property could be dealt with in any manner to frustrate the proceedings. Property is with CPL since 2002 and continues to be with CPL. Alleged scheduled offence pertains to a period from 2013 to 2017, and there is no averment by the Complainant that CPL has attempted to conceal, transfer or deal with the asset in any manner whatsoever during or post the said period.

Reliance placed on: *The Income Tax Officer, Calcutta v. Lakhmani Mewal Das*, reported at (1976) 3 SCC 757; *J.K. Tyre & Industries Ltd. v. Directorate of Enforcement*, reported at 2021 SCC OnLine Del 4836; *Kranti Associates Pvt. Ltd. & Anr. v. Masood Ahmed Khan & Ors.*, reported at (2010) 9 SCC 496; and *Directorate of Enforcement v. Abdullah Ali Balsharaf*, reported 2019 SCC OnLine Del 7942.

4.2. Attachment of "value of such property" is only permissible vis-à-vis properties derived from proceeds of crime or properties of an accused.

4.2.1. The attachment of "*value of such property*" under the second limb of Section 2(1)(u) of the PMLA ought to be of property derived from proceeds of crime or of a person accused of the offence money laundering under Section 3 of PMLA. The said interpretation is clear from the judgment in *Deputy Director, Directorate of Enforcement v. Axis Bank & Ors.*, 2019 SCC OnLine Del 7854, whose relevant extracts are as under:

"107. In contrast, the second and third kinds of properties mentioned above would ordinarily be "untainted property" that may have been acquired by the suspect legitimately without any connection with criminal activity or its result. The same, however, are intended to fall in the net because their owner is involved in the proscribed criminality and the tainted assets held by him are not traceable, or cannot

be reached, or those found are not sufficient to fully account for the pecuniary advantage thereby gained.

...

109. ... *Since the second of the above species of "proceeds of crime" uses the expression "such property", the qualifying word being "such", it is vivid that the "property" referred to here is equivalent to the one indicated by the first kind. The only difference is that it is not the same property as of the first kind, it having been picked up from among other properties of the accused, the intent of the Legislature being that it must be of the same "value" as the former. ...*

110. *Thus, it must be observed that, in the opinion of this court, if the enforcement authority under the PMLA has not been able to trace the "tainted property" which was acquired or obtained by criminal activity relating to the scheduled offence for money-laundering, it can legitimately proceed to attach some other property of the accused, by tapping the second (or third) abovementioned kind provided that it is of value near or equivalent to the proceeds of crime.*

...

160. *But, in cases where the enforcement authority seeks to attach other properties, suspecting them to be "proceeds of crime", not on the basis of fact that they are actually "derived or obtained" from criminal activity but because they are of equivalent "value" as to the proceeds of crime which cannot be traced, it is essential that there be some nexus or link between such property on one hand and the person accused of or charged with the offence of money-laundering on the other"*

(Emphasis supplied)

4.2.2. In the present case:

- (i) CPL is not an accused under Section 3 of PMLA.
- (ii) It is a separate legal entity from RCom.
- (iii) The Property, admittedly, has not been derived from the direct proceeds of crime, nor is it involved in utilization, movement or repayment of the alleged proceeds of crime/loans of *inter alia* RCom.

4.2.3. It is thus submitted that property under second limb can only be attached when the specified property and its value becomes untraceable or has intermingled or dissipated. Even then, the statute does not contemplate attachment of property of a non-accused in this situation, as has been done presently.

4.2.4. Undisputedly, there is nothing in the PAO or OC which shows the Complainant's attempts to trace the alleged proceeds of crime and determine that it has become untraceable, necessitating the attachment of "value of such property", and that too of CPL. The Complainant has merely produced alleged details of fund diversion and investments at Table No. 4 in para 6.16 of the OC (as also at Table 4 in para 3.14 of the PAO) without indicating how they stand untraceable and dissipated warranting attachment of CPL's Property.

4.2.5. In light of the above, the Complainant's isolated reliance on para 107 of *Axis Bank* (supra) is erroneous. Similarly, the observations in paras 298 and 299 of *Vijay Madanlal Choudhary* (supra) (paras 172 and 173 of SCC version) and those in *K.Rethinam v. Union of India 2018 SCC OnLine Del 6523* as relied upon by the

Complainant, do not address the factual situation in the present case, where the phrase “value of such property” has been used to attach the property of a non-accused.

Reliance placed on: *Deputy Director, Directorate of Enforcement v. Axis Bank & Ors.*, reported at 2019 SCC Online Del 7854.

4.3. Properties acquired prior to commission of alleged scheduled offence.

4.3.1. The fact that the Property attached under second limb of Section 2(1)(u) is that of a non-*accused*, must be viewed together with the fact that it had been acquired much prior to the alleged commission of the scheduled offence. As such, the Property does not have any connection or nexus with the predicate offence and the attachment thereof is thus beyond the mandate of PMLA.

Reliance placed on: *Pavana Dibbur v. Enforcement Directorate*, reported at (2023) 15 SCC 91; and *Davy Varghese v. Deputy Director, Directorate of Enforcement*, reported at (2024) SCC OnLine Ker 7343, *Kumar Pappu Singh v. Union of India*, reported at 2021 SCC OnLine AP 983, *Hemanshu Rajnikant Shah v. Assistant Director, Directorate of Enforcement*, judgment dated 28.03.2022 of the Hon’ble Gujarat High Court in Special Criminal Application No. 9001 of 2021.

4.3.2. While the Complainant has relied upon several judgments to contend that even properties acquired prior to commission of alleged scheduled offence can be attached under the second limb of Section 2(1)(u), they are inapplicable to and distinguishable from the facts of the present case, as detailed under:

S. No.	Judgment	Distinguishing factor
1.	<i>Dilbag Singh @ Dilbag Sandhu v. Union of India</i> , 2024:PHHC:143784-DB	(i) The question involved in the said case was whether a <u>property of the accused</u> , acquired prior to and unconnected with the scheduled offence, can be provisionally attached. It does not deal with a situation where the attached property does not belong to the accused. (ii) Para 3.5 of the judgment (relied upon by the Complainant) itself clarifies that “ <u>In the aforesaid situation the competent authority is authorized to attach or confiscate any other property of the accused, which is of the same value as that of the ‘proceeds of crime’.</u> ”
2.	<i>Suresh Devi v. Deputy Director, Directorate of Enforcement Jalandhar</i> , FPA-PMLA-4964/DLI/2023	In this case, the accused had fraudulently obtained VAT refund through forged documents. The said refund, alleged to be proceeds of crime, was routed through various bank accounts and a part of the same was transferred to the appellant (whose properties were attached). The appellant was alleged to be a family member of the accused persons. It is in these factual circumstances that the attachment of her property, acquired prior to the scheduled offence was confirmed by the Ld. Adjudicating Authority. However, the present case stands on a different footing as there is no allegation or averment in neither the PAO nor the OC that D-2 received any share of the tainted money. (<i>see</i> paragraph 8.8 of D-2’s reply, which has not been denied in the Rejoinder)
3.	<i>Asset Reconstruction Company v. Deputy Director, Directorate of</i>	In this case, properties mortgaged by the accused with the banks had been provisionally attached as value of the loan amount that had been siphoned off. However, in the present case, the attached property does not even belong to the accused and is therefore distinguishable from the judgment.

	<i>Enforcement, 2024 SCC OnLine ATSAFEMA 14</i>	
4.	<i>Sadananda Nayak v. The Deputy Director, Directorate of Enforcement, Bhubaneswar, FPA-PMLA-5612/BBS/2023</i>	In this case, the appellant (whose properties had been attached) was (i) an accused in the scheduled offence and (ii) was in receipt of the direct proceeds of crime. Therefore, the paragraphs relied upon by the Complainant must be read in that context. In the present case, the entity whose property has been attached is neither an accused nor is there any allegation of it having received any direct proceeds of crime.
5.	<i>Lata Mangal v. Deputy Director, Directorate of Enforcement, Jaipur, FPA-PMLA-1724/JP/2017</i>	In this case, there were categorical factual findings that the appellant, whose properties had been attached, was a direct recipient of the embezzled funds and was involved in projecting the same as untainted. Para 6 of the judgment itself holds that “...we are of the view that it is not an essential ingredient that there should be any accusation in predicate offence against the person for his property to be attached. The only requirement is that the property should have been linked to the proceeds of crime, regardless of the person holding that property.”, and “the property in the hands of any person in possession of proceeds of crime can be attached, even if he is not accused of the offence of money-laundering.” Even assuming this to be correct position in law, the said ratio will be inapplicable in the present case as the basis for attachment of CPL’s properties is not that it is in possession of proceeds of crime, but that it is a wholly owned subsidiary of RCom.

4.4. Arbitrary lifting of corporate veil

4.4.1. The Complainant has committed an error in exercising its power of attachment by ‘lifting the corporate veil’ to attach the Property of D-2 on account of alleged involvement of RCom in the predicate offence / money-laundering offence.

4.4.2. It is submitted that D-2 is a separate corporate personality from that of its shareholder, *i.e.*, D-1, and this distinction cannot be obliterated in an unbridled exercise of powers by the Complainant. Yet, the sole premise for attachment of the Property in the PAO is that 100% of CPL’s shareholding is owned by RCom. By doing so, the PAO blatantly violates the established principle of law that shareholders in a company irrespective of their shareholding, do not own the assets of a company.

4.4.3. Further, the corporate veil has been lifted to attach the Property of D-2 without establishing any element of fraud, wrongdoing or evasion of legal liability by CPL. The allegations made by the Complainant *qua* financial nexus between CPL and RCom are to merely establish the effective ownership of RCom over CPL, as opposed to fraudulent routing of funds.

4.4.4. While there is no cavil to the principles laid down in *State of UP v. Renusagar Power Co. (1988) 4 SCC 59* and *Delhi Development Authority v. Skipper Construction, Formosa Plastic Corporation Ltd v. Ashok Chauhan 1998 SCC OnLine Del 743* and *LIC India v. Escorts Ltd.*, the said principles have no application to the facts of the present case where there are no allegations of fraud or illegality against CPL in neither the PAO nor the OC, especially viz-a-viz the Property which was acquired more than a decade ago in 2002.

4.4.5. In the above context, it is also pertinent to note that at the time of filing its Rejoinder to D-2’s Reply, the Complainant for the first time has referred to a filing

dated February 16, 2024 by D-1 before the Bombay Stock Exchange and National Stock Exchange inviting expressions of interest for the sale of the Property. While the Complainant relies on the said document to contend that D-2's assets can be considered as D-1's assets, the same did not form part of 'reasons to believe' or 'relied upon documents' or PAO or the OC. The same is clearly an afterthought and was never the basis of the PAO, and is a flagrant attempt by the Complainant to improve its case by adducing further documents. D-2 vehemently objects to the same being taken on record and has filed a miscellaneous application before this Ld. Authority objecting to the same.

Reliance placed on: *Mohinder Singh Gill v. Chief Election Commissioner* reported at (1978) 1 SCC 405; and *Opto Circuit (India) Ltd v. Axis Bank* reported at (2021) 6 SCC 707.

4.4.6. Without prejudice to D-2's objections, it is submitted that the abovesaid documents make it clear that the sale of assets of D-2 was contemplated pursuant to meeting with the committee of creditors of D-1, where specific consent was taken from the management of the D-2. The document further reflects the clear intention and understanding that the assets of the D-2 are separate and distinct from that of D-1.

4.4.7. Lastly, it is submitted that the Complainant's reference to Section 70 of PMLA is irrelevant to the present proceedings. Section 70, while providing for vicarious liability in case of offences by companies cannot apply to a situation where the corporate veil has been lifted in reverse, i.e., the corporate veil of a subsidiary has been lifted and it has been subjected to attachment proceedings for alleged actions of its shareholder, i.e. D-1.

4.5. Other Grounds

4.5.1. It is submitted that though a document named "Reasons to Believe" carrying two pages has been filed by Complainant along with OC and was marked as **Confidential**, D-2 was not allowed to inspect the same. It is submitted that the same violates principles of natural justice and Rule 16 of the Adjudicating Authority (Procedure) Rules, 2013.

4.5.2. Similarly, though a copy of the ECIR carrying 4 pages was filed along with OC and was marked as not confidential, D-2 was not allowed to inspect the same.

Reliance placed on: *T. Takano v. Securities and Exchange Board of India and Anr.*, reported at 2022 SCC Online SC 210; and *J.K. Tyre & Industries Ltd. v. Directorate of Enforcement*, reported at 2021 SCC OnLine Del 4836.

4.5.3. The Complainant's contentions regarding supply of copy of ECIR are completely misplaced, as well as its reliance on the judgment in *Vijay Madanlal Choudhary* (supra) as:

- (i) The determination that sharing of ECIR is not mandatory is in the context of arrest where it was held that communication of grounds of arrest is sufficient (**paras 370-373 of SCC version**)
- (ii) Further, it is the Complainant which has chosen to communicate the ECIR to the Ld. Authority and thereby made it a "material in possession". Once so shared with the Ld. Authority, D-2 had a right to inspect all material in its possession.
- (iii) The Complainant's contentions that it did not place any reliance on the BDO Report is ex-facie contrary to records, inasmuch as the PAO as well as the OC both

refer to the BDO Report, and yet for unknown reasons, the same does not form part of the records of the Ld. Authority.

4.5.4. Lastly, it is submitted that the legal presumption under Section 24 of PMLA cannot be applied in the present case where the PAO and/or the OC have failed to establish the foundational facts necessary for the legal presumption to be applicable in the first place. Reliance is placed on *Vijay Madanlal Chaudhary*(supra):

“237. Be that as it may, we may now proceed to decipher the purport of Section 24 of the 2002 Act. In the first place, it must be noticed that the legal presumption in either case is about the involvement of proceeds of crime in money-laundering. This fact becomes relevant, only if, the prosecution or the authorities have succeeded in establishing at least three basic or foundational facts. First, that the criminal activity relating to a scheduled offence has been committed. Second, that the property in question has been derived or obtained, directly or indirectly, by any person as a result of that criminal activity. Third, the person concerned is, directly or indirectly, involved in any process or activity connected with the said property being proceeds of crime. On establishing the fact that there existed proceeds of crime and the person concerned was involved in any process or activity connected therewith, itself, constitutes offence of money-laundering. The nature of process or activity has now been elaborated in the form of Explanation inserted vide Finance (No.2) Act, 2019. On establishing these foundational facts in terms of Section 24 of the 2002 Act, a legal presumption would arise that such proceeds of crime are involved in money-laundering. The fact that the person concerned had no causal connection with such proceeds of crime and he is able to disprove the fact about his involvement in any process or activity connected therewith, by producing evidence in that regard, the legal presumption would stand rebutted.”

A bare perusal of the PAO and/or OC would show that the aforesaid foundational facts have not been established qua either CPL or the Property. Accordingly, the presumption under Section 24 cannot arise.

5. In light of the above, it is humbly submitted that the Ld. Authority ought not confirm the PAO under Section 8(3) of PMLA and dismiss the OC.”

6. COMPLIANCE OF SECTION 5(1):-

In the present case, in relation to the scheduled offences the charge sheet is filed against the accused named therein. In view thereof the Director or any other officer not below the rank of Deputy Director authorized by the Director for the purposes of section 5 of PMLA is empowered to issue an order of attachment of property in terms of section 5(1) of PMLA. In the present case the Deputy Director has passed the PAO. The empowerment to issue PAO is conditional to the formation of requisite reasonable belief, (the reasons for such belief to be recorded in writing, on the basis of material in his possession) that (a) any person is in possession of any proceeds of crime; and (b) such proceeds of crime are likely to be concealed, transferred or dealt with in any manner which may result in frustrating any proceedings relating to confiscation of such proceeds of crime under chapter III of PMLA.

In the present case there is no dispute as to the authority of the Deputy Director to pass the provisional attachment Order. While examining the compliance of section 5, what is required to be seen in the present case is that the Deputy Director has entertained the reasonable belief on the basis of material in his possession and secondly whether the reason for such belief are recorded in writing or not.

As detailed out in the Provisional Attachment Order, the reasonable belief is entertained in no uncertain term and the same is well amplified. Before drawing the conclusions as to reasonable belief, the Deputy Director has extensively referred to the material in his possession and well formulated the reasons for the belief. The exhaustive material in the form of statements of several persons is reproduced herein above. The belief entertained by the Deputy Director is that of a prudent and reasonable person and is honest as based on the material before him. There is no guess work involved or mere *ipse dixit* of the officer. The satisfaction arrived at by the Deputy Director is a subjective satisfaction based on the material. The sufficiency of the reasons for the belief cannot be a matter of investigation by the court. A person can be said to have "reason to believe" a thing, if he has sufficient cause to believe that thing but not otherwise. If the material in hand has no nexus with the belief or there is no material or tangible information for the formation of belief then in such a case the reasonable belief may be vitiated. It is open to examine the question whether the reason for the belief have a rational connection or a relevant bearing to the formation of the belief and are not extraneous or irrelevant to the purpose of the section. So if there are reasonable grounds to believe, whether those grounds are adequate or not, is not a matter for the court to look into. In the present case such rational connection exists. Although the court cannot investigate about the sufficiency of the material, the court can certainly examine whether there was any material in possession of the officer concerned and whether the material had any nexus with the formation of the belief. In the present case the reasonable belief formed by the Deputy Director is based on the material available before him. Thus there is a well established link or nexus between the belief formed and the material available. It cannot be said there was no basis for formation of the belief. The submission that the reasonable belief formed by Deputy Director u/s 5(1) is baseless or ill founded is not sustainable. The Deputy Director in the present case has shown the generation and existence of the proceeds of crime. The Deputy Director has also shown that how the proceeds of crime are utilized and/ or applied. Thus he has formed the belief as to the involvement of the Defendants with the proceeds of crime. The formation of his belief that there exists proceeds of crime, is not mere *ipse dixit* of the Deputy Director, but is well founded on the material. The reasonable formed by the Deputy Director is hereinabove indicated.

In this connection observation of Bombay High Court is relevant i.e.

“The fact that the authority could have acted only if there was reason to believe that a person is in possession of proceeds of crime does not mean that the authorities at this stage are obliged to prove the fact beyond that the property is in possession was in fact proceeds of crime. All the Authority is required to show is that there was substantially probable cause to form opinion that the property under attachment is proceed of crime. At this provisional Attachment stage as well when the matter goes before the Adjudicating authority, by virtue of section 24 of the Act. The burden of proving that the property possessed by the noticee was not proceeds of crime and were untainted properties would be on them.” [2010(5) BCR 625 Radha Mohan Lakhotia.]

The scrutiny of the belief shows that no belief is entertained without there being any material or basis for the same. There is nothing wrong in the reasonable belief entertained by the Deputy Director. As discussed, the nature of belief entertained is also legal and well founded. The reasons are well disclosed and available on the face of the material furnished to the Defendants. The PAO and OC also constitute such material. The contention of the Defendants that the reasonable belief as formed by the Deputy Director is improper or illegal, is not sustainable. The various principles as emerging from the case law on the issue are followed and satisfied with regard to the reasonable belief entertained by the Deputy Director.

7. COMPLIANCE OF SECTION 8 (1):-

There is due compliance of the provisions of section 8(1) of PMLA while ordering issuance of the Show Cause Notice. In order to appreciate that, it will be proper to reproduce the relevant part of section 8(1) of PMLA.

Section 8- Adjudication

On receipt of a complaint under Sub-Section (5) of Section 5, or applications made under Sub-Section (4) of Section 17 or under Sub-Section (10) of Section 18, if the Adjudicating Authority has reason to believe that any person has committed an offence under Section 3 or is in possession of proceeds of crime, it may serve a notice of not less than thirty days on such person calling upon him to indicate the sources of his income, earning or assets, out of which or by means of which he has acquired the property attached under Sub-Section (1) of Section 5, or, seized or frozen under Section 17 or Section 18, the evidence on which he relies and other relevant information and particulars, and to show cause why all or any of such properties should not be declared to be the properties involved in money-laundering and confiscated by the Central Government:

It is evident from the provisions that on receipt of a Complainant under sub-section 5 of section 5, if the Adjudicating Authority has reason to believe that any person has committed an offence under section 3 or is in possession of proceeds of crime, he may serve a notice of not less than 30 days on such person. Unlike the other provisions under PMLA, for instance section 5(1) of PMLA, when an order as to Provisional

Attachment of property is to be passed, the concerned Director of Enforcement or the Authorized officer has not only to necessarily have 'reason to believe', but the reasons for such belief are to be recorded in writing. Similarly the provisions contained in section 17(1) of PMLA also required the formation of reason to believe and recording of the reasons to believe in writing. There is no requirement of recording of the reasons in writing for arriving at the satisfaction as can be seen from the provisions of section 8(1).

In this regard, relevant is the decision of the Hon'ble Supreme Court of India in case of **S. Narayanyappa and others v. Commissioner of Income Tax (1967) 1 SCR 590 : AIR 1967 SC 523 : (1967) 63 ITR 219**

*"4. It was also contended for the appellant that the Income Tax Officer should have communicated to him the reasons which led him to initiate the proceedings under section 34 of the Act. It was stated that a request to this effect was made by the appellant to the Income Tax Officer, but the Income Tax Officer declined to disclose the reasons. In our opinion, the argument of the appellant on this point is misconceived. The proceedings for assessment or re-assessment under Section 34(1) (a) of the Income Tax Act start with the issue of a notice and it is only after the service of the notice that the assessee, whose income is sought to be assessed or re-assessed, becomes a party to those proceedings. The earlier stage of the proceeding for recording the reasons of the Income Tax Officer and for obtaining the sanction of the Commissioner are administrative in character and are not quasi-judicial. The scheme of Section 34 of the Act is that, if the conditions of the main section are satisfied a notice has to be issued to the assessee containing all or any of the requirements which may be included in a notice under sub-section (2) of section 22. But before issuing the notice, the proviso requires that the officer should record his reasons for initiating action under section 34 and obtain the sanction as justified. There is no requirement in any of the provisions that the reasons which induced the Commissioner to accord sanction to proceed under section 34 must also be communicated to the assessee. In *presidency talkies Ltd. v. First Additional Income Tax officer, city circle II Madras* the Madras High Court has expressed a similar view and we consider that view is correct. We accordingly reject the argument of the appellant on this aspect of the case."*

Thus, when the statute itself has not provided for the recording of the reasons, such a requirement cannot be read into the provisions and hence there cannot be any requirement of communication thereof upon recording of the satisfaction in terms of section 8(1) of PMLA. Section 8(1) itself clarifies as to what is required to be served. The specific requirement as to the service on the Defendants, is of 'Notice' alone. No such satisfaction, reasonable belief or reasons for formation of such satisfaction or reasons to believe are required to be recorded in writing. In the absence of the provisions, no requirement can be read into the provisions. There is one more relevant aspect as to the issuance of the Show Cause Notice under section 8(1). It is evident from the provisions contained in the section 5 of PMLA that there is no requirement of giving any hearing prior to the issuance of the Provisional Attachment Order. In the absence of 'pre-decisional' hearing in the provisions of section 5 of PMLA, by virtue of the principles of natural justice, necessity of 'post-decisional' hearing is spelt out. Thus a notice issued under section 8(1) of PMLA is in fact issued for the interest of

the parties who are affected by such Provisional Attachment Order issued under section 5(1) of PMLA, such order having been passed without affording any opportunity of hearing. The issuance of the Show Cause Notice is thus in the interest of justice and also for the benefit of the parties affected. In view of the fact that such a notice would be in the interest of the parties affected, no recording of the reasons is required and upon arriving at the satisfaction as required in section 8(1), the Show Cause Notice is required to be issued.

Also relevant is the case of **Brizo Reality Company Pvt. Ltd., Mumbai Vs Aditya Birla Finance Ltd. Mumbai and others (2014) 4 Mh.L.J.** This Judgement of the Bombay High Court is also delivered by the Division Bench of the Bombay High Court in a case under PMLA. The Judgement of Bombay High Court is prior in point of time, as compared to the Judgment of J. Sekar of the Division Bench of the Delhi High Court. Such prior Judgment would have precedence. The Bombay High Court has inter alia held as under while dealing with the issue concerning reasons under section 8(1) of PMLA :

“6. Apparently, in view of various references to the Petitioner in the complaint, the impugned notice dated 29.04.2014 was issued. It is contended that the said notice does not furnish any reason to believe that the petitioner has committed an offence under section 3 or is in possession of proceeds of crime. In view of this contention it is necessary to set out the entire notice:

You are called upon to indicate the source of your income, earning or assets out of which or by means of which you have acquired the property attached under subsection (1) of section 5 of the Prevention of Money Laundering Act, 2002 the evidence on which you rely and other relevant information and particulars and show cause why all or any such property should not be declared to be the properties involved in money-laundering and consequently why the attachment order should not be confirmed.

You are called upon to show cause why the provisional attachment order in respect of properties should not be confirmed as representing proceeds of crime being value of properties involved in money laundering [Copy of the complaint and Annexure / relied upon documents thereto enclosed herewith].

You are directed to appear before the Hon'ble Chairman and Member. Adjudicating Authority (PMLA) in person or through an advocate / authorised representative duly instructed on 12.06.2014 at 11.00 a.m. at Adjudicating Authority, Prevention of Money Laundering, 4th Floor, Court Room 2, Room No.20, Jeevan Deep Building, Parliament Street, New Delhi - 110001, failing which the complaint shall be heard and decided in your absence.

Given under my hand and the seal of the Adjudicating Authority, this 29th day of April, 2014.

7. The contention that the show cause notice does not state that the Adjudicating Authority has reason to believe that the petitioner has committed an offence under section 3 of the Act or is in possession of proceeds of crime is not well founded. The notice has, for all practical purposes, adopted, incorporated the complaint in toto. The notice, fairly read, indicates that the Adjudicating Authority, on the basis of the material in the complaint had reason to believe that the ingredients necessary for the attachment order existed. So read, it follows that the Adjudicating Authority stated in the show cause notice that he had reason to believe that there existed the factors necessary to serve the notice. The reasons, in turn, stand incorporated in the notice from the complaint. It is apparent that the notice has been issued

based on the reasons to be found in the complaint and the documents which have been expressly referred to in the contention. The complaint itself expressly sets out the reason to believe. If, on the basis of the facts disclosed in the enclosures, the Adjudicating Authority had formed the opinion that there was no reason to believe the existence of the factors mentioned in section 8, he would not have issued the show cause notice. That he did indicates that he had reason to believe the existence of the said factors. In the facts and circumstances of the case this is sufficient compliance.”

Thus, there is due compliance of the provisions of section 8(1) of PMLA.

8. BURDEN OF PROOF:-

Section 24 of the PMLA provides for Burden of proof. Accordingly

“In any proceeding relating to proceeds of crime under this Act:-

- a. In the case of a person charged with the offence of money-laundering under section 3, the Authority or Court shall, unless the contrary is proved, presume that such proceeds of crime are involved in money-laundering; and*
- b. In the case of any other person the Authority or Court, may presume that such proceeds of crime are involved in money-laundering.”*

Burden of Proof rested on the Defendants to show before this Authority that the proceeds of crime are not involved in Money-Laundering. The notice to show cause is issued on the reasonable belief that Defendants have committed an offence under section 3 or are in possession of proceeds of crime. Though there is no Complaint filed for the offence of money laundering, if any, is placed on record in this proceeding, against the Defendants as of now, the fact remains that a reasonable belief is entertained that Defendants have committed an offence under section 3 of PMLA or are in possession of proceeds of crime. The mandatory presumption thus arises that the proceeds of crime are involved in Money Laundering. Even if the said mandatory provision is not invoked in the absence of a complaint for the offence punishable under section 4 of PMLA. The material pertaining to the commission of the scheduled offence, the emergence of the proceeds by commission of the Scheduled offence, clearly establishes the existence of proceeds of crime. The Defendants have not established anything contrary thereto. In terms of section 24 once it is shown that there exist proceeds of crime, which are present in the present case *Prima- facie* the amount so earned from the scheduled offences and criminal activity relating thereto is utilized by the principal Defendants for their gain, money laundering is presumed as well established. In order to rebut this presumption, it was absolutely essential for the Defendants to show that there was no emergence of proceeds of crime. The Defendants have however failed to show that. Nothing is produced by the Defendants, which would rebut the presumption. The burden to prove that the properties/monies are not proceeds of crime and were not therefore tainted, rests with the Defendants, as has been held in **Union of India V/s Hassan Ali Khan and another [2011 (10) SCC 235: 2011(11) SCALE 302]** by the Hon’ble Supreme Court of India in relation to the provisions of section 24 of PMLA

“.....There is no denying that fact that allegations have been made that the said monies were the proceeds of crime and by depositing the same in his bank accounts, the Respondent No. 1 had attempted to project the same as untainted money. The said allegations may not ultimately be established, but having been made, the burden of proof that the said monies were not the proceeds of crime and were not, therefore, tainted shifted to the Respondent no. 1 under section 24 of the PML Act, 2002.”

Gautam Kundu v. Directorate of Enforcement, (2015) 16 SCC 1:

“37...In *Union of India v. Hassan Ali Khan*, this Court has laid down what will be the burden of proof when attempt is made to project the proceeds of crime as untainted money. It is held in the said paragraph that allegations may not ultimately be established, but having been made, the burden of proof that the monies were not proceeds of crime, and were not therefore tainted, shifted on the accused persons under Section 24 of PMLA. The same proposition of law is reiterated and followed by the Orissa High Court in the unreported decision of *Janta Jha v/s. Directorate of Enforcement...*”

9. VALUE THEREOF:-

1. It is often seen that after indulging into a criminal activity relating to a scheduled offence or after commission of the scheduled offence, the proceeds which are derived, directly or indirectly, are not necessarily kept or available in the same form. They are transferred, converted, siphoned or merged into distinct assets, so as to disguise the original character of the proceeds of crime. It is thus seen in many situation that the proceeds of crime would not be easily available and traceable in the original form as derived from the activities above referred. The criminals are many a times successful in utilization and evaporating the gains derived from criminal activities/schedule offence, thus not leaving any trace of the original proceeds of crime. In such a case, the provisions of the PML Act cannot be seen as purpose-less provisions. In order to deal legally with such illegitimate earnings and/ or its clever exhaustion by the criminals, the other assets of the criminals can be taken charge of, treating it as the proceeds of crime or the value of the proceeds of crime. The term value thereof would thus include equivalent value of the assets of Criminals/Defendants/Accused. The concept of value thereof in the definition of proceeds of crime has to be given the meaning in consonance with the intention and purpose of PMLA. Somewhat similar provisions exist in the criminal law (Amendment) ordinance of 1944. Thus when the property is not traceable or is dissipated, than any other property belonging to the person/accused can be confiscated. It is clear that if the accused is successful in concealing the original property, he cannot be permitted to have advantage thereof, but any other property on which the authority can lay hands can be attached.

2. **The issues relating to seizure of equivalent value of assets needs to be examined with reference to the provisions of Section 2(1)(u) of PMLA along with amendment to the provision. The provisions of Section 2(1)(u) have been amended**

thrice in the year 2015, 2018 & 2019. For the sake of convenience, the legislative history of Section 2(1)(u) and subsequent amended to the provisions have been reproduced as under chronologically:

Statutory provision from 01-08-2005 to 31-03-2015

“Proceeds of crime” means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or the value of any such property.

Statutory provision from 01-08-2015 to 18-04-2018

“Proceeds of crime” means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or the value of any such property, or where such property is taken or held outside the country, then the property equivalent in value held within the country.

Statutory provision from 19-04-2018 to till date

“Proceeds of crime” means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or the value of any such property, or where such property is taken or held outside the country, then the property equivalent in value held within the country or abroad.

Explanation to Section 2(1)(u) inserted by Finance Act, 2019 w.e.f 1.8.2019

Explanation.- For the removable of doubts, it is hereby clarified that "proceeds of crime" including property not only derived or obtained from the scheduled offence. but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity **relatable** to scheduled offence;

3. It is amply clear from above referred to amendments that till 31.03.2015, the proceeds of crime was defined to be either property derived or obtained directly or indirectly by any person as a result of criminal activity relating to a scheduled offence or the value of any such property. In other words, the property derived or obtained directly or indirectly as a result of criminal activities relating to scheduled offence. Later on, an amendment was made to define the proceeds of crime which is taken or held outside the country. The amendments in year 2015 and 2018 have provided that in case proceeds of crime is taken or held outside the country then property equivalent to value held within country or abroad shall be proceeds of crime.

4. The Adjudicating Authority of PMLA in its order (No. 76/2010) in the case of **Madhu Koda** deliberated on the scope of proceeds of crime and the relevant paragraph are reproduced as under:-

“110. Nothing on the statute is redundant. Every word on the statute has a purpose. An interpretation deleting the phraseology the value of any such property as redundant would defeat the legislative purpose. We can only interpret but cannot legislate. We cannot add or delete. This is the settled position of law.

111. A money launderer being a smart person can easily outsmart the Directorate of Enforcement by transferring the property or make it invisible to the enforcing agencies. For example, a huge deposit in the bank account which was proceeds of crime can be transferred or withdrawn from the account very easily and sometimes instantaneously by click of a button of the computer by the launderer having e-banking facilities. If the Director would not

have the powers to attach any other property or equivalent value the very purpose of PMLA would be defeated.

112. Though ordinarily the Director attaches properties acquired subsequent to generation of proceeds of crime perhaps because front view is more comfortable than the back view while driving. In our opinion, it is not out of bounds for him to attach properties that came into existence before generation of proceeds of crime.

113. The provisions of attachment and ultimate confiscation are obviously intended to neutralize the financial benefits that the money launderer gains by committing the scheduled offences. That objective may not be achieved in certain circumstances unless the Director has powers to attach properties acquired even before the generation of proceeds of crime. The Director cannot be faulted as long as the value of the properties attached does not exceed the quantum of crime.

114. The value of the property cannot be conceived in a vacuum. It has to have reference to a physical entity. Therefore, in our considered view the Director is entitled to attach any property of equivalent value, irrespective of its date of acquisition by the Defendant”.

5. The Hon’ble Supreme Court in a recent judgment dated 27.07.2022 in the case of Vijay Madanlal Choudhary & Ors. v/s Union of India & Ors. in SLP(Criminal) No. 4634 of 2014 held the following with reference to attachment of property as value thereof of the proceeds of crime :-

“68. It was also urged before us that the attachment of property must be equivalent in value of the proceeds of crime only if the proceeds of crime are situated outside India. This argument, in our opinion, is tenuous. For, the definition of “proceeds of crime” is wide enough to not only refer to the property derived or obtained as a result of criminal activity relating to a scheduled offence, but also of the value of any such property. If the property is taken or held outside the country, even in such a case, the property equivalent in value held within the country or abroad can be proceeded with. The definition of “property” as in Section 2(1)(v) is equally wide enough to encompass the value of the property of proceeds of crime. Such interpretation would further the legislative intent in recovery of the proceeds of crime and vesting it in the Central Government for effective prevention of money-laundering.”

6. The Hon’ble Delhi High Court in the case of Directorate of Enforcement Vs. Axis Bank (CRL.A. 143/2018, 210/2018, 623/2018, 764/2018, 1076/2018) has elaborated definition of “proceeds of crime” and decided that it has three limbs. The relevant paras are quoted herein.

“106. Among the three kinds of attachable properties mentioned above, the first may be referred to, for sake of convenience, as “tainted property” in as much as there would assumable be evidence to prima facie show that the source of (or consideration for) its acquisition is the product of specified crime, the essence of “money laundering” being its projection as “untainted property” (Section 3). This would include such property as may have been obtained or acquired by using the tainted property as the consideration (directly or indirectly). To illustrate, bribe or illegal gratification received by a public servant in form of money (cash) being undue advantage and dishonestly gained, is tainted property acquired “directly” by a scheduled offence and consequently “proceeds of crime”. Any other property acquired using such bribe as consideration is also “proceeds of crime”, it having been

obtained “indirectly” from a prohibited criminal activity within the meaning of first limb of the definition.

107. In contrast, the second and third kinds of properties mentioned above would ordinarily be “untainted property” that may have been acquired by the suspect legitimately without any connection with criminal activity or its result. The same, however, are intended to fall in the net because their owner is involved in the proscribed criminality and the tainted assets held by him are not traceable, or cannot be reached, or those found are not sufficient to fully account for the pecuniary advantage thereby gained. This is why for such untainted properties (held in India or abroad) to be taken away, the rider put by law insists on equivalence in value. From this perspective, it is essential that, before the order of Page 8 of 18 FPA-PMLA-4044/ALD/2021 attachment is confirmed, there must be some assessment (even if tentative one) as to the value of wrongful gain made by the specified criminal activity unless it be not possible to do so by such stage, given the peculiar features or complexities of the case. The confiscation to be eventually ordered, however, must be restricted to the value of illicit gains from the crime. For the sake of convenience, the properties covered by the second and third categories may be referred to as “the alternative attachable property” or “deemed tainted property”.

7. The judgment of the Hon’ble Delhi High Court makes it clear that the definition of “proceeds of crime” has three limbs and in the second limb the properties of equivalent value to the proceeds obtained out of crime can be attached which may have been acquired prior to the commission of crime but it would be when proceeds of crime has been vanished and is not available.

8. Further, **Hon’ble Delhi High Court** in the case of **Prakash Industries Ltd. v. Directorate of Enforcement reported in 2022 SCC OnLine Del 2087** further observed in para 80 as under:

“80. On a plain textual interpretation of Section 2(1)(u) as well as in the backdrop of the amendatory history of that provision, this Court finds itself unable to agree with the line of reasoning adopted in Seema Garg. As held hereinbefore, affirmation of Seema Garg would amount to virtually deleting the phrase —or the value of any such property from Section 2(1)(u). That would not only violate the well settled tenets of statutory construction but would clearly amount to the Court rewriting the provision itself in a manner that it stands deprived of vital and purposive content. The Court further notes that Axis Bank had enunciated important safeguards which would apply in respect of third-party interests in deemed tainted property. Those caveats duly secure and protect bona fide third-party interests created for valid consideration. This Court, thus, reaffirms those defences as were culled out in Axis Bank. The Court thus reiterates the interpretation accorded to Section 2(1)(u) by this Court in the aforesaid decision. Consequently, and for all the aforesaid reasons this Court finds itself unable to agree with the principles as laid down in Seema Garg as well as the subsequent decisions rendered by the Andhra Pradesh High Court in Kumar Pappu Singh Vs. Union of India and the Patna High Court in HDFC Bank Limited Vs Government of India, Ministry of Finance.”

9. Recently, **Hon’ble Appellate Tribunal under SAFEMA** in its order dated **27.11.2025** referring its earlier decision in **Sadanand Nayak Vs. ED (FPA-**

PMLA-5612/BBS/2023)made following observations in **ED Vs. Raj Kumar Goyal (FPA-PMLA-4044/ALD/2021)**:

“At times, an impression is given that the appellant (ED) cannot attach any other property than the proceeds of crime as given in Para 66 of the judgment (supra). The careful reading of Para 66 quoted above makes it clear that what can be attached by the ED is the ‘proceeds of crime’. However, what would fall under the definition of ‘proceeds of crime’ has been clarified by the Apex Court in Para 68 quoted above. The proceeds of crime cannot be given narrow meaning rather it has three limbs and has been detailed out by the Delhi High Court in the case of Prakash Industries (supra). Three limbs of the definition of ‘proceeds of crime’ are independent and are applicable independently in the given situation”.

10. Thus, it is evident that the value of any such property shall be defined as proceeds of crime in the cases where any property which may directly or indirectly derived or obtained as a result of any criminal activity relatable to scheduled offence is either consumed or is not available for attachment under Section 5 or confiscation by the Competent Court.

10. CONCLUSION ON THE PROPERTIES, ATTACHED U/S 5(1) OF PMLA 2002, INVOLVED IN MONEY LAUNDERING :-

The Adjudicating Authority has the responsibility to determine whether the properties mentioned in the Notice to Show Cause are involved in money laundering or not. Money laundering, as defined in section 3 of the Prevention of Money Laundering Act (PMLA), encompasses any process or activity associated with the proceeds of crime and their presentation as untainted. The crucial consideration is whether the properties in question, for which the notice to show cause has been issued, constitute proceeds of crime or not. The definition of proceeds of crime, as provided in section 2(1)(u) of the PMLA, includes any property derived or obtained, directly or indirectly, by any person as a result of criminal activity related to a scheduled offense, or the value of such property. Therefore, the definition encompasses the value of any proceeds of crime. There exists substantial evidence indicating the generation of proceeds of crime through the commission of scheduled offenses. Moreover, there is sufficient evidence demonstrating the utilization of these proceeds of crime by the Defendants.

10.1 The following observations are made with regard to submissions of Defendants and Complainant:

1. Defendant No. 1 and 2 contended that the attached property did not belong to RCOM but to CPL, which held it under a 99-year lease from the President of India, and therefore no requirement arose for RCOM to disclose any source of income or assets in relation to the property, further asserting that attachment based

solely on 100% shareholding violated the settled principle of separate corporate juristic personality.

In response the complainant submitted that the Provisional Attachment Order was issued in strict compliance with Section 5 of the Prevention of Money Laundering Act, 2002, with all statutory preconditions satisfied, including a duly recorded “reason to believe” based on material indicating possession of proceeds of crime and likelihood of concealment, transfer, or alienation. Further mentioned that Section 70 of the PMLA enables penetration of the corporate structure to fix liability on those responsible for the company’s affairs. Persons who control and benefit from unlawful activities cannot seek refuge behind corporate identity. Given the magnitude of alleged money laundering in the present case, the defendant’s objection to lifting the corporate veil is stated to be untenable.

2. Defendant No. 1 and 2 argued that the complainant had erroneously treated CPL’s assets as those of RCOM, ignoring the settled principle that shareholders do not own company assets and that CPL has an independent legal identity.

In response the complainant contended that the present case involved misuse of corporate structure by a beneficial owner and that courts are empowered to lift the corporate veil where it is used to conceal true ownership, source of funds, or unlawful activity, relying also on Section 70 of the PMLA to penetrate corporate structure and fix liability.

3. Defendant No. 1 submitted that lifting of the corporate veil cannot be undertaken casually in the absence of any allegation of fraud, evasion, or wrongdoing.

In response the complainant argued that judicial precedents permit lifting of the corporate veil where corporate personality is misused for fraud or illegality and that the magnitude of alleged money laundering justified such action in the present case.

4. Defendant No. 2 contended that CPL was not named as an accused in the predicate offence FIR dated 21.08.2025 registered by the CBI and therefore could not be proceeded against.

In response the complainant submitted that proceedings under Section 5 of the PMLA are independent and preventive in nature and not contingent upon arraignment in the predicate offence, and that attachment can extend to properties representing value of proceeds of crime.

5. Defendant No. 2 argued that the property was acquired in 2002, much prior to the alleged scheduled offences, and was not derived from proceeds of crime, and that its attachment under the “value thereof” limb of Section 2(1)(u) amounted to admission that it was untainted.

In response the complainant contended that under Section 2(1)(u) read with Section 5(1) of the PMLA, even untainted properties of equivalent value can be attached where proceeds of crime are untraceable or insufficient, relying on Deputy Director v. Axis Bank 2019 SCC Online Del 7854, K. Rethinam v. Union of India 2018 SCC Online Del 6523, Asset Reconstruction Company v. Deputy

Director, Directorate of Enforcement 2024 SCC Online AT SAFEMA 14, and Suresh Devi v. Deputy Director, Directorate of Enforcement FPA-PMLA-4964/DLI/2023.

6. Defendant No. 2 submitted that attachment of “value of such property” can only be made against property of an accused person and CPL, being a non-accused and separate legal entity, could not be subjected to such attachment.

In response the complainant argued that the definition of “proceeds of crime” is wide and includes value thereof, as affirmed in Vijay Madanlal Choudhary v. Union of India 2022 SCC OnLine SC 929, and that attachment is not restricted only to properties directly derived from crime.

7. Defendant No. 2 contended that there was no allegation in the Original Complaint linking CPL or the property with the generation, movement, or utilisation of alleged proceeds of crime and no nexus had been established.

In response the complainant submitted that the PAO detailed scheduled offences, ECIR registration, investigation findings, fund flow analysis, and role of entities including CPL, supported by bank statements, financial statements, statements under Section 50 of PMLA, and other documentary evidence. Defendant No. 1, RCOM availed loans under consortium and Multi-Banking Arrangement and other credit facilities from Indian Banks. Further, the company has also availed ECBs from foreign banks and has also raised funds by way of issuance of FCCBs. The loans availed by RCOM started becoming NPA from 2017. Total outstanding loan till the date of FIR was Rs. 40,185.55 crores. On examination of the utilization of these loans, it was observed that loan proceeds were routed through multiple banking channels including SBI, HDFC Bank, ICICI Bank and YES Bank before reaching ultimate beneficiary accounts, indicating layered movement of funds rather than direct application towards stated end-use. The fund trails reflect recurring inter-se transfers between entities of the Reliance Group, including RCOM, RITL, RTL and other group concerns, without corresponding evidence of contemporaneous underlying commercial transactions in the fund trails. A consistent pattern of parking of substantial loan proceeds in liquid mutual fund schemes has been observed, which is inconsistent with utilisation for operational expenditure or capital deployment. The transaction patterns do not reflect direct payments to identifiable third-party vendors, OEMs, infrastructure providers or service contractors, which would ordinarily be expected where funds are deployed for genuine business operations. Certain bank accounts appear to have been used as nodal transit accounts for routing significant volumes of funds across multiple facilities and entities, indicating structured routing of transactions. A pattern is also evident wherein fresh borrowings were utilised to adjust or regularise earlier loan exposures, several of which themselves exhibit indicators of deviation from sanctioned end-use, suggesting a cycle of refinancing rather than deployment towards productive economic activities. Defendant No. 2 M/s Campion Properties Limited ("CPL") has received significant funds from RCOM, RTL and RITL over the years. CPL is one of the wholly owned subsidiaries of RCOM since 2006. Based on analysis of the audited financial statements filed by CPL with MCA it is

revealed that CPL is merely a shell company purchased and held by RCOM for the sole reason of holding the asset of the leasehold land and its enjoyment by RCOM. Further, from a perusal of the bank accounts of CPL, it is revealed that from the period 09.10.2002 till 01.10.2025 the total credits in CPL's HDFC A/c #30310004483 are ₹156,66,35,108, of which 83%, i.e. ₹129,86,36,945 are from RCOM itself. Therefore, the entire operational and financial lifeline of CPL rests on funding infused from RCOM. RCOM is the effective owner of the assets of CPL, which has been demonstrated with evidence of bank-account analysis as well as scrutiny of the audited financial statements of CPL.

8. Defendant No. 2 argued that attachment under the “value thereof” limb requires prior determination that proceeds of crime are untraceable, intermingled, or dissipated, which had not been established, relying on *Vijay Madanlal Choudhary v. Union of India* (2023) 12 SCC 1.

In response the complainant contended that the material on record sufficiently demonstrated generation and utilisation of proceeds of crime and justified attachment to prevent frustration of confiscation proceedings.

9. Defendant No. 2 submitted that there was discrepancy in quantification of proceeds of crime, pointing out inconsistency between FIR figures and PAO valuation, and absence of independent determination or tracing of funds.

In response the complainant argued that the PAO was based on substantial material including financial and investigative records and that adequacy of material is not subject to detailed scrutiny at this stage so long as “reason to believe” exists.

10. Defendant No. 2 contended that emergency attachment under the second proviso to Section 5(1) of PMLA could only be made in respect of tainted property and conditions for invoking such proviso were not satisfied.

In response the complainant submitted that the statutory conditions under Section 5(1), including apprehension of concealment or transfer, were duly met and justified the attachment.

11. Defendant No. 2 argued that no valid “reasons to believe” were recorded and that mere reproduction of statutory language did not satisfy the requirement, relying on *Income Tax Officer, Calcutta v. Lakhmani Mewal Das* (1976) 3 SCC 757.

In response the complainant contended that detailed reasons based on tangible material were recorded and that only existence, not sufficiency, of such reasons is subject to judicial scrutiny.

12. Defendant No. 2 submitted that there was no likelihood of the property being concealed, transferred, or dealt with to frustrate proceedings, especially since RCOM was under CIRP managed by a Resolution Professional.

In response the complainant argued that apprehension of alienation was supported by material on record, including conduct relating to assets and statements under Section 50 of PMLA.

13. Defendant No. 2 contended that allegations such as CPL being a shell company were beyond the scope of the FIR and investigation into the scheduled offence.

In response the complainant submitted that investigation under PMLA is broader in scope and permits examination of entities involved in laundering and concealment of proceeds of crime.

14. Defendant No. 2 argued that there was no allegation that CPL was used to perpetrate fraud or illegality and therefore corporate veil could not be lifted.

In response the complainant contended that CPL was a wholly owned subsidiary with characteristics of a shell company, including minimal revenue, absence of employees, and financial dependence on RCOM, justifying lifting of the corporate veil.

15. Defendant No. 2 contended that attachment based solely on shareholding was legally untenable and contrary to corporate law principles.

In response the complainant submitted that RCOM exercised effective ownership and control over CPL and had itself treated the property as its own asset, including inviting bids for its sale in stock exchange filings dated 16.02.2024.

16. Defendant No. 2 argued that the PAO was based on mere presumption and suspicion without cogent material.

In response the complainant contended that the PAO was supported by comprehensive material including FIRs, ECIR, statements under Section 50, bank records, agreements, and valuation reports.

17. Defendant No. 2 submitted that attachment of property acquired prior to the scheduled offence was discriminatory and that Section 24 of PMLA could not shift burden onto a non-accused.

In response the complainant argued that Section 24 permits presumption that attached properties are proceeds of crime and shifts burden onto the person concerned, and that attachment of equivalent value properties is permissible even if acquired prior to the offence.

18. Defendant No. 2 contended that non-supply of BDO forensic audit report violated principles of natural justice.

In response the complainant submitted that no reliance was placed on the BDO report and that "reasons to believe" are required to be submitted to the Adjudicating Authority in sealed cover under Section 5(2) of PMLA, and not to be supplied to the noticee, further relying on *Vijay Madanlal Choudhary v. Union of India* 2022 SCC OnLine SC 929 to argue that ECIR is an internal document not required to be furnished.

19. Defendant No. 1 and 2 collectively contended that the attachment was legally unsustainable due to absence of nexus with proceeds of crime, improper invocation of statutory provisions, and violation of settled principles of law.

In response the complainant submitted that proceedings under Section 5 of the PMLA are civil and preventive in nature, aimed at securing proceeds of crime, and that all statutory requirements were duly complied with, rendering the attachment legally valid and sustainable.

Defendant No. 1 and 2 contended in their applications that the complainant had improperly introduced additional documents at the stage of rejoinder dated 13.02.2026, including orders dated 04.02.2026 and 10.02.2026 and the disclosure dated 16.02.2024, and argued that adjudication under Section 8 read with Section 5 of the Prevention of Money Laundering Act, 2002 must be confined strictly to the Provisional Attachment Order, “reasons to believe” and relied upon documents forming part of the original complaint, and that such additional documents were irrelevant and introduced only to prejudice and mislead the Authority.

In response the complainant submitted that the PAO had been issued based on substantial and comprehensive material including FIRs, ECIR, statements under Section 50 of PMLA, financial and bank records, and that the existence of “reasons to believe” based on such material satisfied statutory requirements, and that the adjudicating authority is required only to examine whether such conditions exist.

20. Defendant No. 1 and 2 argued that the orders dated 04.02.2026 and 10.02.2026 had no relevance to the present proceedings, with Defendant No. 2 additionally alleging that the complainant had misrepresented dismissal of proceedings to mislead the Authority.

In response the complainant maintained that the PAO and proceedings were supported by independent material on record and detailed investigation including tracing of funds, role of entities, and documentary evidence.

21. Defendant No. 1 and 2 contended that the RCom Disclosure dated 16.02.2024 could not be relied upon as it did not form part of the “reasons to believe”, relied upon documents, PAO or original complaint, and that the complainant could not improve its case at the rejoinder stage, relying on *Mohinder Singh Gill v. Chief Election Commissioner* (1978) 1 SCC 405 and *Opto Circuits (India) Ltd v. Axis Bank* (2021) 6 SCC 707.

In response the complainant submitted that RCOM itself had treated the property as part of its assets in public disclosures and invited bids for its sale, thereby demonstrating effective ownership and control, and supporting the conclusion that CPL’s assets could be treated as assets of RCOM.

22. Defendant No. 1 and 2 further contended that even otherwise the RCom Disclosure demonstrated that only shareholding of CPL and RRL was treated as RCOM’s asset and not the underlying assets of CPL, and that sale of CPL’s assets required independent approval of its board and shareholders, thereby affirming separate corporate identity.

In response the complainant argued that CPL was a wholly owned subsidiary with characteristics of a shell company, including negligible revenue, lack of employees

and financial dependence on RCOM, and that such structure justified lifting of the corporate veil.

23. Defendant No. 1 and 2 contended that reliance on such additional documents was an afterthought intended to divert attention from insufficiency of “reasons to believe” forming part of the PAO.

In response the complainant submitted that “reasons to believe” had been duly recorded under Section 5 of PMLA based on cogent and tangible material and that adequacy of such reasons is not subject to detailed scrutiny.

24. Defendant No. 1 and 2 argued that shareholders do not own company assets and that CPL has an independent corporate personality, relying on *Western Coalfields Ltd. v. Special Area Development Authority* (1982) 1 SCC 125, *Rustom Cavasjee Cooper v. Union of India* (1970) 1 SCC 248, *Bacha F. Guzdar v. Commissioner of Income Tax* (1954) 2 SCC 563, *Electronics Corporation of India v. Secretary, Revenue Department* (1999) 4 SCC 458 and *Shree Hanuman Cotton Mills Ltd. v. Union of India* (2025 SCC OnLine Cal 9571).

In response the complainant contended that corporate personality can be disregarded where used to conceal unlawful activity, and relied upon principles permitting lifting of corporate veil and Section 70 of PMLA.

A. In this case the investigation under the PMLA which followed after the registration of FIR containing scheduled offence, establish the generation of proceeds of crime. The Complainant has brought on record the identification of proceeds of crime in terms of section 2(1)(u) of the PMLA, 2002. There is considerable evidence regarding generation of proceeds of crime by commission of the scheduled offences. There is sufficient evidence of such proceeds of crime having been utilized by the Defendants.

B. It is evident from the perusal of records including the reasons recorded u/s 8(1) by the undersigned that in this case the alleged criminal activity falling under scheduled offence as enumerated under the PMLA, 2002, resulted in generation of proceeds of crime. Out of this generation of proceeds of crime, the ED could not lay hands on the direct deployment of proceeds of crime and hence it has gone for attachment of property involving as value thereof. As evident from the contents of the Original Complaint the following properties attached under section 5(1) as mentioned on page no. 4 & 5 of OC as value thereof detailed hereunder :-

Property details/ reference no in the OC	<u>Lease holder and defendant no.</u>	Date of lease agreement	Whether attachment based on direct proceeds of crime	Whether attachment is as equivalent value of proceeds of crime	Value of the property (In Rs.)	Remark regarding the involvement of property in the money laundering
Lease of Plot of Land admeasuring 3.7 Acres, situated at Maharaja Ranjit Singh Marg, New Delhi -110002, bounded on the North by Government School, on the south by DESU Staff Quarters, on the East by Maharaja Ranjit Singh Marg, and on the west by a service road, containing building named Reliance Centre	<u>Campion Properties Limited (Defendant No. 2)</u>	07.10.2002	No	Yes	2162,74,40,000	RCOM is the effective owner of CPL and CPL is merely a shell company purchased and held by RCOM for the sole reason of holding the asset of the leasehold land and its enjoyment by RCOM

C. I have considered the rival submissions of the parties and the documents produced before me. After a comprehensive examination of the Defendants' role in relation to the attached property and its involvement in money laundering, as outlined in paragraph 5(3) of this order, and after conducting a comprehensive examination and carefully considering the written submissions, rejoinders and rival submissions during the course of hearing presented by both Ld. Counsel/representative of the Complainant and Defendants' and having taken into account all the relevant materials presented before me, including the information provided in the Original Complaint (OC), the written reply, and the rejoinder, I have arrived at the determination that the immovable/movable properties provisionally attached through Provisional Attachment Order (PAO) No. 32/2025 dated 31.10.2025, specifically the immovable/movable property mentioned in the PAO and page no. 4 & 5 of the OC in this order, registered in the name of the Defendants, are direct proceeds of crime as defined by Section 2(1)(u) of the Prevention of Money Laundering Act (PMLA), 2002. As a result, it is firmly established that the property in question is involved in money laundering.

D. Based on the Defendants' failure to fulfil the burden of proof required under Section 8 of the Prevention of Money Laundering Act (PMLA) and considering the

unrebutted presumption under Section 24 of the PMLA, it is hereby established that the mentioned immovable/movable properties, belonging to the Defendants and listed in the Table in the Provisional Attachment Order (PAO) and page no. 4 & 5 of the Original Complaint (OC), meet the definition of proceeds of crime as outlined in Section 2(1)(u) of the PMLA, 2002. The Defendants have not provided adequate evidence to contest the involvement of the attached property in money laundering. As a result, it is determined that these properties are indeed associated with money laundering.

E. I, hereby confirm the attachment of the property, conducted under sub-section (1) of Section 5 of the Prevention of Money Laundering Act (PMLA). Additionally, I direct that this attachment shall remain in force during the investigation for a period not exceeding three hundred and sixty-five days or until the conclusion of the proceedings related to any offense under this Act before the Special Court under PMLA. It is important to note that this attachment will be considered final upon the issuance of an order of confiscation by the Special Court under Sub-section (5) or Sub-section (7) of Section 8 of the PMLA.

a. **PAO No. 32/2025 dated 31.10.2025** is hereby confirmed.

b. Hence, **OC No. 471/2025** is allowed.

Order is pronounced on **10.04.2026** through video conference.

PRADEEP KUMAR UPADHYAY
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**Pradeep Kumar Upadhyay
Member (Finance)**

An appeal under section 26 of the PMLA, 2002 against this order lies to the Hon'ble Appellate Tribunal, PMLA which can be accessed online either through Appellate Tribunal's website <https://www.atfp.gov.in> or directly by log in <https://efiling.ecourt-dor.gov.in/#/>. The appeal may be filed within a period of 45 days from the date of receipt of the order.

PRADEEP KUMAR UPADHYAY
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**Pradeep Kumar Upadhyay
Member (Finance)**

The soft copy of the order will be uploaded on email of the Defendant (wherever available) within 48 hours from the pronouncement of the order. The hard copy of the order will be dispatched only to those defendants/respondents by speed post/parcel wherever the email address is not on record. Further, the certified copy of the order will be made available within seven working days after the deposit of required fee with the Registrar of Adjudicating Authority, PMLA.

NASREEN BANO SIDDIQUI
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**Registrar/ AO
AA-PMLA**

BEFORE THE ADJUDICATING AUTHORITY
(UNDER THE PREVENTION OF MONEY LAUNDERING ACT, 2002)

NEW DELHI

BEFORE

SH. PRADEEP KUMAR UPADHYAY, MEMBER (FINANCE)

ORIGINAL COMPLAINT (OC) 475/2025 & 507/2025

IN

PAO NO. 36/2025 DATED 03.11.2025 & 40/2025 DATED 19.11.2025

IN

ECIR/STF/26/2025

ORDER

Date: 10.04.2026

Mr. Jvalin Tejpal,
Deputy Director,
Directorate of Enforcement,
Government of India,
Special Task Force,
Ground Floor, B-Block, Pravartan Bhawan,
Dr. APJ Abdul Kalam Road, New Delhi-110011

.....Complainant

V/s

M/s Reliance Communications Limited,
(through its Resolution Professional Mr. Anish Nanavaty),
CIN: L45309MH2004PLC147531
Address: B-Block, Dhirubhai Ambani Knowledge City (DAKC),
Navi Mumbai, Maharashtra- 400710
Email: Anish.Nanavaty.irp@gmail.com

....Defendant No. 1

M/s Reliance Realty Limited,
(through its authorized representative),
CIN: U45300MH1993PLC173775,
Address: B-Block, Dhirubhai Ambani Knowledge City (DAKC),
Navi Mumbai, Maharashtra- 400710
Email: mca.rocfileing@relianceada.com

....Defendant No. 2

Appearance (Hearing on 07.04.2026):-

For the Complainant : Mr. Sanjeev Menon, Ld. Advocate

: Mr. Jvalin Tejpal, DD/ED

: Mr. Kota Ezra Shastry, AD/ED

For the Defendant No. 1 & 2 : Ms. Nimrah Alvi, Ld. Advocate

: Ms. Adyasha Nanda, Ld. Advocate

: Mr. Vishal Pathak, Ld. Advocate

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Per Sh. Pradeep Kumar Upadhyay,
Member (Finance)

1. PROVISIONAL ATTACHMENT ORDER:-

The Provisional Attachment Order No. 36/2025 dated 03.11.2025 & 40/2025 dated 19.11.2025 to be passed by the Deputy Director, Enforcement Directorate, Delhi, in ECIR No. ECIR/STF/26/2025. The said PAO is in respect of immovable/movable properties as detailed in the PAO. Pursuant thereto Original Complaint (OC) u/s 5(5) of Prevention of Money Laundering Act, 2002 (PMLA) came to be filed through E-filing portal on 27.11.2025 (registered as OC 475) & 18.12.2025 (OC 507) respectively before this Authority numbered as OC-475/2025 & 507/2025 respectively giving the details of the movable/immovable properties attached on page no. 4 & 5 (OC-475/2025) & 5 & 6 (OC-507/2025). The said PAO and the OC are the subject matter of the present adjudication.

2. SUBSEQUENT TO THE RECEIPT OF THE COMPLAINT THE REASONS U/S 8(1) OF PMLA 2002 WAS RECORDED BY THE ADJUDICATING AUTHORITY FOR THE PURPOSE OF ISSUE OF NOTICE U/S 8(1) AS UNDER IN RESPECT OF OC 475/2025:-

2.A. OC-475/2025:-

1) "A Provisional Attachment Order (PAO) was issued by the Enforcement Directorate vide PAO No. **36/2025 dated 03.11.2025**. Pursuant to the PAO, Original Complaint (OC) 475/2025, along with its annexures/ RUD, was filed by the Deputy Director, Enforcement Directorate, Delhi (hereinafter referred to as the "Complainant") on the E-Filing portal on 27.11.2025, under registration No. **2025010202020549**. Following a review of the aforementioned documents and the exhibits thereto, the pertinent facts are briefly stated below for the purpose of issuing a notice under section 8(1) of the Act.

2) The complainant, having described the nature of offence and their relation to the immovable property attached, issued Provisional Attachment Order No. **36/2025 dated 03.11.2025** under sub section (1) of section 5 for provisional attachment in the form of immovable property to the extent of **Rs. 44,62,81,00,000/- (Rupees Four Thousand Four Hundred Sixty-Two Crores and Eighty One Lakhs Only)** acquired by/ under the possession of the defendant(s) as mentioned on pages 4 - 5 of the OC. The property has been attached as value thereof.

3) It has been brought on record that an FIR bearing No. RC0742025E0005 dated 21.08.2025 was registered by the Central Bureau of Investigation ("CBI"), Banking

Securities Fraud Branch (“BSFB”), New Delhi, under Sections 120-B, 406 and 420 of the Indian Penal Code, 1860 (“IPC”) and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1989 (“PCA”), against M/s Reliance Communications Limited (“RCOM”), Shri Anil D. Ambani, unknown public servants, and unknown others.

The FIR was registered on the basis of a complaint addressed to the CBI by Shri Jyoti Kumar, Deputy General Manager, State Bank of India (“SBI”), Stressed Assets Management Branch (“SAMB”)-III, Tulsiani Chambers, Nariman Point, Mumbai, vide letter dated 18.08.2025.

The complaint alleges that RCOM, its Director Shri Anil D. Ambani, and others committed offences including criminal conspiracy, cheating, criminal breach of trust, and criminal misconduct, thereby causing wrongful loss of ₹2,929.05 crores to SBI, along with a notional interest component of ₹3,661.16 crores.

4) As Sections 120-B and 420 of the IPC and Section 13(2) read with Section 13(1)(d) of the PCA constitute scheduled offences under the PMLA, enquiries under the PMLA were initiated against the persons/entities named in the CBI FIR, after recording the facts of the scheduled offence in ECIR/STF/26/2025 dated 26.08.2025 at the Directorate of Enforcement, Special Task Force.

5) Further, it is stated in the original complaint that:

(a) Credit facilities had been sanctioned by SBI to RCOM, M/s Reliance Telecom Limited, and M/s Reliance Infratel Limited. Collectively, these entities form part of the Reliance – Anil Dhirajlal Ambani Group (“RAAG”). The credit facilities were sanctioned to RAAG by SBI’s CAG-1, Mumbai (9995), Neville House, J.N. Heredia Marg, Ballard Estate, Fort, Mumbai, and by SBI’s Project Finance and Structuring Business Unit at the same branch, during the period from 20.10.2002 to 29.05.2018.

(b) The fraud declared by SBI is based on the forensic audit conducted by BDO India LLP, as per its report dated 15.10.2020, which covers the period from 01.04.2013 to 31.03.2017.

(c) The genesis of the fraud primarily lies in a Consortium/ Multiple Banking Arrangement involving credit facilities availed by RAAG. The accused individuals and companies, acting in conspiracy with each other, allegedly obtained credit facilities through misrepresentation and deception, and after disbursal, misappropriated bank funds by undertaking transactions in violation of the sanction terms and conditions.

(d) RAAG had also availed credit facilities from non-consortium banks during the same period, forming a set of inter-connected transactions, as funds obtained from consortium banks were utilised for servicing non-consortium credit facilities as well.

6) The complainant during the course of the investigation recorded statements u/s 50(2) & 50(3) of the PMLA as mentioned on pages 11 - 41 of the OC, elaborating the modus operandi of the generation of the proceeds of crime and deployment thereof.

7) The reasons to believe under section 5(1) of the PMLA, has been recorded and submitted before this Adjudicating Authority in sealed cover along with materials in possession, along with PAO as mentioned in para 1 supra.

8) From the analysis of the OC and RUDs along with the contents of the alleged scheduled offences under PMLA, it has been noted that the credit facilities availed by RAAG were fraudulently mis-utilized in the following manner:

(a) Loans sanctioned to one group entity by a particular bank were utilized for repayment of loans availed by other group entities from different banks, for transfers to related parties, and for investments in mutual funds, actions that were in clear violation of the respective sanction terms and conditions.

(b) Portions of the loan proceeds were illicitly siphoned off outside India through foreign outward remittances.

(c) Funds were diverted to infrastructure companies controlled by Shri Anil D. Ambani, including M/s Reliance Infrastructure Ltd. and M/s CLE Private Limited, in breach of the sanctioned loan covenants.

(d) Significant amounts were dissipated through payments to various third parties without any legitimate business justification.

9) The defendants have been alleged to be involved in the laundering of proceeds of crime as per OC and RUDs. The role of the defendant(s) and the involvement of the attached properties in the generation, concealment, layering, or placement of the proceeds of crime have been mentioned in the OC. The reasons to believe under Section 5(1) of the PMLA have been detailed in the OC. Thus, it is noted that the defendants are involved in the process of money laundering. Therefore, the reasons to believe formed by the Deputy Director are prima facie sustainable.

10) There is scheduled offence under PMLA, the role of defendants regarding their involvement in money laundering has been ascertained and there is cogent reasons to believe that the attached properties are directly or indirectly involved in the proceeds of crime and are likely intended to be concealed, transferred or dealt with in a manner that would obstruct the proceedings related to the confiscation of such proceeds.

11) Thus, there are reasons to believe that the properties presently attached under Provisional Attachment Order no. 36/2025 dated 03.11.2025 fall under the definition of “proceeds of crime” as defined under section 2(1)(u) of the PMLA, 2002 which renders them liable to confirmation of attachment under section 8(3) of the said Act. However, the final view shall be taken after receiving responses from both sides and granting an opportunity of hearing to both parties, as per the schedule mentioned in the show cause notice u/s 8(1) of the PMLA.

Note: - A copy of the aforesaid recording of reasons u/s 8(1) of PMLA 2002 to be sent along with the notice to the Defendant(s)."

2.B The show cause notice issued to all parties by the Adjudicating Authority along with reasons to believe recorded under Section 8(1) is as under:-

“Show Cause Notice

1) This show cause notice contains “Reasons to Believe” u/s 8(1) of the PMLA, 2002 wherein the details of the offences are described.

2) The offence of money laundering is very widely defined under section 3 of PMLA as under-

“Offence of money-laundering. —Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property shall be guilty of offence of money-laundering.”

3) Mindful of the fact that no opportunity of hearing is mandated to be given to the affected parties at the stage of issuance of PAO, it is in the interest of justice and in the interest of the defendant(s) that they may be served a notice in accordance with the provisions of Section 8(1) of PMLA and be heard.

4) Hence, issue and serve Notice as applicable in the case of defendant(s) to Show Cause to the defendant(s) to indicate the source of their income, earnings or assets out of which or by means of which they have acquired the properties attached under section 5(1), the evidence on which they rely and other relevant information and particulars, and to show cause as to why the properties attached should not be declared to be the properties involved in money-laundering as defined under section 2(1)(u) of the PMLA, 2002 and be confiscated by the Central Government by confirming the PAO.

5) Upon receipt of the Show Cause Notice along with the OC and RUD, the Defendant(s) is/are required to file their written reply(ies) on the E-filing Portal of the Adjudicating Authority, PMLA (<https://efiling.ecourt-dor.gov.in/#/>). The Defendant(s) is/are also required to submit the reply(ies) via email to the Registrar,

Adjudicating Authority, PMLA (registraraapmla-rev@nic.in), in both MS Word and PDF formats, on or before **13th January 2026**, with a copy to the Complainant at the following email IDs: ddstf2-ed@gov.in & adstf21-ed@gov.in. It is mandatory for the Defendant(s) to provide their email address within **30 days** of receiving this Show Cause Notice. Additionally, a copy of the email regarding the submission of the soft copy must be sent to both the Adjudicating Authority and the Complainant, ensuring that it reaches them on or before the **5th day** following the submission of the reply via email, as mentioned above. Due to the time limitations involved, failure to adhere to the submission schedule may result in the submission not being placed on record. Further, on receipt of reply on or before **20th January 2026**, the complainant is required to file the rejoinder by **20th February 2026** in the manner stated above with a copy to the defendant(s) simultaneously. In this case the opportunity of being heard is provided on **07th April 2026 at 10.30am**. (For the purpose of availing the opportunity of being heard it is mandatory for the defendant(s) to furnish their email for sending of video link at least a month before the date fixed for hearing.)

6) Further, it is also brought to the notice of the complainant and defendant(s) that at least 7 days before the scheduled date of hearing i.e., on **31st March 2026**, for a meaningful discussion on the main issues in the connection with case, the following are required to be submitted on the Email of the Adjudicating Authority:

- (i) The allegations as per the FIR/ Chargesheet not more than two pages.
- (ii) The allegations by the ED including the findings as mentioned in the PAO and the Complaint not more than two pages.
- (iii) Source of funds for each of the property which has been attached along with the arguments that the property is not involved in the money laundering.
- (iv) Gist of reply in response to notice u/s 8(1) not more than two pages and gist of rejoinder submitted by the Complainant not more than two pages.

7) The contents of PAO and the OC make it evident that prima facie compliance to the provisions of section 5 of the PMLA 2002 has been made by the Complainant. However, if any defendant(s) has any objection to it, the same may be raised while submitting of the reply in response to notice u/s 8(1) which will be taken into consideration adhering to the principles of natural justice in course of proceedings and consequently in order u/s 8(3). It is made clear that in view of the statutory time limitation involved such objections though will be considered in the order u/s 8(3) but will not be considered as constraint in filing of reply with reference to terms of notice u/s 8(1) as the reason for the action u/s 5 is evident from the contents of PAO/OC and on perusal thereof notice u/s 8(1) has been issued.”

3. SUBSEQUENT TO THE RECEIPT OF THE COMPLAINT THE REASONS U/S 8(1) OF PMLA 2002 WAS RECORDED BY THE ADJUDICATING AUTHORITY FOR THE PURPOSE OF ISSUE OF NOTICE U/S 8(1) AS UNDER IN RESPECT OF OC 507/2025:-

3.A. OC-507/2025:-

1) "A Provisional Attachment Order (PAO) was issued by the Enforcement Directorate vide PAO No. **40/2025 dated 19.11.2025**. Pursuant to the PAO, Original Complaint (OC) 507/2025, along with its annexures/ RUD, was filed by the Deputy Director, Enforcement Directorate, Delhi (hereinafter referred to as the "Complainant") on the E-Filing portal on 18.12.2025, under registration No. **20250102020610**. Following a review of the aforementioned documents and the exhibits thereto, the pertinent facts are briefly stated below for the purpose of issuing a notice under section 8(1) of the Act.

2) The complainant, having described the nature of offence and their relation to the immovable properties attached, issued Provisional Attachment Order No. **40/2025 dated 19.11.2025** under sub section (1) of section 5 for provisional attachment in the form of immovable properties to the extent of **Rs. 14,52,51,69,000/- (Rupees One Thousand Four Hundred Fifty-Two Crores Fifty-One Lakhs and Sixty-Nine Thousand Only)** acquired by/ under the possession of the defendant(s) as mentioned on pages 5 - 6 of the OC. The properties have been attached as value thereof.

3) It has been brought on record that an FIR bearing No. RC0742025E0005 dated 21.08.2025 was registered by the Central Bureau of Investigation ("CBI"), Banking Securities Fraud Branch ("BSFB"), New Delhi, under Sections 120-B, 406 and 420 of the Indian Penal Code, 1860 ("IPC") and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1989 ("PCA"), against M/s Reliance Communications Limited ("RCOM"), Shri Anil D. Ambani, unknown public servants, and unknown others.

OC NO. 475/2025 & 507/2025 PMLA

The FIR was registered on the basis of a complaint addressed to the CBI by Shri Jyoti Kumar, Deputy General Manager, State Bank of India ("SBI"), Stressed Assets Management Branch ("SAMB")-III, Tulsiani Chambers, Nariman Point, Mumbai, vide letter dated 18.08.2025.

The complaint alleges that RCOM, its Director Shri Anil D. Ambani, and others committed offences including criminal conspiracy, cheating, criminal breach of trust,

and criminal misconduct, thereby causing wrongful loss of ₹2,929.05 crores to SBI, along with a notional interest component of ₹3,661.16 crores.

4) As Sections 120-B and 420 of the IPC and Section 13(2) read with Section 13(1)(d) of the PCA constitute scheduled offences under the PMLA, enquiries under the PMLA were initiated against the persons/entities named in the CBI FIR, after recording the facts of the scheduled offence in ECIR/STF/26/2025 dated 26.08.2025 at the Directorate of Enforcement, Special Task Force.

5) Further, it is stated in the original complaint that:

(a) Credit facilities had been sanctioned by SBI to RCOM, M/s Reliance Telecom Limited, and M/s Reliance Infratel Limited. Collectively, these entities form part of the Reliance – Anil Dhirajlal Ambani Group (“RAAG”). The credit facilities were sanctioned to RAAG by SBI’s CAG-1, Mumbai (9995), Neville House, J.N. Heredia Marg, Ballard Estate, Fort, Mumbai, and by SBI’s Project Finance and Structuring Business Unit at the same branch, during the period from 20.10.2002 to 29.05.2018.

(b) The fraud declared by SBI is based on the forensic audit conducted by BDO India LLP, as per its report dated 15.10.2020, which covers the period from 01.04.2013 to 31.03.2017.

(c) The genesis of the fraud primarily lies in a Consortium/ Multiple Banking Arrangement involving credit facilities availed by RAAG. The accused individuals and companies, acting in conspiracy with each other, allegedly obtained credit facilities through misrepresentation and deception, and after disbursal, misappropriated bank funds by undertaking transactions in violation of the sanction terms and conditions.

(d) RAAG had also availed credit facilities from non-consortium banks during the same period, forming a set of inter-connected transactions, as funds obtained from consortium banks were utilised for servicing non-consortium credit facilities as well.

6) The complainant during the course of the investigation recorded statements u/s 50(2) & 50(3) of the PMLA as mentioned on pages 12 - 47 of the OC, elaborating the modus operandi of the generation of the proceeds of crime and deployment thereof.

7) The reasons to believe under section 5(1) of the PMLA, has been recorded and submitted before this Adjudicating Authority in sealed cover along with materials in possession, along with PAO as mentioned in para 1 supra.

8) From the analysis of the OC and RUDs along with the contents of the alleged scheduled offences under PMLA, it has been noted that the credit facilities availed by RAAG were fraudulently mis-utilized in the following manner:

(a) Loans sanctioned to one group entity by a particular bank were utilized for repayment of loans availed by other group entities from different banks, for transfers to related parties, and for investments in mutual funds, actions that were in clear violation of the respective sanction terms and conditions.

(b) Portions of the loan proceeds were illicitly siphoned off outside India through foreign outward remittances.

(c) Funds were diverted to infrastructure companies controlled by Shri Anil D. Ambani, including M/s Reliance Infrastructure Ltd. and M/s CLE Private Limited, in breach of the sanctioned loan covenants.

(d) Significant amounts were dissipated through payments to various third parties without any legitimate business justification.

9) The defendants have been alleged to be involved in the laundering of proceeds of crime as per OC and RUDs. The role of the defendant(s) and the involvement of the attached properties in the generation, concealment, layering, or placement of the proceeds of crime have been mentioned in the OC. The reasons to believe under Section 5(1) of the PMLA have been detailed on pages 2 – 4 of the OC. Thus, it is noted that the defendants are involved in the process of money laundering. Therefore, the reasons to believe formed by the Deputy Director are prima facie sustainable.

10) There is scheduled offence under PMLA, the role of defendants regarding their involvement in money laundering has been ascertained and there is cogent reasons to believe that the attached properties are directly or indirectly involved in the proceeds of crime and are likely intended to be concealed, transferred or dealt with in a manner that would obstruct the proceedings related to the confiscation of such proceeds.

11) Thus, there are reasons to believe that the properties presently attached under Provisional Attachment Order no. **40/2025 dated 19.11.2025** fall under the definition of “proceeds of crime” as defined under section 2(1)(u) of the PMLA, 2002 which renders them liable to confirmation of attachment under section 8(3) of the said Act. However, the final view shall be taken after receiving responses from both sides and granting an opportunity of hearing to both parties, as per the schedule mentioned in the show cause notice u/s 8(1) of the PMLA.

Note: - A copy of the aforesaid recording of reasons u/s 8(1) of PMLA 2002 to be sent along with the notice to the Defendant(s).”

3.B.The show cause notice issued to all parties by the Adjudicating Authority along with reasons to believe recorded under Section 8(1) is as under:-

“Show Cause Notice

1) This show cause notice contains “Reasons to Believe” u/s 8(1) of the PMLA, 2002 wherein the details of the offences are described.

2) The offence of money laundering is very widely defined under section 3 of PMLA as under-

“Offence of money-laundering. —Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property shall be guilty of offence of money-laundering.”

3) Mindful of the fact that no opportunity of hearing is mandated to be given to the affected parties at the stage of issuance of PAO, it is in the interest of justice and in the interest of the defendant(s) that they may be served a notice in accordance with the provisions of Section 8(1) of PMLA and be heard.

4) Hence, issue and serve Notice as applicable in the case of defendant(s) to Show Cause to the defendant(s) to indicate the source of their income, earnings or assets out of which or by means of which they have acquired the properties attached under section 5(1), the evidence on which they rely and other relevant information and particulars, and to show cause as to why the properties attached should not be declared to be the properties involved in money-laundering as defined under section 2(1)(u) of the PMLA, 2002 and be confiscated by the Central Government by confirming the PAO.

5) Upon receipt of the Show Cause Notice along with the OC and RUD, the Defendant(s) is/are required to file their written reply(ies) on the E-filing Portal of the Adjudicating Authority, PMLA (<https://efiling.ecourt-dor.gov.in/#/>). The Defendant(s) is/are also required to submit the reply(ies) via email to the Registrar, Adjudicating Authority, PMLA (registraraapmla-rev@nic.in), in both MS Word and PDF formats, on or before **04th February 2026**, with a copy to the Complainant at the following email IDs: ddstf2-ed@gov.in & adstf21-ed@gov.in. It is mandatory for the Defendant(s) to provide their email address within **30 days** of receiving this Show Cause Notice. Additionally, a copy of the email regarding the submission of the soft copy must be sent to both the Adjudicating Authority and the Complainant, ensuring that it reaches them on or before the **5th day** following the submission of the reply via email, as mentioned above. Due to the time limitations involved, failure to adhere to the submission schedule may result in the submission not being placed on record. Further, on receipt of reply on or before **11th February 2026**, the complainant is required to file the rejoinder by **11th March 2026** in the manner stated above with a copy to the defendant(s) simultaneously. In this case the opportunity of being heard is provided on **07th April 2026 at 10.30am**. (For the purpose of availing the opportunity

of being heard it is mandatory for the defendant(s) to furnish their email for sending of video link at least a month before the date fixed for hearing.)

6) Further, it is also brought to the notice of the complainant and defendant(s) that at least 7 days before the scheduled date of hearing i.e., on **31st March 2026**, for a meaningful discussion on the main issues in the connection with case, the following are required to be submitted on the Email of the Adjudicating Authority:

- (i) The allegations as per the FIR/ Chargesheet not more than two pages.
- (ii) The allegations by the ED including the findings as mentioned in the PAO and the Complaint not more than two pages.
- (iii) Source of funds for each of the property which has been attached along with the arguments that the property is not involved in the money laundering.
- (iv) Gist of reply in response to notice u/s 8(1) not more than two pages and gist of rejoinder submitted by the Complainant not more than two pages.

7) The contents of PAO and the OC make it evident that prima facie compliance to the provisions of section 5 of the PMLA 2002 has been made by the Complainant. However, if any defendant(s) has any objection to it, the same may be raised while submitting of the reply in response to notice u/s 8(1) which will be taken into consideration adhering to the principles of natural justice in course of proceedings and consequently in order u/s 8(3). It is made clear that in view of the statutory time limitation involved such objections though will be considered in the order u/s 8(3) but will not be considered as constraint in filing of reply with reference to terms of notice u/s 8(1) as the reason for the action u/s 5 is evident from the contents of PAO/OC and on perusal thereof notice u/s 8(1) has been issued.”

4. REPLIES, SUBMISSIONS AND REJOINDERS :

Upon receipt of the show cause notice, the Defendant No. 1 & 2 (In OC No. 475/2025 & OC No. 507/2025) have filed reply and the Complainant filed Rejoinder to the reply thereto. Elaborate written reply is filed by the Defendant and the said written reply and /or submissions made by him from time to time are on record. It is not necessary to reproduce the submissions made by the Defendant. From the background of the facts stated in the present Provisional Attachment Order concerning the scheduled offence and the ECIR based thereon and the PMLA investigation it cannot be said that the Enforcement Directorate has not placed sufficient material to justify the provisional attachment of the properties. However, the confirmation of the properties attached is to be decided after having considered the submissions made in the course of proceedings before this Authority. The submissions are dealt with hereinafter under the caption “CONSIDERATION OF SUBMISSIONS”.

4. CONSIDERATION OF SUBMISSIONS:-

Having perused the contents of the Original complaint, the submission of the defendant in response to notice under section 8(1) and the rejoinder thereto and having heard them the relevant point for the purpose of adjudication are discussed hereunder:-

1) IN THIS CASE THE GIST OF THE FIR/CHARGE SHEET:-

A FIR No. RCBD1/2025/E/0005 dated 21.08.2025 was registered by Central Bureau of Investigation ("CBI"), Banking Securities Fraud Branch ("BSFB"), New Delhi, under sections 120-B, 406 and 420 of the Indian Penal Code, 1860 ("IPC") and section 13(2) read with section 13(1)(d) of the Prevention of Corruption Act, 1989 ("PCA") against M/s Reliance Communications Limited ("RCOM"), Mr. Anil D. Ambani ("Mr. Ambani"), unknown public servants & unknown others for offences including criminal conspiracy, cheating, criminal breach of trust, and criminal misconduct thereby, causing wrongful loss of ₹2,929.05 crores to SBI plus notional interest of ₹3,661.16 crores. The genesis of the fraud is primarily a Consortium / Multiple Banking Arrangement ("MBA") involving credit facilities availed by the Reliance Anil Ambani Group (RAAG) of Rs. 6,750 crores in February 2015. However, in the interim period, multiple requests were made by representatives of RCOM and RTL, including Mr. Anil Dhirajlal Ambani, for interim disbursements / sanctioning of credit facilities by individual banks of consortium. There was interim disbursements of consortium loans in 2012/13 by some of the consortium banks. Total outstanding loans of RAAG as per the FIR is Rs. 40,185.55 crores.

2) IN THIS CASE THE GIST OF INVESTIGATION UNDER THE PMLA IS AS UNDER:-

(a) After recording facts of scheduled offence, ECIR/STF/26/2025 dated 26.08.2025 was recorded at the Directorate of Enforcement, Special Task Force. During the course of investigation, summons were issued to lender banks and statement U/s 50 of PMLA, 2002 was recorded. The investigation under PMLA, 2002 has revealed that RAAG had availed loans from various banks and has utilized the said funds for repayment of older loans and purposes other than declared before the banks, and has defaulted on the same. Further, the Group was also found to be non-compliant with the terms and conditions based on which the loans were sanctioned to the Group on various instances. In certain cases, the dissipation and diversion of the securities pledged by RAAG backing these loans has been identified.

(b) The investigation revealed that the credit facilities availed by RAAG have been fraudulently mis-utilized for repayment of loans taken by other entities from other banks, transfer to related parties and investments in Mutual funds. Certain loans were siphoned off outside India through foreign outward remittances, diverted to infrastructure companies of Mr. Anil Ambani such as M/s Reliance Infrastructure Ltd

and M/s CLE Pvt. Ltd. in violation of the sanctioned loan terms. Certain loan amounts were utilized for repayment of loans taken by the company outside India.

(c) The detailed bank-wise trail of loans was prepared and depicted in PAO and OC and therefore the same is not reproduced herein for the sake of brevity.

3) ROLE OF THE DEFENDANTS:-

DEFENDANT NO. 1(In OC No. 475/2025 & OC No. 507/2025):-

RCOM availed loans under consortium and Multi-Banking Arrangement and other credit facilities from Indian Banks. Further, the company has also availed ECBs from foreign banks and has also raised funds by way of issuance of FCCBs. The loans availed by RCOM started becoming NPA from 2017. Total outstanding loan till the date of FIR was Rs. 40,185.55 crores. On examination of the utilization of these loans, it was observed that:

- a. The loan proceeds were routed through multiple banking channels including SBI, HDFC Bank, ICICI Bank and YES Bank before reaching ultimate beneficiary accounts, indicating layered movement of funds rather than direct application towards stated end-use.
- b. The fund trails reflect recurring inter-se transfers between entities of the Reliance Group, including RCOM, RITL, RTL and other group concerns, without corresponding evidence of contemporaneous underlying commercial transactions in the fund trails.
- c. A consistent pattern of parking of substantial loan proceeds in liquid mutual fund schemes has been observed, which is inconsistent with utilisation for operational expenditure or capital deployment.
- d. The transaction patterns do not reflect direct payments to identifiable third-party vendors, OEMs, infrastructure providers or service contractors, which would ordinarily be expected where funds are deployed for genuine business operations.
- e. Certain bank accounts appear to have been used as nodal transit accounts for routing significant volumes of funds across multiple facilities and entities, indicating structured routing of transactions.
- f. A pattern is also evident wherein fresh borrowings were utilised to adjust or regularise earlier loan exposures, several of which themselves exhibit indicators of deviation from sanctioned end-use, suggesting a cycle of refinancing rather than deployment towards productive economic activities.

DEFENDANT NO. 2(In OC No. 475/2025 & OC No. 507/2025):-

M/s Reliance Realty Limited ("RRL") has received significant funds from RCOM and its related companies over the years. RRL is one of the wholly owned subsidiaries of RCOM since 2006. Based on analysis of the audited financial statements filed by RRL with MCA it is revealed that RRL is merely a shell company held by RCOM for the sole reason of holding the asset of the leasehold land and its enjoyment by RCOM.

4) GIST OF THE REPLY/REJOINDER(In OC No. 475/2025 & OC No. 507/2025):-

GIST OF THE REPLY OF DEFENDANT NO. 1	GIST OF REJOINDER OF DEFENDANT NO. 1
<p>1. The Property attached by the Complainant does not belong to RCOM. The Complainant admitted at paragraph 6.52 of the OC, that the Property has been leased to CPL (known as Hotel Sleepwell Pvt. Ltd. at the time) by the President of India through Land & Development Officer, Ministry of Urban Development and Poverty Alleviation for a period of 99 years from the date of execution of the Lease Deed. Therefore, the requirement to provide any source of income, earning or assets by RCom for obtaining the Property in response to the SCN, does not arise. The Property has been attached on the basis of the allegation that CPL is a shell company by virtue of it being a wholly owned subsidiary of RCom. The sole premise for attachment of the Property is that 100% of the CPL's shareholding is owned by RCom, which is completely flawed, fallacious and contrary to the well settled principles of corporate law regarding separate corporate juristic identity. The Complainant has erroneously treated CPL's assets as those of RCom, as it is a well settled principle that the shareholders of a company, irrespective of their number, do not own the assets of a company. The CPL has a separate corporate personality from that of its shareholder, i.e., RCom.</p> <p>2. The well-established principles of law do not countenance lifting of the corporate veil in a casual and routine fashion without there being any allegation of fraud, evasion or wrong-doing on part of an entity.</p>	<p>1. The Provisional Attachment Order has been issued strictly in accordance with the mandate of Section 5 of the Prevention of Money Laundering Act, 2002. The statutory pre-conditions as contemplated under Section 5 stand fully satisfied in the present case.</p> <p>2. Before issuing Provisional Attachment Order (PAO), the Authorized Officer recorded a duly reasoned "reason to believe" under Section 5 of the PMLA, 2002, based on material in his possession, that (i) the person was in possession of proceeds of crime, and (ii) such proceeds were likely to be concealed, transferred, or dealt with in a manner that could frustrate confiscation proceedings.</p> <p>3. The PAO reflects that substantial and tangible material existed before its issuance, including FIRs registered by the CBI, the ECIR, documents collected during investigation, admissible statements recorded under Section 50 of PMLA, bank account statements, financial statements of M/s Campion Properties, email correspondence from ITDC, Share Purchase and Lease Agreements, summons issued during investigation, and a valuation report. The "reason to believe" was thus founded on cogent and comprehensive material.</p> <p>4. The PAO details the scheduled offence, registration of ECIR, investigation under PMLA, generation and utilisation of proceeds of crime, and bank-wise tracing of fund flows from credit facilities. It further examines the role of entities such as M/s Campion Properties, indicators of shell company characteristics, effective ownership and control of RCOM, and alleged attempts to influence the resolution process, all supported by documentary and financial analysis.</p> <p>5. The attachment was necessary to prevent concealment, transfer, or alienation of properties identified as equivalent value of proceeds of crime under Section 2(1)(u) read with Section 5(1) of the PMLA.</p> <p>6. The present case exemplifies money laundering carried out by a beneficial owner</p>

	<p>under the cover of the corporate veil. Courts have consistently recognized that corporate structures may be misused to conceal true ownership, source of funds, and unlawful activities. Judicial precedents establish that where corporate personality is used to perpetrate fraud, evade obligations, or facilitate illegal acts, courts are empowered to lift the corporate veil to ascertain the real nature of transactions and identify the persons in actual control.</p> <p>7. Section 70 of the PMLA enables penetration of the corporate structure to fix liability on those responsible for the company's affairs. Persons who control and benefit from unlawful activities cannot seek refuge behind corporate identity. Given the magnitude of alleged money laundering in the present case, the defendant's objection to lifting the corporate veil is stated to be untenable.</p> <p>8. M/s Reliance Communications Limited itself, in its filing dated 16.02.2024 before the Bombay Stock Exchange and National Stock Exchange, has invited expressions of interest for the sale of the property attached in PAO 32/2025. Therefore, the defendant's claim that assets of CPL cannot be considered as assets of RCOM is wholly incorrect.</p>
<p>GIST OF THE REPLY OF DEFENDANT NO. 2</p>	<p>GIST OF REJOINDER OF DEFENDANT NO. 2</p>
<p>1. The ECIR dated 26.08.2025, which led to the issuance of the Provisional Attachment Order (PAO), is based on a CBI FIR dated 21.08.2025, RRL is not named as an accused in the predicate offence FIR of CBI dated 21.08.2025.</p> <p>2. The property was acquired in 1995, nearly two decades prior to the alleged scheduled offences, and there is no allegation of RRL's involvement in such offences. The property is attached under the second limb of Section 2(1)(u) of the PMLA, i.e., as "value thereof," thereby admitting that the property is not itself tainted or directly derived from proceeds of crime. The complainant has not alleged that the property or RRL is involved in money laundering under Section 3 of the PMLA. The attachment is based solely on RCom's 100% shareholding in RRL, and not on any allegation that the property was</p>	<p>1. The PAO has been issued strictly in accordance with the mandate of Section 5 of the Prevention of Money Laundering Act, 2002. The statutory pre-conditions as contemplated under Section 5 stand fully satisfied. Prior to issuance of the PAO, the Authorized Officer recorded a duly reasoned "reason to believe" under Section 5 of the PMLA, 2002, based on material in his possession, that (i) the person was in possession of proceeds of crime, and (ii) such proceeds were likely to be concealed, transferred, or dealt with in a manner that could frustrate confiscation proceedings.</p> <p>2. The PAO reflects that substantial and tangible material existed before its issuance, including FIRs registered by the CBI, the ECIR, documents collected during investigation, admissible statements recorded under Section 50 of PMLA, bank account statements, financial statements of M/s Reliance Realty Ltd, email</p>

<p>acquired from actual proceeds of crime.</p> <p>3. Attachment of ‘value of such property’ under section 2(1)(u) is only applicable to the property of the accused - RRL, not being an accused under Section 3 of PMLA and being a separate legal entity from RCOM, cannot be subjected to such attachment.</p> <p>4. There is no allegation in the Original Complaint of RRL having committed any scheduled offence or offence of money laundering, nor any allegation connecting RRL or the attached property with the generation, movement, utilisation, or repayment of the alleged proceeds of crime relating to RCom’s loans. No nexus has been established between RRL/the Property and the alleged proceeds of crime.</p> <p>5. Attachment under the second limb of Section 2(1)(u) of the PMLA—i.e., attachment of the “value of such property”—is permissible only where the actual proceeds of crime are untraceable, intermingled, or dissipated. For a valid attachment under Section 5, the Complainant must establish: (i) a nexus with a scheduled offence; (ii) generation of proceeds of crime as defined under Section 2(1)(u); (iii) involvement of the accused in the process or activity constituting money laundering under Section 3; and (iv) a duly recorded “reasons to believe” identifying the value of such proceeds. In the absence of this foundational requirement, the attachment is unsustainable in law. Reliance is placed on the judgment of <i>Vijay Madanlal Choudhary v. Union of India</i>, (2023) 12 SCC 1.</p> <p>6. The Complainant has not undertaken any independent quantification of the alleged proceeds of crime. The FIR, specifies wrongful loss of ₹2,929.05 crores plus notional interest of ₹3,661.16 crores however PAO incorrectly states the value as ₹40,185.55 crores, this reflects a clear discrepancy in valuation. There is no material in the OC or PAO showing efforts to trace the alleged proceeds of crime. No finding is recorded that such proceeds have become untraceable, intermingled, or dissipated. Such determination is mandatory for invoking attachment under the “value thereof” limb of Section 2(1)(u).The</p>	<p>correspondence with DO3 IGR Office, Registration document no 12017 dated 17.09.2019, Lease Agreements, summons issued during investigation, and a valuation report. The “reason to believe” was thus founded on cogent and comprehensive material.</p> <p>3. The PAO details the scheduled offence, registration of ECIR, investigation under PMLA, generation and utilisation of proceeds of crime, and bank-wise tracing of fund flows from credit facilities. It further examines the role of entities such as M/s Reliance Realty Ltd, effective ownership and control of RCOM, and alleged attempts to influence the resolution process, all supported by documentary and financial analysis.</p> <p>4. All statutory prerequisites under Section 5 were duly complied with, rendering the attachment legally sustainable. The attachment was necessary to prevent concealment, transfer, or alienation of properties identified as equivalent value of proceeds of crime under Section 2(1)(u) read with Section 5(1) of the PMLA.</p> <p>5. Attachment of properties as value thereof is within the canons of law. The same has been observed by the Hon’ble Delhi High Court in Deputy Director v/s Axis Bank 2019 SCC Online Del 7854.</p> <p>6. In Vijay Madanlal Choudhary v Union of India 2022 SCC Online 929 it has been observed by the Hon’ble Supreme Court that the proceeds of crime is wide enough to not only refer property derived / obtained as a result of criminal activity related to such scheduled offence but also value of such property.</p> <p>7. In K. Rethinam v Union of India 2018 SCC Online Del 6523, the Hon’ble Delhi High Court held that the expression ‘value of any such property’ would be a value equivalent to the value of a property derived or obtained directly or indirectly by criminal activity. The property itself may no longer be available but the equivalent value of such property, would be liable for attachment.</p> <p>8. In Asset Reconstruction Company v Deputy Director, Directorate of Enforcement, 2024 SCC Online AT SAFEMA 14, the Appellate Tribunal for SAFEMA Act held that properties mortgaged with banks prior to the commission of scheduled offences under the</p>
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<p>Complainant has merely reproduced details of alleged fund diversion in tabular form. It has failed to demonstrate how those funds are presently unavailable or dissipated. A vague averment in paragraph 5.2 of the PAO is insufficient to establish statutory compliance for attachment.</p> <p>7. Emergency attachment can only be of tainted property. The PAO is issued under the second proviso to Section 5(1) of PMLA, despite none of the conditions for invocation of the said proviso being met. The Property was acquired by RRL much prior to the alleged scheduled offence and is admittedly not involved in money laundering. There is no material available on record to show that the Property was, directly or indirectly acquired from the alleged proceeds of crime. Accordingly, the PAO falls foul of Condition 1.</p> <p>8. RRL could not verify whether “reasons to believe” have been recorded under the second proviso to Section 5(1) of PMLA for exercising the power of emergency attachment.</p> <p>9. There can be no cause to suspect that the Property could be dealt with in any manner to frustrate the proceedings, making the PAO foul of Condition 2.</p> <p>10. At Paragraph 5 of the PAO, the Complainant has made certain averments under the head “Recording of Reasons to Believe”, which are completely vague and have no relevance to the Property.</p> <p>11. The averments are unsustainable in light of Condition 2 as the apprehensions are based on uncorroborated allegations regarding attempts to influence RCom’s CIRP, which commenced in 2018. Even if assumed to be true, such allegations have no connection to RRL, the owner of the attached property. RCom is presently under CIRP and managed by an independent Resolution Professional, not its erstwhile management.</p> <p>12. Mere reproduction of the language of Section 5(1) of the PMLA does not amount to valid recording of “reasons to believe.” The statute mandates that such reasons must be specific, cogent, and based on tangible material</p>	<p>PMLA can be attached as "value" of proceeds of crime, even if they were not purchased using tainted funds. The Tribunal observed that the definition of "proceeds of crime" under Section 2(1)(i) of PMLA is wide enough to include not just property derived from criminal activity, but also property of equivalent value.</p> <p>9. Property acquired prior to the commission of the scheduled offence can be attached under the PMLA. In Suresh Devi v The Deputy Director, Directorate of Enforcement, Jalandhar FPA-PMLA-4964/DLI/2023. The Tribunal emphasised that in the absence of direct proceeds of crime, other assets can be attached as equivalent value.</p> <p>10. The attachment can be affected against subsidiary companies that are not accused in the scheduled offence must be examined in the context of the specific facts and circumstances of the present case as under:</p> <p>a. Reliance Realty Limited is a wholly-owned subsidiary of RCOM since 2006, holding 100% shares. RCOM effectively own and enjoy leasehold asset of RRL as its office space.</p> <p>b. RCOM itself, in its filing dated 16.02.2024 before the Bombay Stock Exchange and National Stock Exchange, has invited expressions of interest for the sale of the property attached in PAO 36/2025. Therefore, the defendant’s claim that assets of RRL cannot be considered as assets of RCOM is wholly incorrect.</p> <p>11. In the present facts, the case reflects money laundering conducted by a beneficial owner behind the corporate veil. Corporate structures can be misused to conceal true ownership, the source of funds, and unlawful activities. Courts have consistently recognized such potential misuse of corporate personality. Where the corporate form is employed to perpetrate fraud or facilitate illegality, courts may intervene. Accordingly, courts are empowered to lift the corporate veil to uncover the real nature of transactions and identify the persons in actual control.</p> <p>12. Section 70 of the PMLA enables penetration of the corporate structure to fix liability on those responsible for the company’s affairs. Persons who control and benefit from</p>
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in possession, particularly with respect to the apprehension that non-attachment would frustrate proceedings.

13. There is no material indicating any likelihood that the property would be concealed, transferred, or otherwise dealt with to defeat the proceedings. The PAO fails to satisfy the second statutory condition under Section 5(1). It is further submitted that the requirement of recording reasons is a substantive safeguard, and a mere pretence or mechanical reproduction of statutory wording cannot substitute a valid decision-making process. The Complainant has failed to adhere to these settled legal standards. Reliance is placed on order of Hon'ble Supreme Court in **Income Tax Officer, Calcutta v. Lakhmani Mewal Das (1976) 3 SCC 757**.

14. Corporate veil cannot be lifted to attach the property of RRL. It is submitted that the OC and PAO are founded on allegations that do not form part of the FIR or the underlying complaint in respect of the scheduled offence. The Complainant has exceeded its jurisdiction by introducing allegations of fraud/any wrongdoing against RRL i.e having significant financial transaction with RCOM—which are beyond the scope of the FIR and the investigation into the scheduled offence.

15. There is no averment of RRL being used to perpetuate a fraud, circumvent a statute or for a wrongful purpose. The Complainant cannot deploy the civil threshold of fraud to lift the corporate veil in a PMLA proceeding to evade the requirement of as scheduled offence or the offence of money laundering to be made out qua RRL.

16. The premise for attachment of the Property is that 100% of RRL's shareholding is owned by RCOM. Such attachment is completely flawed, fallacious and contrary to the well settled principles of corporate law regarding separate corporate juristic identity. RCOM is not the owner of RRL's assets.

17. The law does not permit lifting the corporate veil casually unless there are allegations of fraud, evasion, or wrongdoing. In this case, no such allegations have been made. The complainant only points to a

unlawful activities cannot seek refuge behind corporate identity. Given the magnitude of alleged money laundering in the present case, the defendant's objection to lifting the corporate veil is stated to be untenable.

13. All the relevant documents as mandated under the law has been duly complied with. The reasons to believe recorded by the Complainant u/s 5 of the PMLA are to be sent to the Adjudicating Authority in a sealed cover in terms of Section 5(2) of the PMLA and providing a copy of the same to the petitioner will run contrary to the scheme of the Act.

14. In **Vijay Madanlal Choudhary & Ors. vs. Union of India & Ors. 2022 SCC OnLine SC 929 at Para 282, 290, 457, 467**, wherein it has been specifically held that ECIR is not a statutory document, it is only an internal document of the ED and there is no requirement of supplying a copy of the same.

15. The complainant has not placed any reliance upon the forensic audit report of BDO India LLP for forming its independent satisfaction under the PAO, Original Complaint or reasons to believe.

16. Proceedings under Section 5 of the PMLA are civil and preventive, aimed at securing proceeds of crime to safeguard future confiscation. At the stage of provisional attachment and confirmation, the Adjudicating Authority need not conduct a mini-trial but only verify if statutory conditions are met. It is asserted that in the present case, all such requirements have been duly satisfied.

17. The PAO (paras 3.29–3.31 and 5) details the apprehension that the company may alienate RAAG's assets. The "reasons to believe" are based on tangible material and are corroborated by statements recorded under Section 50 of the PMLA, which are legally admissible. In law, only the existence of "reasons to believe" is subject to scrutiny, not the adequacy or sufficiency of those grounds.

18. In cases involving attachment of properties, the presumption under Section 24 of the PMLA may be invoked. The authority shall/may presume that the attached properties constitute proceeds of crime involved in money-laundering. The burden of proof then shifts to the

<p>financial nexus between RRL and RCom to show effective ownership. It does not allege any fraudulent routing of funds.</p> <p>18. Attaching RRL's property despite not being an accused and having acquired the property prior to the alleged scheduled offence would be legally unjust. The law affords protection to similarly placed properties of an accused, making such attachment discriminatory. Section 24 of the PMLA was not intended to cast the burden of proof on a non-accused for property acquired before the alleged offence.</p> <p>19. BDO Report not supplied to CPL contrary to the principles of natural justice.</p> <p>20. The PAO has been issued based only on presumption and suspicion, without any supporting or cogent material.</p>	<p>accused to establish that such properties are not involved in money-laundering.</p>
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5) THE APPLICATION FILED BY DEFENDANT NO. 1 (In OC NO. 475/2025) VIDE EMAIL DATED 25.03.2026 IS AS UNDER:-

“MOST RESPECTFULLY SHEWETH:

1. The present application is being filed by the Applicant/Defendant No. 1 in the captioned proceedings to place its objection on the additional documents filed by the Complainant along with its rejoinder dated February 13, 2026. The Applicant/Defendant No. 1 seeks liberty to rely on the contents of its reply dated January 22, 2026, and the same are not repeated here for the sake of brevity.

2. It is stated that the Complainant has, by way of its rejoinder dated February 13, 2026, sought to place on record the following additional documents:

(i) Order dated February 04, 2026 passed by the Hon'ble Supreme Court in W.P. (C) No. 1217/2025 (E.A.S. Sarma v. Union of India & Ors.)

(ii) Order dated February 10, 2026 passed by the Hon'ble Delhi High Court in W.P. (C) No. 995/2026 (Campion Properties Limited v. Deputy Director, Directorate of Enforcement & Anr.) and W.P. (C) No. 1024/2026 (Reliance Realty Limited v. Deputy Director, Directorate of Enforcement & Anr.)

(iii) Disclosure dated February 16, 2024 under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Reliance Communications Limited (“**RCom Disclosure**”).

3. While the documents at 2 (i) and 2 (ii) above are orders of the Hon'ble Court, the Applicant humbly submits that:

(i) The order dated February 04, 2026 in W.P. (C) No. 1217/2025 has no relevance to the present *lis* as it does not pertain to the present attachment order. The adjudication proceedings under Section 8 of the Prevention of Money Laundering Act, 2002 (“**PMLA**”) have to be conducted basis the alleged facts in the provisional attachment order and the complaint as per Section 5 r/w Section 8 of PMLA. The Complainant, however, has sought to attach an order of the Hon'ble Supreme Court,

which has no relevance to the present proceedings, merely to cause prejudice to the Applicant.

(ii) While the order dated February 10, 2026 in W.P. (C) No. 995/2026 pertains to the same provisional attachment order, it is submitted that the same has no relevance to the present proceedings. Further, it is submitted that the Complainant's averment regarding the said petition being dismissed is a blatant attempt to mislead this Ld. Adjudicating Authority and cause prejudice to the Applicant.

4. The Applicant strongly objects to the Complainant placing on record the RCom Disclosure, for the following reasons:

(i) It is submitted that the RCom Disclosure did not form any part of the 'reasons to believe' or 'relied upon documents' or the provisional attachment order itself. The provisional attachment order must stand on its own legs. The Complainant cannot improve upon the said order by adducing further documents. The Hon'ble Supreme Court in *Mohinder Singh Gill v. Chief Election Commissioner* (1978) 1 SCC 405, has clearly held that when a statutory functionary makes an order based on certain grounds, its validity must be judged by the reasons so mentioned and cannot be supplemented by fresh reasons in the shape of an affidavit or otherwise. This principle has been further affirmed by the Hon'ble Supreme Court in *Opto Circuits (India) Ltd v. Axis Bank* (2021) 6 SCC 707.

(ii) It is submitted that the proceedings before this Ld. Adjudicating Authority under Section 8 of PMLA are confirmatory in nature. The scope of such proceedings is to examine whether the attachment order, as passed, ought to be confirmed basis the contents of the attachment order filed with original complaint under Section 5(5), "reasons to believe" under Section 5 of PMLA and "relied upon documents" filed by the Complainant before the Ld. Authority. The Complainant cannot be permitted to expand the foundation of its order by introducing fresh documents at the stage of the Rejoinder, the same being contrary to the scheme of PMLA.

(iii) Without prejudice, it is submitted that the RCom Disclosure pre-dates the provisional attachment order and was at all material times available to the Complainant. However, the same clearly was never the basis of attachment under Section 5 of PMLA. Adducing the said document is merely an afterthought and an attempt by the Complainant to improve its case.

5. In light of the above, the Applicant submits that the RCom Disclosure should not be taken on record by the Ld. Authority and accordingly should not be considered for the determination of the present *lis*.

6. Without prejudice to the above, even a bare perusal of the RCom Disclosure reveals that the assets of the Applicant's subsidiary i.e. Campion Properties Limited ("CPL"), have not been treated as the assets of the Applicant because:

(a) The following extracts from Annexure A to the RCom Disclosure i.e. i.e. "*Invitation to submit Expression of Interest for sale of certain assets of Reliance Communications Limited and certain assets of Reliance Realty Limited and Campion Properties Limited*", show that it is only the shares of RRL held by the Applicant that have been treated as Applicant's assets as is clear from the definition of "**RCom Assets**" at paragraph 3 of said Annexure A. Accordingly, expression of interest sought by the Resolution Professional of the Applicant is limited to the investment of Applicant in RRL.

“3. The RP under the instructions and authorization of the committee of creditors of the Corporate Debtor ("CoC"), is desirous of selling (i) **certain real estate assets of Corporate Debtor**, and/or (ii) shares of *Campion Properties Limited ("CPL")* and *Reliance Realty Limited ("RRL")*, wholly owned subsidiaries of the Corporate Debtor, as more particularly set out in Annexure 1 hereto, held by the Corporate Debtor (**real estate assets** and shareholding of CPL and RRL are hereafter collectively referred to as the "RCom Assets"), to potential bidders in terms of Regulation 29 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ("CIRP Regulations"), for maximization of value of assets. In this regard, the RP had pursuant to the authorization of the CoC filed an application with the NCLT, Mumbai Bench seeking its approval for sale of the RCom Assets under Regulation 29 of the CIRP Regulations and in terms of the order dated December 7, 2023, the NCLT has allowed the same.

...5. Accordingly, this communication is being issued by the RP (under the instructions of the CoC) for inviting expressions of interest by interested parties for submission of bids **in respect of sale of the assets of the Corporate Debtor and the shareholding of RRL and/or CPL held by the Corporate Debtor**, as more particularly set out in Annexure 1 hereto.

(b) The said Annexure A is an invitation by an independent Resolution Professional of the Applicant and not its erstwhile management.

7. Further, without prejudice to the above, from a perusal of the RCom Disclosure, it is clear that the sale of assets of CPL was contemplated pursuant to meeting with the committee of creditors of the Applicant, where specific consent was taken from the management of CPL. The below extracts only reflect the clear intention and understanding that the assets of CPL are separate and distinct from that of the Applicant:

“4. Further, the CoC is also desirous of potential maximization of value of the Corporate Debtor by way of sale of assets of CPL and RRL and in furtherance of the same, CPL and RRL have also agreed to undertake the sale of certain identified real estate assets held by them respectively, as more particularly set out in Annexure 1 hereto, to potential bidders.

...

6. Further, **pursuant to the authorisation by RRL and CPL**, this communication is also being issued by the RP, for and on behalf of RRL and CPL, for inviting expressions of interest by interested parties for submission of bids in respect of the sale of identified real estate assets held by them respectively, as more particularly set out in Annexure 1 hereto, to potential bidders.

7. With a view to value maximization, the RP under the authorization of the **CoC is running a common process for seeking bids for sale of the RCOM Assets (including the shareholding in RRL and CPL) as well as for the identified assets of RRL and CPL (pursuant to the authorization by their respective boards)**.

...

9. The sale of assets of RRL and CPL is being conducted by RRL and CPL, through a common sale process, to provide flexibility to potential bidders with the overall objective of value maximization, to offer them an opportunity to bid for the identified assets of RRL and / or CPL as set out in Annexure I.

10. *With respect to the assets (including shares of CPL and / or RRL) owned by the Corporate Debtor (as set out in Annexure I hereto), each potential bidder may bid for one or more of such assets and submit expression of interest for any of the assets of the Corporate Debtor (including shareholding of RRL and / or CPL) set out in Annexure I. Any potential bidder interested in the assets of RRL and / or CPL may bid for the assets of RRL and / or CPL set out in Annexure I and submit an expression of interest for the same.”*

Note:

...

4. In respect of the assets of RRL and CPL, the sale of their respective assets is subject to the approval of their respective board of directors and shareholders.”

8. Further, it is submitted that the reliance upon the RCom Disclosure is merely placed to mislead this Ld. Adjudicating Authority by diverting this Ld. Adjudicating Authority’s attention from the sufficiency of ‘reasons to believe’ forming part of the provisional attachment order.

9. In view of the above, it is submitted that the additional documents sought to be relied upon by the Complainant in its rejoinder, were not forming part of the relied-upon-documents in the captioned original complaint and have been adduced at the stage of filing the rejoinder in order to mislead this Ld. Authority. Accordingly, the Complainant should not be allowed to place reliance upon the additional documents filed with the rejoinder.

PRAYER

In the facts and circumstances stated hereinbefore, it is humbly prayed that this Ld. Adjudicating Authority may be kindly be pleased to:

1. To pass an order directing that the additional documents placed on record by the Complainant in its rejoinder, are not relevant and cannot be taken on record and be relied upon by the Complainant; and
2. To pass such other and/or further orders as this Ld. Adjudicating Authority may deem fit in the facts and circumstances of the present case. ”

6) THE APPLICATION FILED BY DEFENDANT NO. 2 (In OC NO. 475/2025) VIDE EMAIL DATED 25.03.2026 IS AS UNDER:-

“MOST RESPECTFULLY SHEWETH:

1. The present application is being filed by the Applicant/Defendant No. 2 in the captioned proceedings to place its objection on the additional documents filed by the Complainant along with its rejoinder dated February 13, 2026. The Applicant/Defendant seeks liberty to rely on the contents of its reply dated January 22, 2026, and the same are not repeated here for the sake of brevity.

2. It is stated that the Complainant has, by way of its rejoinder dated February 13, 2026, sought to place on record the following additional documents:

(iv) Order dated February 04, 2026 passed by the Hon’ble Supreme Court in W.P. (C) No. 1217/2025 (E.A.S. Sarma v. Union of India & Ors.)

(v) Order dated February 10, 2026 passed by the Hon’ble Delhi High Court in W.P. (C) No. 995/2026 (Campion Properties Limited v. Deputy Director, Directorate

of Enforcement &Anr.) and W.P. (C) No. 1024/2026 (Reliance Realty Limited v. Deputy Director, Directorate of Enforcement &Anr.)

(vi) Disclosure dated February 16, 2024 under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Reliance Communications Limited (“**RCom Disclosure**”).

3. While the documents at 2 (i) and 2 (ii) above are orders of the Hon’ble Court, the Applicant humbly submits that:

(iii) The order dated February 04, 2026 in W.P. (C) No. 1217/2025 has no relevance to the present *lisas* it does not pertain to the present attachment order. The adjudication proceedings under Section 8 of the Prevention of Money Laundering Act, 2002 (“**PMLA**”) have to be conducted basis the alleged facts in the provisional attachment order and the complaint as per Section 5 r/w Section 8 of PMLA. The Complainant, however, has sought to attach an order of the Hon’ble Supreme Court, which has no relevance to the present proceedings, merely to cause prejudice to the Applicant.

(iv) While the order dated February 10, 2026 in W.P. (C) No. 995/2026 pertains to the same provisional attachment order, it is submitted that the same has no relevance to the present proceedings. Further, it is submitted that the Complainant’s averment regarding the said petition being dismissed is a blatant attempt to mislead this Ld. Adjudicating Authority and cause prejudice to the Applicant.

4. The Applicant strongly objects to the Complainant placing on record the RCom Disclosure, for the following reasons:

(iv) It is submitted that the RCom Disclosure did not form any part of the ‘reasons to believe’ or ‘relied upon documents’ or the provisional attachment order itself. The provisional attachment order must stand on its own legs. The Complainant cannot improve upon the said order by adducing further documents. The Hon’ble Supreme Court in *Mohinder Singh Gill v. Chief Election Commissioner* (1978) 1 SCC 405, has clearly held that when a statutory functionary makes an order based on certain grounds, its validity must be judged by the reasons so mentioned and cannot be supplemented by fresh reasons in the shape of an affidavit or otherwise. This principle has been further affirmed by the Hon’ble Supreme Court in *Opto Circuits (India) Ltd v. Axis Bank* (2021) 6 SCC 707.

(v) It is submitted that the proceedings before this Ld. Adjudicating Authority under Section 8 of PMLA are confirmatory in nature. The scope of such proceedings is to examine whether the attachment order, as passed, ought to be confirmed basis the contents of the attachment order filed with original complaint under Section 5(5), “reasons to believe” under Section 5 of PMLA and “relied upon documents” filed by the Complainant before the Ld. Authority. The Complainant cannot be permitted to expand the foundation of its order by introducing fresh documents at the stage of the Rejoinder, the same being contrary to the scheme of PMLA.

(vi) Without prejudice, it is submitted that the RCom Disclosure pre-dates the provisional attachment order and was at all material times available to the Complainant. However, the same clearly was never the basis of attachment under Section 5 of PMLA. Adducing the said document is merely an afterthought and an attempt by the Complainant to improve its case.

5. In light of the above, the Applicant submits that the RCom Disclosure should not be taken on record by the Ld. Authority and accordingly should not be considered for the determination of the present *lis*.

6. Without prejudice to the above, even a bare perusal of the RCom Disclosure reveals that the assets of the Applicant have not been treated as the assets of Reliance Communications Limited/Defendant No. 1 because:

(c) The following extracts from Annexure A to the RCom Disclosure i.e. i.e. “*Invitation to submit Expression of Interest for sale of certain assets of Reliance Communications Limited and certain assets of Reliance Realty Limited and Champion Properties Limited*”, show that it is only the shares of the Applicant held by Defendant No. 1 that have been treated as Defendant No. 1’s assets as is clear from the definition of “**RCom Assets**” at paragraph 3 of said Annexure A. Accordingly, expression of interest sought by the Resolution Professional of Defendant No. 1 is limited to the investment of Defendant No. 1 in the Applicant.

“3. The RP under the instructions and authorization of the committee of creditors of the Corporate Debtor (“CoC”), is desirous of selling (i) certain real estate assets of Corporate Debtor, and/or (ii) shares of Champion Properties Limited (“CPL”) and Reliance Realty Limited (“RRL”), wholly owned subsidiaries of the Corporate Debtor, as more particularly set out in Annexure 1 hereto, held by the Corporate Debtor (real estate assets and shareholding of CPL and RRL are hereafter collectively referred to as the “Rcom Assets”), to potential bidders in terms of Regulation 29 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (“CIRP Regulations”), for maximization of value of assets. In this regard, the RP had pursuant to the authorization of the CoC filed an application with the NCLT, Mumbai Bench seeking its approval for sale of the RCom Assets under Regulation 29 of the CIRP Regulations and in terms of the order dated December 7, 2023, the NCLT has allowed the same.

...5. Accordingly, this communication is being issued by the RP (under the instructions of the CoC) for inviting expressions of interest by interested parties for submission of bids **in respect of sale of the assets of the Corporate Debtor and the shareholding of RRL and/or CPL held by the Corporate Debtor**, as more particularly set out in Annexure 1 hereto.

(d) The said Annexure A is an invitation by an independent Resolution Professional of Defendant No. 1 and not its erstwhile management.

7. Further, without prejudice to the above, from a perusal of the RCom Disclosure, it is clear that the sale of assets of the Applicant was contemplated pursuant to meeting with the committee of creditors of Defendant No. 1, where specific consent was taken from the management of the Applicant. The below extracts only reflect the clear intention and understanding that the assets of the Applicant are separate and distinct from that of Defendant No. 1:

“4. Further, the CoC is also desirous of potential maximization of value of the Corporate Debtor by way of sale of assets of CPL and RRL and in furtherance of the same, CPL and RRL have also agreed to undertake the sale of certain identified real estate assets held by them respectively, as more particularly set out in Annexure 1 hereto, to potential bidders.

...

6. Further, pursuant to the authorisation by RRL and CPL, this communication is also being issued by the RP, for and on behalf of RRL and CPL, for inviting expressions of interest by interested parties for submission of bids in respect of the sale of identified real estate assets held by them respectively, as more particularly set out in Annexure I hereto, to potential bidders.

7. With a view to value maximization, the RP under the authorization of the CoC is running a common process for seeking bids for sale of the RCOM Assets (including the shareholding in RRL and CPL) as well as for the identified assets of RRL and CPL (pursuant to the authorization by their respective boards).

...

9. The sale of assets of RRL and CPL is being conducted by RRL and CPL, through a common sale process, to provide flexibility to potential bidders with the overall objective of value maximization, to offer them an opportunity to bid for the identified assets of RRL and / or CPL as set out in Annexure I.

10. With respect to the assets (including shares of CPL and / or RRL) owned by the Corporate Debtor (as set out in Annexure I hereto), each potential bidder may bid for one or more of such assets and submit expression of interest for any of the assets of the Corporate Debtor (including shareholding of RRL and / or CPL) set out in Annexure I. Any potential bidder interested in the assets of RRL and / or CPL may bid for the assets of RRL and / or CPL set out in Annexure I and submit an expression of interest for the same.”

Note:

...

4. In respect of the assets of RRL and CPL, the sale of their respective assets is subject to the approval of their respective board of directors and shareholders.”

8. Further, it is submitted that the reliance upon the RCom Disclosure is merely placed to mislead this Ld. Adjudicating Authority by diverting this Ld. Adjudicating Authority’s attention from the sufficiency of ‘reasons to believe’ forming part of the provisional attachment order.

9. In view of the above, it is submitted that the additional documents sought to be relied upon by the Complainant in its rejoinder, were not forming part of the relied-upon-documents in the captioned original complaint and have been adduced at the stage of filing the rejoinder in order to mislead this Ld. Authority. Accordingly, the Complainant should not be allowed to place reliance upon the additional documents filed with the rejoinder.

PRAYER

In the facts and circumstances stated hereinbefore, it is humbly prayed that this Ld. Adjudicating Authority may be kindly be pleased to:

a) To pass an order directing that the additional documents placed on record by the Complainant in its rejoinder, are not relevant and cannot be taken on record and be relied upon by the Complainant; and

b) To pass such other and/or further orders as this Ld. Adjudicating Authority may deem fit in the facts and circumstances of the present case. ”

7) THE WRITTEN SUBMISSIONS FILED BY THE LEARNED COUNSEL FOR DEFENDANT NO. 1 (In OC No. 475/2025 & OC No. 507/2025) IS AS UNDER:-

“

1. The present written submissions are being filed on behalf of Reliance Communications Ltd. i.e., Defendant No. 1 (“**RCom**”/ “**D-1**”) in Original Complaint No. 475 of 2025 (“**Original Complaint**”/ “**OC**”) seeking confirmation of the Provisional Attachment Order No. 36 of 2025 dated November 03, 2025 (“**PAO**”) which has provisionally attached the lease of Plot No. Gen-1/2 admeasuring about 5,34,468.32 sq. mtrs situated at Trans Thane Creek within the village limits of Khairane, Koparkhairane, Savali and Mahape and within the limits of Navi Mumbai Municipal Corporation, Taluk and Registration Sub-District Thane, District and Registration District Thane, Navi Mumbai, Maharashtra (“**Property**”) under the second proviso to Section 5(1) of the Prevention of Money Laundering Act, 2002 (“**PMLA**”). The said leasehold rights are owned by Reliance Realty Limited/Defendant No. 2 (“**RRL**”/ “**D-2**”).

2. The present written submissions may be read along with the D-1’s reply dated February 04, 2026 and the miscellaneous application dated March 24, 2026, the contents of which are not being repeated herein for the sake of brevity.

3. At the outset, it is stated that:

(i) RCom is currently under the corporate insolvency resolution process (“**CIRP**”) which commenced pursuant to the order dated May 15, 2018 passed by the Hon’ble National Company Law Tribunal, Mumbai Bench, in CP (IB) No. 1387/MB/2017 (“**Admission Order**”). Since June 2019, the Resolution Professional has been discharging his statutory duties in accordance with Sections 18 and 20 of the Insolvency and Bankruptcy Code, 2016, with the primary objective of preserving the assets of RCom and maintaining it as a going concern.

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(ii) RCom came to acquire 100% shareholding in RRL pursuant to a scheme of amalgamation and arrangement for amalgamation of Reliance Infocomm Limited and certain other companies with RCom becoming effective from September 12, 2006. Accordingly, Reliance Infocomm Infrastructure Private Limited (as RRL was then known) became a 100% subsidiary of RCom.

(iii) Property attached by the Complainant does not belong to RCom. It is an admitted case of the Complainant (as mentioned at paragraph 6.52 of the OC) that the Property is held by RRL.

(iv) Property of RRL has been attached on the sole alleged ground that RCom is the effective owner of the Property given that RRL is RCom's wholly owned subsidiary.

4. PAO ought not to be confirmed on the following **grounds**:

4.1. Shareholders are not the owners of subsidiary's assets/ No grounds for lifting the corporate veil

4.1.1 The Complainant has committed an error in exercising its power of attachment by 'lifting the corporate veil'. It is submitted that D-2 is a separate corporate personality from that of its shareholder, *i.e.*, RCom, and this distinction cannot be obliterated in an unbridled exercise of powers by the Complainant.

4.1.2 It is a trite law that the shareholders of a company, irrespective of their shareholding, do not own the assets of a company.

4.1.3 Further, the corporate veil has been lifted to attach the Property of D-2 without establishing any element of fraud, wrongdoing or evasion of legal liability. It is submitted that mere subsidiary-holding company relationship between RCom and RRL does not justify lifting the corporate veil. Reliance is placed on *Vodafone International Holdings B.V. v. Union of India & Ors., reported at 2012 6 SCC 613 at paragraph 259.*

4.1.4 While there is no cavil to the principles laid down in *State of UP v. Renusagar Power Co. (1988) 4 SCC 59* and *Delhi Development Authority v. Skipper Construction, Formosa Plastic Corporation Ltd v. Ashok Chauhan 1998 SCC OnLine Del 743* and *LIC India v. Escorts Ltd. (1986) 1 SCC 264*, the said principles have no application to the facts of the present case.

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(i) In *Renusagar Power Co.* (supra), the corporate veil was lifted because Renusagar (subsidiary company) had absolutely no independent existence. It was created solely to fulfil Hindalco's (holding company's) industrial license. All operations were carried out by Hindalco, Renusagar supplied power only to Hindalco via a single transmission line, and the State itself had repeatedly treated the two as one entity. In contrast, RRL had been independently incorporated, independently acquired its Property and only became associated with RCom in 2006 upon RCom's merger with Reliance Infocomm Limited. Further, RRL has its own board, its own objects, and was not created by or for RCom.

(ii) In *Skipper Construction* (supra), the corporate veil was lifted in contempt proceedings under Articles 129 and 142 where the contemner had violated Hon'ble Supreme Court's order, defrauded hundreds of persons, and created multiple companies as "mere cloaks" and "fig-leaves" to screen fraudulently obtained assets.

(iii) In *Farmosa Plastic Corporation* (supra), the Hon'ble Delhi High Court merely observed that it has power to lift the veil where properties are "acquired fictitiously" to commit illegalities or defraud others. However, in the present case, the Complainant has not established how the Property has been acquired to commit illegalities or defraud others given that the Property was, admittedly, acquired much prior to any of the alleged scheduled offences.

(iv) Lastly, in *Escorts Limited* (supra), the Hon'ble Supreme Court was concerned with a situation where a non-resident entity was investing through multiple channels to circumvent the ceiling limit of holding 1% shares in Indian companies under the Portfolio Investment Scheme issued under the Foreign Exchange Regulation Act, 1973. In this context, the Hon'ble Supreme Court held that lifting the corporate veil is allowed if there is fraud, circumvention of statute or if a statute itself governs for lifting the corporate veil. However, in the present case, the said principle is not applicable.

4.1.5 The Complainant's reference to Section 70 of PMLA is irrelevant to the present proceedings. Section 70, while providing for vicarious liability in case of offences by companies cannot apply to a situation where the corporate veil has been lifted in reverse, i.e., the corporate veil of a subsidiary has been lifted and it has been subjected to attachment proceedings for alleged actions of its shareholder, i.e. D-1.

4.1.6 In the above context, it is also pertinent to note that at the time of filing its Rejoinder to D-1's Reply, the Complainant for the first time has relied upon a filing dated February 16, 2024 by D-1 before the Bombay Stock Exchange and National Stock Exchange inviting expressions of interest for the sale of the Property. While the Complainant relies on the said document to contend that D-2's assets can be considered as D-1's assets, the same did not form part of 'reasons to believe' or 'relied upon documents' or PAO or the OC. The same is clearly an afterthought and was never the basis of the PAO, and is a flagrant attempt by the Complainant to improve its case by adducing further documents. D-1 vehemently objects to the same being taken on record and has filed a miscellaneous application before this Ld. Authority objecting to the same.

4.1.7 Without prejudice to D-1's objections above, it is submitted that the abovesaid documents make it clear that the sale of assets of D-2 was contemplated pursuant to meeting with the committee of creditors of D-1, where specific consent was taken from the management of the D-2. The document further reflects the clear intention and understanding that the assets of the D-2 are separate and distinct from that of D-1.

4.1.8 It is also stated that order dated February 04, 2026 in W.P. (C) No. 1217/2025 (E.A.S. Sarma v. Union of India & Ors.) is unrelated to the present proceedings and therefore, completely irrelevant.

5. In light of the above, it is humbly submitted that the Ld. Authority ought not confirm the PAO under Section 8(3) of PMLA and dismiss the OC.”

8) THE WRITTEN SUBMISSIONS FILED BY THE LEARNED COUNSEL FOR DEFENDANT NO. 2 (In OC No. 475/2025 & OC No. 507/2025) IS AS UNDER:-

1. “The present written submissions are being filed on behalf of Reliance Realty Ltd., i.e., Defendant No. 2 (“RRL”/ “D-2”) in Original Complaint No. 475 of 2025 (“Original Complaint”/ “OC”) seeking confirmation of the Provisional Attachment Order No. 36 of 2025 dated November 03, 2025 (“PAO”) which has provisionally attached the lease of Plot No. Gen-1/2 admeasuring about 5,34,468.32 sq. mtrs. situated at Trans Thane Creek within the village limits of Khairane, Koparkhairane, Savali and Mahape and within the limits of Navi Mumbai Municipal Corporation, Taluk and Registration Sub-District Thane, District and Registration District Thane, Navi Mumbai, Maharashtra (“Property”) under the second proviso to Section 5(1) of the Prevention of Money Laundering Act, 2002 (“PMLA”).

2. The present written submissions may be read along with the D-2’s reply dated February 05, 2026 and the miscellaneous application dated March 25, 2026, the contents of which are not being repeated herein for the sake of brevity.

3. At the outset, it is submitted that the source of income, earnings or assets out of which the Property has been acquired by D-2 is irrelevant for the present proceedings as it is clear from the PAO/OC that:

- (i) D-2 acquired the Property much prior to the alleged scheduled offence.
- (ii) Property has been attached under the second limb of Section 2(1)(u) of PMLA, i.e., as “value of any such property” - it is not tainted property.
- (iii) Sole basis for attachment of Property is that Reliance Communications Ltd. (“D-1”/ “RCom”) holds 100% shareholding in RRL.

4. PAO ought not to be confirmed on the following **grounds**:

4.2 Pre-requisites for “emergency” attachment under second proviso to Section 5(1) not met

PAO has been purportedly issued in exercise of powers of emergency attachment under the second *proviso* to Section 5(1) of the PMLA, despite none of the pre-requisites having been met, *viz.*:

4.2.1 Property attached should be “involved in money laundering”.

In this regard, it is submitted that:

(i) Second proviso to Section 5(1) of PMLA allows for attachment of only tainted property, i.e. proceeds of crime under first limb of Section 2(1)(u) of PMLA as untainted property cannot be involved in money laundering. Such reading is consistent with the observations in ***Vijay Madanlal Choudhary & Ors. v. Union of India & Ors. (2023) 12 SCC 1.***

(ii) PAO is under second limb of Section 2(1)(u) as deemed tainted property. A property deemed tainted *in praesenti* cannot be said to have been “involved in money laundering” for the purposes of the second proviso.

(iii) There is no averment in the PAO/OC regarding the Property’s or even RRL’s alleged involvement in money laundering. On the contrary, it is an admitted case that the Property was acquired much prior to the alleged scheduled offence and therefore, untainted.

(iv) Second proviso to Section 5(1) contemplates urgency or need to “immediately” attach a property to protect it from being dissipated/alienated and therefore, will only apply to a property involved in money laundering. This is evident from the observations in ***Vijay Madanlal Choudhary*** (supra) at **paragraph 159 to 170**

(v) Lastly, Complainant’s reliance on para 299 of ***Vijay Madanlal Choudhary*** (supra) (para 173 of the SCC version) does not address D-2’s contention that though property in “whosoever’s name” may be attached, it has to be tainted property, i.e. “involved in money laundering” as required under the second proviso to Section 5(1) of PMLA. In fact, when read in its context, paras 168-170 of ***Vijay Madanlal Choudhary*** (supra) lend support to this argument of D-2.

“168. As a sequel to these recommendations of FATF and the observations in the stated Report, Section 5 came to be amended vide Act 2 of 2013. In this connection, it may be useful to refer to the Fifty-Sixth Report of the Standing Committee on Finance relating to the 2011 Bill, which reads thus:

“5. Amendment in provisions implemented by Enforcement Directorate:

(i) *Attachment of property : The present Act in Section 5 stipulates that the person from whom property is attached must “have been charged of having committed a scheduled offence”. It is proposed to be deleted as property may come to rest with someone, who has nothing to do with the scheduled offence or even the money laundering offence. Procedure for attachment is at present done as provided in the Second Schedule to the Income Tax Act, 1961. Now it is proposed in Section 5(1) that the procedure will be prescribed separately. Time for adjudicating authority to confirm attachment of property by ED has been proposed to be increased from 150 days to 180 days.*

(ii) ***

(iii) *Making confiscation independent of conviction : At present attachment of property becomes final under Section 8(3) “after the guilt of the person is proved in the trial court and order of such trial court becomes final”. **Problems are faced in such cases where money laundering has been done by a person who has not committed the scheduled offence or where property has come to rest with someone who has not committed any offence.** Therefore, it is proposed to amend Section 8(5) to provide for attachment and confiscation of the proceeds of crime, even if there is no conviction, so long as it is proved that predicate offence and money laundering offence have taken place **and the property in question (i.e. the proceeds of crime) is involved in money laundering.***

169. As aforesaid, in this backdrop Amendment Act 2 of 2013 came into being. Considering the purport of the amended provisions and the experience of implementing/enforcement agencies, further changes became necessary to strengthen the mechanism regarding prevention of money laundering. It is not right in assuming that the attachment of property (provisional) under the second proviso, as amended, has no link with the scheduled offence. Inasmuch as Section 5(1) envisages that such an action can be initiated only on the basis of material in possession of the authorised officer indicative of any person being in possession of proceeds of crime. The precondition for being proceeds of crime is that the property has been derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence. The sweep of Section 5(1) is not limited to the accused named in the criminal activity relating to a scheduled offence. **It would apply to any person (not necessarily being accused in the scheduled offence), if he is involved in any process or activity connected with the proceeds of crime.** Such a person besides facing the consequence of provisional attachment order, may end up in being named as accused in the complaint to be filed by the authorised officer concerning offence under Section 3 of the 2002 Act.

170. Be it noted that the attachment must be only in respect of property which appears to be proceeds of crime and not all the properties belonging to the person concerned who would eventually face the action of confiscation of proceeds of crime, including prosecution for offence of money laundering. ...”

(emphasis added)”

4.2.2 Recording of reasons to believe that if such properties are not attached immediately, the non-attachment is likely to frustrate proceedings under the PMLA.

In this regard, it is submitted that:

(i) As RRL was denied inspection of the document named “Reasons to Believe”, it has not been able to verify whether the “reasons to believe” corresponding to second proviso of Section 5(1) have been recorded.

(ii) Notwithstanding the above, it is submitted that the averments made in para 5 of the PAO under the head “*Recording of Reasons to Believe*” are vague and have no link or relevance to the Property or RRL’s conduct. Particularly, it is not the Complainant’s case in the PAO or OC that there was any *mala fide* action or conduct by RRL to alienate the Property since its acquisition in 1995, much less in recent times. In absence of the same, the Complainant could not have formed a belief that the non-attachment of the Property may frustrate proceedings under PMLA. It is well settled that reasons to believe must be based on material in possession which is not vague, indefinite, distant or far fetched and must not be pretence. It may further be noted that:

- *Firstly*, the apprehensions are based on uncorroborated statements about alleged attempts to influence RCom’s corporate insolvency resolution process (“CIRP”), which commenced seven years ago in 2018.
- *Secondly*, even assuming that such statements are true, they do not bear any reference to RRL, who is the owner of the Property under attachment.
- *Thirdly*, assuming without admitting that RCom could exercise any control over the Property, it is submitted that RCom is in CIRP with its management and affairs being conducted by an independent Resolution Professional and not the erstwhile management of RCom.

(iii) While the observation in ***Gautam Khaitan v. Union of India 2015 Cri LJ 2112 (Del)*** [relied upon in para 29 of the Complainant’s Rejoinder] is not in dispute, the same, when applied herein, does not further the Complainant’s case. The grounds purported to be “reasons to believe” in the PAO are not relevant and have no nexus with the formation of belief for an emergency attachment under the *second proviso*.

(iv) On the contrary, there can be no cause to suspect that the Property could be dealt with in any manner to frustrate the proceedings. Property is with RRL since 1995, and continues to be with RRL. Alleged scheduled offence pertains to a period from 2013 to 2017, and there is no averment by the Complainant that RRL has attempted to conceal, transfer or deal with the asset in any manner whatsoever during or post the said period.

4.3 Attachment of “value of such property” is only permissible vis-à-vis properties derived from proceeds of crime or properties of an accused

4.3.1 The attachment of “*value of such property*” under the second limb of Section 2(1)(u) of the PMLA ought to be of property derived from proceeds of crime or of a person accused of the offence money laundering under Section 3 of PMLA. The said interpretation is clear from ***Deputy Director, Directorate of Enforcement v. Axis Bank 2019 SCC OnLine Del 7854***, whose relevant extracts are as under:

“107. In contrast, the second and third kinds of properties mentioned above would ordinarily be "untainted property" that may have been acquired by the suspect legitimately without any connection with criminal activity or its result. The same, however, are intended to fall in the net because their owner is involved in the proscribed criminality and the tainted assets held by him are not traceable, or cannot be reached, or those found are not sufficient to fully account for the pecuniary advantage thereby gained.

...

109. ... Since the second of the above species of "proceeds of crime" uses the expression "such property", the qualifying word being "such", it is vivid that the "property" referred to here is equivalent to the one indicated by the first kind. The only difference is that it is not the same property as of the first kind, it having been picked up from among other properties of the accused, the intent of the Legislature being that it must be of the same "value" as the former. ...

110. Thus, it must be observed that, in the opinion of this court, if the enforcement authority under the PMLA has not been able to trace the "tainted property" which was acquired or obtained by criminal activity relating to the scheduled offence for money-laundering, it can legitimately proceed to attach some other property of the accused, by tapping the second (or third) abovementioned kind provided that it is of value near or equivalent to the proceeds of crime.

...

160. But, in cases where the enforcement authority seeks to attach other properties, suspecting them to be "proceeds of crime", not on the basis of fact that they are actually "derived or obtained" from criminal activity but because they are of equivalent "value" as to the proceeds of crime which cannot be traced, it is essential that there be some nexus or link between such property on one hand and the person accused of or charged with the offence of money-laundering on the other”

4.3.2 In the present case:

- (i) RRL is not an accused under Section 3 of PMLA;
- (ii) It is a separate legal entity from RCom;
- (iii) The Property, admittedly, has not been derived from the direct proceeds of crime, nor is it involved in utilization, movement or repayment of the alleged proceeds of crime/loans of *inter alia* RCom.

4.3.3 It is thus submitted that property under second limb can only be attached when the specified property and its value becomes untraceable or has intermingled or dissipated. Even then, the statute does not contemplate attachment of property of a non-accused in this situation, as has been done presently.

4.3.4 Undisputedly, there is nothing in the PAO or OC which shows the Complainant's attempts to trace the alleged proceeds of crime and determine that it

has become untraceable, necessitating the attachment of “*value of such property*”, and that too of RRL. The Complainant has merely produced alleged details of fund diversion and investments at Table No. 4 in para 6.16 of the OC (as also at Table 4 in para 3.14 of the PAO) without indicating how they stand untraceable and dissipated warranting attachment of RRL’s Property.

4.3.5 In light of the above, the Complainant’s isolated reliance on para 107 of *Axis Bank* (supra) is erroneous. Similarly, the observations in paras 298 and 299 of *Vijay Madanlal Choudhary*(supra)(paras 172 and 173 of SCC version), and those in *K. Rethinam v. Union of India 2018 SCC OnLine Del 6523* as relied upon by the Complainant, do not address the factual situation in the present case, where the phrase “value of such property” has been used to attach the property of a non-accused.

4.4 Properties acquired prior to commission of alleged scheduled offence

4.4.1 The fact that the Property attached under second limb of Section 2(1)(u) is that of a *non-accused*, must be viewed together with the fact that it had been acquired much prior to the alleged commission of the scheduled offence. As such, the Property does not have any connection or nexus with the predicate offence and the attachment thereof is thus beyond the mandate of PMLA.

4.4.2 While the Complainant has relied upon several judgments to contend that even properties acquired prior to commission of alleged scheduled offence can be attached under the second limb of Section 2(1)(u), they are inapplicable to and distinguishable from the facts of the present case, as detailed under:

S. No.	Judgment	Distinguishing factor
1.	<i>Dilbag Singh @ Dilbag Sandhu v. Union of India</i> , 2024:PHHC:143784-DB	(i) The question involved in the said case was whether a <i>property of the accused</i> , acquired prior to and unconnected with the scheduled offence, can be provisionally attached. It does not deal with a situation where the attached property does not belong to the accused. (ii) Para 3.5 of the judgment (relied upon by the Complainant) itself clarifies that “ <i>In the aforesaid situation the competent authority is authorized to attach or confiscate any other property of the accused, which is of the same value as that of the ‘proceeds of crime’.</i> ”
2.	<i>Suresh Devi v. Deputy Director, Directorate of Enforcement Jalandhar</i> , FPA-PMLA-4964/DLI/2023	In this case, the accused had fraudulently obtained VAT refund through forged documents. The said refund, alleged to be proceeds of crime, was routed through various bank accounts and a part of the same was transferred to the appellant (whose properties were attached). The appellant was alleged to be a family member of the accused persons. It is in these factual circumstances that the attachment of her property, acquired prior to the scheduled offence was confirmed by the Ld. Adjudicating Authority. However, the present case stands on a different footing as there is no allegation or averment in neither the PAO nor the OC that D-2 received any share of the tainted money. (see paragraph 8.8 of D-2’s reply, which has not been denied in the Rejoinder)

3.	<i>Asset Reconstruction Company v. Deputy Director, Directorate of Enforcement, 2024 SCC OnLine ATSAFEMA 14</i>	In this case, properties mortgaged by the accused with the banks had been provisionally attached as value of the loan amount that had been siphoned off. However, in the present case, the attached property does not even belong to the accused and is therefore distinguishable from the judgment.
4.	<i>Sadananda Nayak v. The Deputy Director, Directorate of Enforcement, Bhubaneswar, FPA-PMLA-5612/BBS/2023</i>	In this case, the appellant (whose properties had been attached) was (i) an accused in the scheduled offence and (ii) was in receipt of the direct proceeds of crime. Therefore, the paragraphs relied upon by the Complainant must be read in that context. In the present case, the entity whose property has been attached is neither an accused nor is there any allegation of it having received any direct proceeds of crime.
5.	<i>Lata Mangal v. Deputy Director, Directorate of Enforcement, Jaipur, FPA-PMLA-1724/JP/2017</i>	In this case, there were categorical factual findings that the appellant, whose properties had been attached, was a direct recipient of the embezzled funds and was involved in projecting the same as untainted. Para 6 of the judgment itself holds that “...we are of the view that it is not an essential ingredient that there should be any accusation in predicate offence against the person for his property to be attached. The only requirement is that the property should have been linked to the proceeds of crime, regardless of the person holding that property.”, and “the property in the hands of any person in possession of proceeds of crime can be attached, even if he is not accused of the offence of money-laundering.” Even assuming this to be correct position in law, the said ratio will be inapplicable in the present case as the basis for attachment of RRL’s properties is not that it is in possession of proceeds of crime, but that it is a wholly owned subsidiary of RCom.

4.5 Arbitrary lifting of corporate veil

4.5.1 The Complainant has committed an error in exercising its power of attachment by ‘lifting the corporate veil’ to attach the Property on account of alleged involvement of D-1 in the predicate / money-laundering offence.

4.5.2 It is submitted that D-2 is a separate corporate personality from that of its shareholder, *i.e.*, D-1, and this distinction cannot be obliterated in an unbridled exercise of powers by the Complainant. Yet, the sole premise for attachment of the Property in the PAO is that 100% of RRL’s shareholding is owned by RCom. By doing so, the PAO blatantly violates the established principle of law that shareholders in a company irrespective of their shareholding, do not own the assets of a company.

4.5.3 Further, the corporate veil has been lifted to attach the Property of D-2 without establishing any element of fraud, wrongdoing or evasion of legal liability by RRL. The allegations made by the Complainant *qua* financial nexus between RRL and RCom are to merely establish the effective ownership of RCom over RRL, as opposed to fraudulent routing of funds.

4.5.4 While there is no cavil to the principles laid down in *State of UP v. Renusagar Power Co. (1988) 4 SCC 59* and *Delhi Development Authority v. Skipper Construction, Formosa Plastic Corporation Ltd v. Ashok Chauhan 1998 SCC OnLine Del 743* and *LIC India v. Escorts Ltd.*, the said principles have no application to the facts of the present case where there are no allegations of fraud or illegality against RRL in neither the PAO nor the OC, especially viz-a-viz the Property which was acquired almost two decades ago in 1995.

4.5.5 In the above context, it is also pertinent to note that at the time of filing its Rejoinder to D-2's Reply, the Complainant for the first time has referred to a filing dated February 16, 2024 by D-1 before the Bombay Stock Exchange and National Stock Exchange inviting expressions of interest for the sale of the Property. While the Complainant relies on the said document to contend that D-2's assets can be considered as D-1's assets, the same did not form part of 'reasons to believe' or 'relied upon documents' or PAO or the OC. The same is clearly an afterthought and was never the basis of the PAO, and is a flagrant attempt by the Complainant to improve its case by adducing further documents. D-2 vehemently objects to the same being taken on record and has filed a miscellaneous application before this Ld. Authority objecting to the same.

4.5.6 Without prejudice to D-2's objections, it is submitted that the abovesaid documents make it clear that the sale of assets of D-2 was contemplated pursuant to meeting with the committee of creditors of D-1, where specific consent was taken from the management of the D-2. The document further reflects the clear intention and understanding that the assets of D-2 are separate and distinct from that of D-1.

4.5.7 It is further submitted that the Complainant's reliance on the judgment of the Hon'ble Supreme Court in ***Union of India v. J.P Singh, Criminal Appeal No. 1102 of 2025*** is completely misplaced. The issue involved in the judgment was the period for which the order of attachment/retention/freezing passed under Section 8(3) will continue to operate. The respondent in that case argued that since he was not named as an accused in the complaint under Section 44 of PMLA, no proceedings were pending and therefore the retention order could not continue. It is in that context that the Hon'ble Court observed that for the order of attachment to continue, it is not necessary that the person affected be named as accused, as the complaint under Section 44 relates to the offence and not the accused. The judgment pertained to the continuation of an order under Section 8(3) and not to the correctness of the order of retention in the first place. As such, it is wholly inapplicable to the present case.

4.5.8 Lastly, it is submitted that the Complainant's reference to Section 70 of PMLA is irrelevant to the present proceedings. Section 70, while providing for vicarious liability in case of offences by companies cannot apply to a situation where the corporate veil has been lifted in reverse, i.e., the corporate veil of a subsidiary has been lifted and it has been subjected to attachment proceedings for alleged actions of its shareholder, i.e. D-1.

4.6 Other Grounds

4.6.1 It is submitted that though a document named "Reasons to Believe" carrying two pages has been filed by Complainant along with OC and was marked as ***Confidential***, D-2 was not allowed to inspect the same. It is submitted that the same violates principles of natural justice and Rule 16 of the Adjudicating Authority (Procedure) Rules, 2013.

4.6.2 Similarly, though a copy of the ECIR carrying 4 pages was filed along with OC and was marked as not confidential, D-2 was not allowed to inspect the same.

4.6.3 The Complainant's contentions regarding supply of copy of ECIR are completely misplaced, as well as its reliance on *Vijay Madanlal Choudhary*(supra) as:

(i) The determination that sharing of ECIR is not mandatory is in the context of arrest where it was held that communication of grounds of arrest is sufficient (**paras 370-373 of SCC version**)

(ii) Further, it is the Complainant which has chosen to communicate the ECIR to the Ld. Authority and thereby made it a "material in possession". Once so shared with the Ld. Authority, D-2 had a right to inspect all material in its possession.

(iii) The Complainant's contentions that it did not place any reliance on the BDO Report is ex-facie contrary to records, inasmuch as the PAO as well as the OC both refer to the BDO Report, and yet for unknown reasons, the same does not form part of the records of the Ld. Authority.

4.6.4 Lastly, it is submitted that the legal presumption under Section 24 of PMLA cannot be applied in the present case where the PAO and/or the OC has failed to establish the foundational facts necessary for the legal presumption to be applicable in the first place. Reliance is placed on *Vijay Madanlal Choudhary*(supra):

"237. Be that as it may, we may now proceed to decipher the purport of Section 24 of the 2002 Act. In the first place, it must be noticed that the legal presumption in either case is about the involvement of proceeds of crime in money-laundering. This fact becomes relevant, only if, the prosecution or the authorities have succeeded in establishing at least three basic or foundational facts. First, that the criminal activity relating to a scheduled offence has been committed. Second, that the property in question has been derived or obtained, directly or indirectly, by any person as a result of that criminal activity. Third, the person concerned is, directly or indirectly, involved in any process or activity connected with the said property being proceeds of crime. On establishing the fact that there existed proceeds of crime and the person concerned was involved in any process or activity connected therewith, itself, constitutes offence of money-laundering. The nature of process or activity has now been elaborated in the form of Explanation inserted vide Finance (No.2) Act, 2019. On establishing these foundational facts in terms of Section 24 of the 2002 Act, a legal presumption would arise that such proceeds of crime are involved in money-laundering. The fact that the person concerned had no causal connection with such proceeds of crime and he is able to disprove the fact about his involvement in any process or activity connected therewith, by producing evidence in that regard, the legal presumption would stand rebutted."

A bare perusal of the PAO and/or OC would show that the aforesaid foundational facts have not been established either qua RRL or the Property. Accordingly, the presumption under Section 24 cannot arise.

5. In light of the above, it is humbly submitted that the Ld. Authority ought not confirm the PAO under Section 8(3) of PMLA and dismiss the OC.”

5. COMPLIANCE OF SECTION 5(1):-

In the present case, in relation to the scheduled offences the charge sheet is filed against the accused named therein. In view thereof the Director or any other officer not below the rank of Deputy Director authorized by the Director for the purposes of section 5 of PMLA is empowered to issue an order of attachment of property in terms of section 5(1) of PMLA. In the present case the Deputy Director has passed the PAO. The empowerment to issue PAO is conditional to the formation of requisite reasonable belief, (the reasons for such belief to be recorded in writing, on the basis of material in his possession) that (a) any person is in possession of any proceeds of crime; and (b) such proceeds of crime are likely to be concealed, transferred or dealt with in any manner which may result in frustrating any proceedings relating to confiscation of such proceeds of crime under chapter III of PMLA.

In the present case there is no dispute as to the authority of the Deputy Director to pass the provisional attachment Order. While examining the compliance of section 5, what is required to be seen in the present case is that the Deputy Director has entertained the reasonable belief on the basis of material in his possession and secondly whether the reason for such belief are recorded in writing or not.

As detailed out in the Provisional Attachment Order, the reasonable belief is entertained in no uncertain term and the same is well amplified. Before drawing the conclusions as to reasonable belief, the Deputy Director has extensively referred to the material in his possession and well formulated the reasons for the belief. The exhaustive material in the form of statements of several persons is reproduced herein above. The belief entertained by the Deputy Director is that of a prudent and reasonable person and is honest as based on the material before him. There is no guess work involved or mere *ipse dixit* of the officer. The satisfaction arrived at by the Deputy Director is a subjective satisfaction based on the material. The sufficiency of the reasons for the belief cannot be a matter of investigation by the court. A person can be said to have “reason to believe” a thing, if he has sufficient cause to believe that thing but not otherwise. If the material in hand has no nexus with the belief or there is no material or tangible information for the formation of belief then in such a case the reasonable belief may be vitiated. It is open to examine the question whether the reason for the belief have a rational connection or a relevant bearing to the

formation of the belief and are not extraneous or irrelevant to the purpose of the section. So if there are reasonable grounds to believe, whether those grounds are adequate or not, is not a matter for the court to look into. In the present case such rational connection exists. Although the court cannot investigate about the sufficiency of the material, the court can certainly examine whether there was any material in possession of the officer concerned and whether the material had any nexus with the formation of the belief. In the present case the reasonable belief formed by the Deputy Director is based on the material available before him. Thus, there is a well-established link or nexus between the belief formed and the material available. It cannot be said there was no basis for formation of the belief. The submission that the reasonable belief formed by Deputy Director u/s 5(1) is baseless or ill-founded is not sustainable. The Deputy Director in the present case has shown the generation and existence of the proceeds of crime. The Deputy Director has also shown that how the proceeds of crime are utilized and/ or applied. Thus he has formed the belief as to the involvement of the Defendants with the proceeds of crime. The formation of his belief that there exists proceeds of crime, is not mere ipse- dixit of the Deputy Director, but is well founded on the material. The reasonable formed by the Deputy Director is hereinabove indicated.

In this connection observation of Bombay High Court is relevant i.e.

“The fact that the authority could have acted only if there was reason to believe that a person is in possession of proceeds of crime does not mean that the authorities at this stage are obliged to prove the fact beyond that the property is in possession was in fact proceeds of crime. All the Authority is required to show is that there was substantially probable cause to form opinion that the property under attachment is proceed of crime. At this provisional Attachment stage as well when the matter goes before the Adjudicating authority, by virtue of section 24 of the Act. The burden of proving that the property possessed by the noticee was not proceeds of crime and were untainted properties would be on them.” [2010(5) BCR 625 Radha Mohan Lakhotia.]

The scrutiny of the belief shows that no belief is entertained without there being any material or basis for the same. There is nothing wrong in the reasonable belief entertained by the Deputy Director. As discussed, the nature of belief entertained is also legal and well founded. The reasons are well disclosed and available on the face of the material furnished to the Defendants. The PAO and OC also constitute such material. The contention of the Defendants that the reasonable belief as formed by the Deputy Director is improper or illegal, is not sustainable. The various principles as emerging from the case law on the issue are followed and satisfied with regard to the reasonable belief entertained by the Deputy Director.

6. COMPLIANCE OF SECTION 8 (1):-

There is due compliance of the provisions of section 8(1) of PMLA while ordering issuance of the Show Cause Notice. In order to appreciate that, it will be proper to reproduce the relevant part of section 8(1) of PMLA.

Section 8- Adjudication

On receipt of a complaint under Sub-Section (5) of Section 5, or applications made under Sub-Section (4) of Section 17 or under Sub-Section (10) of Section 18, if the Adjudicating Authority has reason to believe that any person has committed an offence under Section 3 or is in possession of proceeds of crime, it may serve a notice of not less than thirty days on such person calling upon him to indicate the sources of his income, earning or assets, out of which or by means of which he has acquired the property attached under Sub-Section (1) of Section 5, or, seized or frozen under Section 17 or Section 18, the evidence on which he relies and other relevant information and particulars, and to show cause why all or any of such properties should not be declared to be the properties involved in money-laundering and confiscated by the Central Government:

It is evident from the provisions that on receipt of a Complainant under sub-section 5 of section 5, if the Adjudicating Authority has reason to believe that any person has committed an offence under section 3 or is in possession of proceeds of crime, he may serve a **notice** of not less than 30 days on such person. Unlike the other provisions under PMLA, for instance section 5(1) of PMLA, when an order as to Provisional Attachment of property is to be passed, the concerned Director of Enforcement or the Authorized officer has not only to necessarily have 'reason to believe', but the reasons for such belief are to be recorded in writing. Similarly the provisions contained in section 17(1) of PMLA also required the formation of reason to believe and recording of the reasons to believe in writing. There is no requirement of recording of the reasons in writing for arriving at the satisfaction as can be seen from the provisions of section 8(1).

In this regard, relevant is the decision of the Hon'ble Supreme Court of India in case of **S. Narayanyappa and others v. Commissioner of Income Tax (1967) 1 SCR 590: AIR 1967 SC 523: (1967) 63 ITR 219**

"4. It was also contended for the appellant that the Income Tax Officer should have communicated to him the reasons which led him to initiate the proceedings under section 34 of the Act. It was stated that a request to this effect was made by the appellant to the Income Tax Officer, but the Income Tax Officer declined to disclose the reasons. In our opinion, the argument of the appellant on this point is misconceived. The proceedings for assessment or re-assessment under Section 34(1) (a) of the Income Tax Act start with the issue of a notice and it is only after the service of the notice that the assessee, whose income is sought to be assessed or re-assessed, becomes a party to those proceedings. The earlier stage of the proceeding for recording the reasons of the Income Tax Officer and for obtaining the sanction of the Commissioner are administrative in character and are not quasi-judicial. The scheme of Section 34 of the Act is that, if the conditions of the main section are satisfied a notice has to be issued to the assessee containing all or any of the requirements which may be

included in a notice under sub-section (2) of section 22. But before issuing the notice, the proviso requires that the officer should record his reasons for initiating action under section 34 and obtain the sanction was justified. There is no requirement in any of the provisions that the reasons which induced the Commissioner to accord sanction to proceed under section 34 must also be communicated to the assessee. In presidency talkies Ltd. v. First Additional Income Tax officer, city circle II Madras the Madras High Court has expressed a similar view and we consider that view is correct. We accordingly reject the argument of the appellants on this aspect of the case.”

Thus, when the statute itself has not provided for the recording of the reasons, such a requirement cannot be read into the provisions and hence there cannot be any requirement of communication thereof upon recording of the satisfaction in terms of section 8(1) of PMLA. Section 8(1) itself clarifies as to what is required to be served. The specific requirement as to the service on the Defendants, is of ‘Notice’ alone. No such satisfaction, reasonable belief or reasons for formation of such satisfaction or reasons to believe are required to be recorded in writing. In the absence of the provisions, no requirement can be read into the provisions. There is one more relevant aspect as to the issuance of the Show Cause Notice under section 8(1). It is evident from the provisions contained in the section 5 of PMLA that there is no requirement of giving any hearing prior to the issuance of the Provisional Attachment Order. In the absence of ‘pre-decisional’ hearing in the provisions of section 5 of PMLA, by virtue of the principles of natural justice, necessity of ‘post-decisional’ hearing is spelt out. Thus a notice issued under section 8(1) of PMLA is in fact issued for the interest of the parties who are affected by such Provisional Attachment Order issued under section 5(1) of PMLA, such order having been passed without affording any opportunity of hearing. The issuance of the Show Cause Notice is thus in the interest of justice and also for the benefit of the parties affected. In view of the fact that such a notice would be in the interest of the parties affected, no recording of the reasons is required and upon arriving at the satisfaction as required in section 8(1), the Show Cause Notice is required to be issued.

Also relevant is the case of **Brizo Reality Company Pvt. Ltd., Mumbai Vs Aditya Birla Finance Ltd. Mumbai and others (2014) 4 Mh.L.J.** This Judgement of the Bombay High Court is also delivered by the Division Bench of the Bombay High Court in a case under PMLA. The Judgement of Bombay High Court is prior in point of time, as compared to the Judgment of J. Sekar of the Division Bench of the Delhi High Court. Such prior Judgment would have precedence. The Bombay High Court has inter alia held as under while dealing with the issue concerning reasons under section 8(1) of PMLA :

“6. Apparently, in view of various references to the Petitioner in the complaint, the impugned notice dated 29.04.2014 was issued. It is contended that the said notice does not furnish any reason to believe that the petitioner has committed an offence under section 3 or is in possession of proceeds of crime. In view of this contention it is necessary to set out the entire notice:

You are called upon to indicate the source of your income, earning or assets out of which or by means of which you have acquired the property attached under subsection (1) of section 5 of the Prevention of Money Laundering Act, 2002 the evidence on which you rely and other relevant information and particulars and show cause why all or any such property should not be declared to be the properties involved in money-laundering and consequently why the attachment order should not be confirmed.

You are called upon to show cause why the provisional attachment order in respect of properties should not be confirmed as representing proceeds of crime being value of properties involved in money laundering [Copy of the complaint and Annexure / relied upon documents thereto enclosed herewith].

You are directed to appear before the Hon'ble Chairman and Member. Adjudicating Authority (PMLA) in person or through an advocate / authorised representative duly instructed on 12.06.2014 at 11.00 a.m. at Adjudicating Authority, Prevention of Money Laundering, 4th Floor, Court Room 2, Room No.20, Jeevan Deep Building, Parliament Street, New Delhi - 110001, failing which the complaint shall be heard and decided in your absence.

Given under my hand and the seal of the Adjudicating Authority, this 29th day of April, 2014.

7. The contention that the show cause notice does not state that the Adjudicating Authority has reason to believe that the petitioner has committed an offence under section 3 of the Act or is in possession of proceeds of crime is not well founded. The notice has, for all practical purposes, adopted, incorporated the complaint in toto. The notice, fairly read, indicates that the Adjudicating Authority, on the basis of the material in the complaint had reason to believe that the ingredients necessary for the attachment order existed. So read, it follows that the Adjudicating Authority stated in the show cause notice that he had reason to believe that there existed the factors necessary to serve the notice. The reasons, in turn, stand incorporated in the notice from the complaint. It is apparent that the notice has been issued based on the reasons to be found in the complaint and the documents which have been expressly referred to in the contention. The complaint itself expressly sets out the reason to believe. If, on the basis of the facts disclosed in the enclosures, the Adjudicating Authority had formed the opinion that there was no reason to believe the existence of the factors mentioned in section 8, he would not have issued the show cause notice. That he did indicates that he had reason to believe the existence of the said factors. In the facts and circumstances of the case this is sufficient compliance.”

Thus, there is due compliance of the provisions of section 8(1) of PMLA.

7. BURDEN OF PROOF:-

Section 24 of the PMLA provides for Burden of proof. Accordingly

“In any proceeding relating to proceeds of crime under this Act:-

- a. In the case of a person charged with the offence of money-laundering under section 3, the Authority or Court shall, unless the contrary is proved, presume that such proceeds of crime are involved in money-laundering; and*
- b. In the case of any other person the Authority or Court, may presume that such proceeds of crime are involved in money-laundering.”*

Burden of Proof rested on the Defendants to show before this Authority that the proceeds of crime are not involved in Money-Laundering. The notice to show cause is issued on the reasonable belief that Defendants have committed an offence under section 3 or are in possession of proceeds of crime. Though there is no Complaint

filed for the offence of money laundering, if any, is placed on record in this proceeding, against the Defendants as of now, the fact remains that a reasonable belief is entertained that Defendants have committed an offence under section 3 of PMLA or are in possession of proceeds of crime. The mandatory presumption thus arises that the proceeds of crime are involved in Money Laundering. Even if the said mandatory provision is not invoked in the absence of a complaint for the offence punishable under section 4 of PMLA. The material pertaining to the commission of the scheduled offence, the emergence of the proceeds by commission of the Scheduled offence, clearly establishes the existence of proceeds of crime. The Defendants have not established anything contrary thereto. In terms of section 24 once it is shown that there exist proceeds of crime, which are present in the present case *Prima- facie* the amount so earned from the scheduled offences and criminal activity relating thereto is utilized by the principal Defendants for their gain, money laundering is presumed as well established. In order to rebut this presumption, it was absolutely essential for the Defendants to show that there was no emergence of proceeds of crime. The Defendants have however failed to show that. Nothing is produced by the Defendants, which would rebut the presumption. The burden to prove that the properties/monies are not proceeds of crime and were not therefore tainted, rests with the Defendants, as has been held in *Union of India V/s Hassan Ali Khan and another* [2011 (10) SCC 235: 2011(11) SCALE 302] by the Hon'ble Supreme Court of India in relation to the provisions of section 24 of PMLA

“.....There is no denying that fact that allegations have been made that the said monies were the proceeds of crime and by depositing the same in his bank accounts, the Respondent No. 1 had attempted to project the same as untainted money. The said allegations may not ultimately be established, but having been made, the burden of proof that the said monies were not the proceeds of crime and were not, therefore, tainted shifted to the Respondent no. 1 under section 24 of the PML Act, 2002.

Gautam Kundu v. Directorate of Enforcement, (2015) 16 SCC 1:

“37...In Union of India v. Hassan Ali Khan, this Court has laid down what will be the burden of proof when attempt is made to project the proceeds of crime as untainted money. It is held in the said paragraph that allegations may not ultimately be established, but having been made, the burden of proof that the monies were not proceeds of crime, and were not therefore tainted, shifted on the accused persons under Section 24 of PMLA. The same proposition of law is reiterated and followed by the Orissa High Court in the unreported decision of Janta Jha v/s. Directorate of Enforcement...”

8. VALUE THEREOF:-

1. It is often seen that after indulging into a criminal activity relating to a scheduled offence or after commission of the scheduled offence, the proceeds which are derived, directly or indirectly, are not necessarily kept or available in the same form. They are transferred, converted, siphoned or merged into distinct assets, so as to disguise the original character of the proceeds of crime. It is thus seen in many situation that the proceeds of crime would not be easily available and traceable in the

original form as derived from the activities above referred. The criminals are many a times successful in utilization and evaporating the gains derived from criminal activities/schedule offence, thus not leaving any trace of the original proceeds of crime. In such a case, the provisions of the PML Act cannot be seen as purpose-less provisions. In order to deal legally with such illegitimate earnings and/ or its clever exhaustion by the criminals, the other assets of the criminals can be taken charge of, treating it as the proceeds of crime or the value of the proceeds of crime. The term value thereof would thus include equivalent value of the assets of Criminals/Defendants/Accused. The concept of value thereof in the definition of proceeds of crime has to be given the meaning in consonance with the intention and purpose of PMLA. Somewhat similar provisions exist in the criminal law (Amendment) ordinance of 1944. Thus when the property is not traceable or is dissipated, than any other property belonging to the person/accused can be confiscated. It is clear that if the accused is successful in concealing the original property, he cannot be permitted to have advantage thereof, but any other property on which the authority can lay hands can be attached.

2. **The issues relating to seizure of equivalent value of assets needs to be examined with reference to** the provisions of Section 2(1)(u) of PMLA along with amendment to the provision. The provisions of Section 2(1)(u) have been amended thrice in the year 2015, 2018 & 2019. For the sake of convenience, the legislative history of Section 2(1)(u) and subsequent amended to the provisions have been reproduced as under chronologically:

Statutory provision from 01-08-2005 to 31-03-2015

*“Proceeds of crime” means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or **the value of any such property.***

Statutory provision from 01-08-2015 to 18-04-2018

*“Proceeds of crime” means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or the value of any such property, **or where such property is taken or held outside the country, then the property equivalent in value held within the country.***

Statutory provision from 19-04-2018 to till date

*“Proceeds of crime” means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or the value of any such property, or where such property is taken or held outside the country, then the property equivalent in value held within the country **or abroad.***

Explanation to Section 2(1)(u) inserted by Finance Act, 2019 w.e.f 1.8.2019

Explanation.- For the removable of doubts, it is hereby clarified that "proceeds of crime" including property not only derived or obtained from the scheduled offence. but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity **relatable** to scheduled offence;

3. It is amply clear from above referred to amendments that till 31.03.2015, the proceeds of crime was defined to be either property derived or obtained directly or indirectly by any person as a result of criminal activity relating to a scheduled offence or the value of any such property. In other words, the property derived or obtained directly or indirectly as a result of criminal activities relating to scheduled offence. Later on, an amendment was made to define the proceeds of crime which is taken or held outside the country. The amendments in year 2015 and 2018 have provided that in case proceeds of crime is taken or held outside the country then property equivalent to value held within country or abroad shall be proceeds of crime.

4. The Adjudicating Authority of PMLA in its order (No. 76/2010) in the case of **Madhu Koda** deliberated on the scope of proceeds of crime and the relevant paragraph are reproduced as under:-

“110. Nothing on the statute is redundant. Every word on the statute has a purpose. An interpretation deleting the phraseology the value of any such property as redundant would defeat the legislative purpose. We can only interpret but cannot legislate. We cannot add or delete. This is the settled position of law.

111. A money launderer being a smart person can easily outsmart the Directorate of Enforcement by transferring the property or make it invisible to the enforcing agencies. For example, a huge deposit in the bank account which was proceeds of crime can be transferred or withdrawn from the account very easily and sometimes instantaneously by click of a button of the computer by the launderer having e-banking facilities. If the Director would not have the powers to attach any other property or equivalent value the very purpose of PMLA would be defeated.

112. Though ordinarily the Director attaches properties acquired subsequent to generation of proceeds of crime perhaps because front view is more comfortable than the back view while driving. In our opinion, it is not out of bounds for him to attach properties that came into existence before generation of proceeds of crime.

113. The provisions of attachment and ultimate confiscation are obviously intended to neutralize the financial benefits that the money launderer gains by committing the scheduled offences. That objective may not be achieved in certain circumstances unless the Director has powers to attach properties acquired even before the generation of proceeds of crime. The Director cannot be faulted as long as the value of the properties attached does not exceed the quantum of crime.

114. The value of the property cannot be conceived in a vacuum. It has to have reference to a physical entity. Therefore, in our considered view the Director is entitled to attach any property of equivalent value, irrespective of its date of acquisition by the Defendant”.

5. The **Hon’ble Supreme Court in a recent judgment dated 27.07.2022 in the case of Vijay Madanlal Choudhary & Ors. v/s Union of India &Ors. in SLP(Criminal) No. 4634 of 2014** held the following with reference to attachment of property as value thereof of the proceeds of crime :-

“68. It was also urged before us that the attachment of property must be equivalent in value of the proceeds of crime only if the proceeds of crime are situated outside India. This argument, in our opinion, is tenuous. For, the definition of “proceeds of crime” is wide

enough to not only refer to the property derived or obtained as a result of criminal activity relating to a scheduled offence, but also of the value of any such property. If the property is taken or held outside the country, even in such a case, the property equivalent in value held within the country or abroad can be proceeded with. The definition of “property” as in Section 2(1)(v) is equally wide enough to encompass the value of the property of proceeds of crime. Such interpretation would further the legislative intent in recovery of the proceeds of crime and vesting it in the Central Government for effective prevention of money-laundering.”

6. The Hon’ble Delhi High Court in the case of **Directorate of Enforcement Vs. Axis Bank (CRL.A. 143/2018, 210/2018, 623/2018, 764/2018, 1076/2018)** has elaborated definition of “proceeds of crime” and decided that it has three limbs. The relevant paras are quoted herein.

“106. Among the three kinds of attachable properties mentioned above, the first may be referred to, for sake of convenience, as “tainted property” in as much as there would assumable be evidence to prima facie show that the source of (or consideration for) its acquisition is the product of specified crime, the essence of “money laundering” being its projection as “untainted property” (Section 3). This would include such property as may have been obtained or acquired by using the tainted property as the consideration (directly or indirectly). To illustrate, bribe or illegal gratification received by a public servant in form of money (cash) being undue advantage and dishonestly gained, is tainted property acquired “directly” by a scheduled offence and consequently “proceeds of crime”. Any other property acquired using such bribe as consideration is also “proceeds of crime”, it having been obtained “indirectly” from a prohibited criminal activity within the meaning of first limb of the definition.

107. In contrast, the second and third kinds of properties mentioned above would ordinarily be “untainted property” that may have been acquired by the suspect legitimately without any connection with criminal activity or its result. The same, however, are intended to fall in the net because their owner is involved in the proscribed criminality and the tainted assets held by him are not traceable, or cannot be reached, or those found are not sufficient to fully account for the pecuniary advantage thereby gained. This is why for such untainted properties (held in India or abroad) to be taken away, the rider put by law insists on equivalence in value. From this perspective, it is essential that, before the order of Page 8 of 18 FPA-PMLA-4044/ALD/2021 attachment is confirmed, there must be some assessment (even if tentative one) as to the value of wrongful gain made by the specified criminal activity unless it be not possible to do so by such stage, given the peculiar features or complexities of the case. The confiscation to be eventually ordered, however, must be restricted to the value of illicit gains from the crime. For the sake of convenience, the properties covered by the second and third categories may be referred to as “the alternative attachable property” or “deemed tainted property”.

7. The judgment of the Hon’ble Delhi High Court makes it clear that the definition of “proceeds of crime” has three limbs and in the second limb the properties of equivalent value to the proceeds obtained out of crime can be attached which may have been acquired prior to the commission of crime but it would be when proceeds of crime has been vanished and is not available.

8. Further, **Hon'ble Delhi High Court** in the case of **Prakash Industries Ltd. v. Directorate of Enforcement reported in 2022 SCC OnLine Del 2087** further observed in para 80 as under:

“80. On a plain textual interpretation of Section 2(1)(u) as well as in the backdrop of the amendatory history of that provision, this Court finds itself unable to agree with the line of reasoning adopted in Seema Garg. As held hereinbefore, affirmation of Seema Garg would amount to virtually deleting the phrase —or the value of any such property from Section 2(1)(u). That would not only violate the well settled tenets of statutory construction but would clearly amount to the Court rewriting the provision itself in a manner that it stands deprived of vital and purposive content. The Court further notes that Axis Bank had enunciated important safeguards which would apply in respect of third-party interests in deemed tainted property. Those caveats duly secure and protect bona fide third-party interests created for valid consideration. This Court, thus, reaffirms those defences as were culled out in Axis Bank. The Court thus reiterates the interpretation accorded to Section 2(1)(u) by this Court in the aforesaid decision. Consequently, and for all the aforesaid reasons this Court finds itself unable to agree with the principles as laid down in Seema Garg as well as the subsequent decisions rendered by the Andhra Pradesh High Court in Kumar Pappu Singh Vs. Union of India and the Patna High Court in HDFC Bank Limited Vs Government of India, Ministry of Finance.”

9. Recently, **Hon'ble Appellate Tribunal under SAFEMA** in its order dated **27.11.2025** referring its earlier decision in **Sadanand Nayak Vs. ED (FPA-PMLA-5612/BBS/2023)** made following observations in **ED Vs. Raj Kumar Goyal (FPA-PMLA-4044/ALD/2021)**:

“At times, an impression is given that the appellant (ED) cannot attach any other property than the proceeds of crime as given in Para 66 of the judgment (supra). The careful reading of Para 66 quoted above makes it clear that what can be attached by the ED is the 'proceeds of crime'. However, what would fall under the definition of 'proceeds of crime' has been clarified by the Apex Court in Para 68 quoted above. The proceeds of crime cannot be given narrow meaning rather it has three limbs and has been detailed out by the Delhi High Court in the case of Prakash Industries (supra). Three limbs of the definition of 'proceeds of crime' are independent and are applicable independently in the given situation”.

10. Thus, it is evident that the value of any such property shall be defined as proceeds of crime in the cases where any property which may directly or indirectly derived or obtained as a result of any criminal activity relatable to scheduled offence is either consumed or is not available for attachment under Section 5 or confiscation by the Competent Court.

9. CONCLUSION ON THE PROPERTIES, ATTACHED U/S 5(1) OF PMLA 2002, INVOLVED IN MONEY LAUNDERING :-

The Adjudicating Authority has the responsibility to determine whether the properties mentioned in the Notice to Show Cause are involved in money laundering or not. Money laundering, as defined in section 3 of the Prevention of Money Laundering Act

(PMLA), encompasses any process or activity associated with the proceeds of crime and their presentation as untainted. The crucial consideration is whether the properties in question, for which the notice to show cause has been issued, constitute proceeds of crime or not. The definition of proceeds of crime, as provided in section 2(1)(u) of the PMLA, includes any property derived or obtained, directly or indirectly, by any person as a result of criminal activity related to a scheduled offense, or the value of such property. Therefore, the definition encompasses the value of any proceeds of crime. There exists substantial evidence indicating the generation of proceeds of crime through the commission of scheduled offenses. Moreover, there is sufficient evidence demonstrating the utilization of these proceeds of crime by the Defendants.

9.1 The following observations are made with regard to submissions of Defendants and Complainant:

1. The Defendant No. 1 and 2 contended that the attached properties do not belong to Defendant No. 1 and are owned by separate legal entities being its wholly owned subsidiaries and therefore cannot be treated as assets of Defendant No. 1 merely on account of 100% shareholding.

In response the complainant argued that Defendant No. 1 exercises effective ownership and control over Defendant No. 2 and such subsidiary entities and therefore their assets can be treated as assets of Defendant No. 1 in cases involving proceeds of crime and money laundering.

2. The Defendant No. 1 and 2 asserted that the principle of separate corporate personality prohibits treating a shareholder and company as one and relied on Western Coalfields Ltd. v. Special Area Development Authority (1982) 1 SCC 125, Rustom Cavasjee Cooper v. Union of India (1970) 1 SCC 248, Bacha F Guzdar v. Commissioner of Income Tax (1954) 2 SCC 563, Electronics Corporation of India v. Secretary, Revenue Dept. (1999) 4 SCC 458 and Shree Hanuman Cotton Mills Ltd. & Ors. v. Union of India & Ors. 2025 SCC OnLine Cal 9571.

In response the complainant argued that corporate veil can be lifted where corporate structure is misused and relied on State of UP v. Renusagar Power Co. (1988) 4 SCC 59, Delhi Development Authority v. Skipper Construction, Formosa Plastic Corporation Ltd v. Ashok Chauhan 1998 SCC OnLine Del 743 and LIC of India v. Escorts Ltd. (1986) 1 SCC 264.

3. The Defendant No. 1 and 2 maintained that there is no allegation of fraud, evasion or wrongdoing to justify lifting of corporate veil and relied on Vodafone International Holdings B.V. v. Union of India (2012) 6 SCC 613. Section 70 of the Prevention of Money Laundering Act, 2002 is inapplicable as it relates to vicarious liability and cannot justify reverse lifting of corporate veil.

In response the complainant argued that the present case involves concealment of beneficial ownership and misuse of corporate structure to facilitate money laundering and therefore veil can be lifted. Section 70 enables piercing of corporate structure to fix liability on persons in control and supports lifting of veil in the present case. The Defendant No. 1 i.e. RCOM availed loans under consortium and Multi-Banking Arrangement and other credit facilities from Indian Banks. Further, the company has also availed ECBs from foreign banks and has also raised funds by way of issuance of FCCBs. The loans availed by RCOM started becoming NPA from 2017. Total outstanding loan till the date of FIR was Rs. 40,185.55 crores. On examination of the utilization of these loans, it was observed that the loan proceeds were routed through multiple banking channels including SBI, HDFC Bank, ICICI Bank and YES Bank before reaching ultimate beneficiary accounts, indicating layered movement of funds rather than direct application towards stated end-use. The fund trails reflect recurring inter-se transfers between entities of the Reliance Group, including RCOM, RITL, RTL and other group concerns, without corresponding evidence of contemporaneous underlying commercial transactions in the fund trails. A consistent pattern of parking of substantial loan proceeds in liquid mutual fund schemes has been observed, which is inconsistent with utilisation for operational expenditure or capital deployment. The transaction patterns do not reflect direct payments to identifiable third-party vendors, OEMs, infrastructure providers or service contractors, which would ordinarily be expected where funds are deployed for genuine business operations. Certain bank accounts appear to have been used as nodal transit accounts for routing significant volumes of funds across multiple facilities and entities, indicating structured routing of transactions. A pattern is also evident wherein fresh borrowings were utilised to adjust or regularise earlier loan exposures, several of which themselves exhibit indicators of deviation from sanctioned end-use, suggesting a cycle of refinancing rather than deployment towards productive economic activities. Further Defendant No. 2 i.e. M/s Reliance Realty Limited ("RRL") has received significant funds from RCOM and its related companies over the years. RRL is one of the wholly owned subsidiaries of RCOM since 2006. Based on analysis of the audited financial statements filed by RRL with MCA it is revealed that RRL is merely a shell company held by RCOM for the sole reason of holding the asset of the leasehold land and its enjoyment by RCOM.

4. The Defendant No. 1 and 2 objected that additional documents including order dated 04.02.2026 in E.A.S. Sarma v. Union of India & Ors., order dated 10.02.2026 in Champion Properties Limited v. Deputy Director, Directorate of Enforcement & Anr. and Reliance Realty Limited v. Deputy Director, Directorate of Enforcement & Anr., and RCom Disclosure dated 16.02.2024 are irrelevant and cannot be relied upon as they were not part of "reasons to believe", PAO, OC or relied upon documents and relied on Mohinder Singh Gill v. Chief Election Commissioner (1978) 1 SCC 405 and Opto Circuits (India) Ltd v. Axis Bank (2021) 6 SCC 707.

In response the complainant argued that such documents corroborate effective ownership, control and conduct of Defendant No. 1 and support the validity of attachment.

5. The Defendant No. 1 and 2 emphasized that proceedings under Section 8 of PMLA are confirmatory in nature and limited to examination of PAO on the basis of material forming part of Section 5 proceedings and cannot be supplemented at rejoinder stage.

In response the complainant argued that all statutory requirements under Sections 5 and 8 PMLA stand satisfied and the attachment is legally sustainable.

6. The Defendant No. 1 and 2 argued that the PAO must stand on its own legs and cannot be improved by adducing fresh documents at a later stage including through rejoinder.

In response the complainant argued that the material on record already establishes compliance with statutory requirements and additional material only reinforces the same.

7. The Defendant No. 1 and 2 alleged that ECIR and “reasons to believe” were not supplied thereby violating principles of natural justice.

In response the complainant argued that ECIR is an internal document and need not be supplied as held in Vijay Madanlal Choudhary v. Union of India 2022 SCC OnLine SC 929 and that reasons to believe are forwarded to the Adjudicating Authority in sealed cover under Section 5(2) PMLA.

8. The Defendant No. 1 and 2 claimed that PAO is based on presumption, suspicion and without cogent material.

In response the complainant argued that PAO is based on substantial material including CBI FIRs, ECIR, documents collected during investigation, statements under Section 50 PMLA, bank statements, financial statements, agreements, emails, summons and valuation reports.

9. The Defendant No. 1 and 2 contended that mere reproduction of statutory language does not satisfy the requirement of “reasons to believe” and relied on Income Tax Officer v. Lakhmani Mewal Das (1976) 3 SCC 757, Kranti Associates Pvt. Ltd. v. Masood Ahmed Khan (2010) 9 SCC 496, J.K. Tyre & Industries Ltd. v. Directorate of Enforcement 2021 SCC OnLine Del 4836 and Directorate of Enforcement v. Abdullah Ali Balsharaf 2019 SCC OnLine Del 7942.

In response the complainant argued that existence of reasons to believe based on material is sufficient and adequacy cannot be questioned at a stage prior to the trial before special court under PMLA.

10. The Defendant No. 2 contended that it is not named as an accused in the predicate CBI FIR dated 21.08.2025 and no offence under Section 3 PMLA is alleged against it.

In response the complainant argued that in a catena of judgements, it has been held that the attachment can be made against any person in possession of proceeds of

crime irrespective of being named as accused in the predicate offence. The Division Bench of Hon'ble Madras High Court in ***S. Srinivasan v. The Assistant Director, Directorate of Enforcement, Chennai*** recently observed as under:

"Mere possession of proceeds of crime would be sufficient to invoke the provisions of PMLA. Using the proceeds of crime by itself is an offence. Since the scope of Section 3 is wider enough to cover various circumstances in order to curb the economic offences, High Court cannot restrict its meaning so as to restrain the Authorities from invoking the provisions of PMLA,"

11. The Defendant No. 2 asserted that the property was acquired in 1995 much prior to the alleged scheduled offence and is untainted and not derived from proceeds of crime. It can not be attached as value thereof.

In response the complainant argued that even properties acquired prior to the scheduled offence can be attached as "value of such property". The judgements in the support of this averment is mentioned in paragraph 8 (Value Thereof) *supra*.

12. The Defendant No. 2 contended that attachment under second limb of Section 2(1)(u) PMLA applies only to property of an accused and relied on Deputy Director v. Axis Bank 2019 SCC OnLine Del 7854.

In response the complainant argued that "value of such property" includes equivalent value properties and is not restricted only to tainted assets.

13. The Defendant No. 2 argued that no nexus has been established between the property and alleged proceeds of crime.

In response the complainant argued that fund flow tracing, financial analysis and investigation material establish linkage with proceeds of crime.

14. The Defendant No. 2 contended that conditions for invoking second proviso to Section 5(1) PMLA (emergency attachment) are not satisfied and relied on Vijay Madanlal Choudhary v. Union of India (2023) 12 SCC 1 and M/s Impress Estates Pvt. Ltd. v. Deputy Director, Directorate of Enforcement (order dated 09.12.2019).

In response the complainant argued that the statutory conditions including apprehension of concealment or alienation are satisfied.

15. The Defendant No. 2 maintained that no proper "reasons to believe" exist regarding likelihood of frustration of proceedings and that the recorded reasons are vague, irrelevant and uncorroborated.

In response the complainant argued that reasons to believe are based on tangible material including statements under Section 50 PMLA and investigation records. The attachment was necessary to prevent possible frustration of confiscation proceedings.

16. The Defendant No. 2 argued that no independent quantification of proceeds of crime has been undertaken and there is discrepancy between FIR amount and PAO amount.

In response the complainant argued that proceeds of crime have been identified on the basis of investigation materials including financial records.

17. The Defendant No. 2 contended that attachment of property of a non-accused entity is unjust and discriminatory and Section 24 PMLA burden cannot be imposed on such entity.

In response the complainant argued that presumption under Section 24 applies and burden shifts on the defendant to prove that property is not proceeds of crime.

18. The Defendant No. 1 and 2 emphasized that RCom Disclosure demonstrates that only shareholding in subsidiaries is treated as asset of Defendant No. 1 and not the underlying assets of subsidiaries and that sale of subsidiary assets requires independent approval of their boards and shareholders.

In response the complainant argued that the disclosure reflects effective control and intention of Defendant No. 1 to deal with such properties.

19. The Defendant No. 1 asserted that it is undergoing CIRP since 2018 and is managed by an independent Resolution Professional under Sections 18 and 20 of the Insolvency and Bankruptcy Code and therefore cannot deal with assets.

In response the complainant argued that apprehension of alienation or frustration of proceedings still exists.

20. The Defendant No. 2 contended that there is no allegation or material to show that it has attempted to alienate or deal with the property since its acquisition in 1995.

In response the complainant argued that preventive attachment is necessary to safeguard the property.

21. The Defendant No. 1 and 2 argued that reliance on forensic audit report of BDO India LLP without supplying the same violates principles of natural justice.

In response the complainant argued that it has not relied upon the BDO report for forming reasons to believe.

22. The Defendant No. 1 and 2 contended that proceedings under Section 5 PMLA cannot be based on vague apprehensions or uncorroborated allegations including alleged influence over CIRP.

In response the complainant argued that such apprehensions are supported by statements and material on record.

23. The Defendant No. 1 and 2 asserted that attachment of property acquired prior to alleged offence and belonging to a separate entity is legally impermissible.

In response the complainant argued that attachment of equivalent value property is permissible even if acquired prior to scheduled offence and relied on K. Rethinam v. Union of India 2018 SCC OnLine Del 6523, Asset Reconstruction Company v. Deputy Director Directorate of Enforcement 2024 SCC OnLine AT SAFEMA 14 and Suresh Devi v. Deputy Director Directorate of Enforcement FPA-PMLA-4964/DLI/2023.

24. The Defendant No. 1 and 2 contended that attachment must be limited to property involved in money laundering and not all properties of a person.

In response the complainant argued that properties representing equivalent value of proceeds of crime can be attached under Section 2(1)(u) read with Section 5 PMLA.

25. The Defendant No. 1 and 2 argued through their applications that additional documents filed with rejoinder are afterthoughts and an attempt to improve the case and should not be taken on record.

In response the complainant argued that the attachment is independently sustainable on the basis of material already on record and additional documents only reinforce its case.

A. In these cases, the investigation under the PMLA which followed after the registration of FIR containing scheduled offence, establish the generation of proceeds of crime. The Complainant has brought on record the identification of proceeds of crime in terms of section 2(1)(u) of the PMLA, 2002. There is considerable evidence regarding generation of proceeds of crime by commission of the scheduled offences. There is sufficient evidence of such proceeds of crime having been utilized by the Defendants.

B. It is evident from the perusal of records including the reasons recorded u/s 8(1) by the undersigned that in these cases, the alleged criminal activity falling under scheduled offence as enumerated under the PMLA, 2002, resulted in generation of proceeds of crime. Out of this generation of proceeds of crime, the ED could not lay hands on the direct deployment of proceeds of crime and hence it has gone for attachment of property involving as value thereof. As evident from the contents of the Original Complaint the following properties attached under section 5(1) as mentioned on page no. 4 & 5 (OC-475/2025) & 5 & 6 (OC-507/2025) as value thereof detailed hereunder :-

OC NO. 475/2025 & 507/2025 PMLA

OC-475/2025:-

Property details/ reference no in the OC	Lease holder and defendant no.	Date of lease agreement	Whether attachment based on direct proceeds of crime	Whether attachment is as equivalent value of proceeds of crime	Value of the property (in Rs.)	Remark regarding the involvement of property in the money laundering
Plot No Gen-1/2 admeasuring about 5,34,468.32 m ² (132.07 acres), situated and lying at Trans Thane Creek Industrial Area, within the village limits of Khairane, Koparkhairane, Savali and Mahape and within the limits of Navi Mumbai Municipal Corporation, Sub- District Thane, District and Registration District Thane	Reliance Realty Limited (Defendant No. 2)	06.08.19 68	No	Yes	4462,81,00,000	RCOM is the effective owner of RRL and RRL is merely a shell company held by RCOM for the sole reason of holding the asset of the leasehold land and its enjoyment by RCOM

Sl. No	Property details/ reference no in the OC	Lease holder and defendant no.	Date of lease agreement	Whether attachment based on direct proceeds of crime	Whether attachment is as equivalent value of proceeds of crime	Value of the property (In Rs.)	Remark regarding the involvement of property in the money laundering
1	6th Floor in Fortune Tower, C- Wing, Maitri Vihar, Chandrasekharpur, Bhubaneswar, District-Khurda, Odisha-751023	Reliance Communica tions Limited (Defendant No. 1)	17.04.2003	No	Yes	51,85,00,000	RCOM is enjoying leasehold property
2	Commercial Land admeasuring 53,657 Sq. ft. along with building constructed thereon, admeasuring 2,51,200 Sq. ft.	Reliance Communica tions Limited (Defendant No. 1)	10.01.2003	No	Yes	274,50,00,000	RCOM is enjoying leasehold property

	comprised in T S No.83/3 Block No.15 of Nungambakkam Town, Egmore Taluk, Chennai District						
3	Industrial Plot No. 40-A (North Phase) 3 rd Main Road, Ambattur Industrial Estate, Ambattur, Chennai	Reliance Communications Limited (Defendant No. 1)	02.12.2003	No	Yes	103,52,00,000	RCOM is enjoying leasehold property
4	07 Buildings no. A8, 42, 6(151), 8(41), 108 (A), 09 and 43 situated at Sector-I, Plot No. MBP/2 in Trans Thane Creek Industrial Area within village limits of Mahape Taluka, District Thane, Navi Mumbai (Also Known as Millennium Business Park)	Reliance Realty Limited, (Defendant No. 2)	08.10.2008	No	Yes	219,38,76,000	RCOM is the effective owner of RRL.Asset of the leasehold land of RRL are enjoyed by RCOM.
5	Land Parcel bearing S. No. 34/A/7/C/2, Plot No. 1 admeasuring 442.975 sq. Mtr. & plot no. 2 admeasuring 428.124 sq.mtr., Village Wadgaon Sheri, Pune- land with only RCC structure frame of G+2 construction done.	Reliance Communications Limited (Defendant No. 1)	07.11.2007	No	Yes	6,25,93,000	RCOM is enjoying leasehold property
6	Buildings and infrastructure situated over DhirubhaiAmbani Knowledge City, Navi Mumbai, Maharashtra	Reliance Realty Limited, (Defendant No. 2)	As per books of account of RRL	No	Yes	797,00,00,000	RCOM is the effective owner of RRL.Asset of the leasehold land of RRL are enjoyed by RCOM.

C. I have considered the rival submissions of the parties and the documents produced before me. After a comprehensive examination of the Defendants' role in relation to the attached property and its involvement in money laundering, as outlined in paragraph 5(3) of this order, and after conducting a comprehensive examination and carefully considering the written submissions, rejoinders and rival submissions during the course of hearing presented by both Ld. Counsel/representative of the Complainant and Defendants' and having taken into account all the relevant materials presented before me, including the information provided in the Original Complaint (OC), the written reply, and the rejoinder, I have arrived at the determination that the immovable/movable properties provisionally attached through Provisional Attachment Order (PAO) No. 36/2025 dated 03.11.2025 & 40/2025 dated 19.11.2025, specifically the immovable/movable property mentioned in the PAO and page no. 4 & 5 (OC-475/2025) & 5 & 6 (OC-507/2025) in this order, registered in the name of the Defendants, are direct proceeds of crime as defined by Section 2(1)(u) of the Prevention of Money Laundering Act (PMLA), 2002. As a result, it is firmly established that the property in question is involved in money laundering.

D. Based on the Defendants' failure to fulfil the burden of proof required under Section 8 of the Prevention of Money Laundering Act (PMLA) and considering the un rebutted presumption under Section 24 of the PMLA, it is hereby established that the mentioned immovable/movable properties, belonging to the Defendants and listed in the Table in the Provisional Attachment Order (PAO) and page no. 4 & 5 (OC-475/2025) & 5 & 6 (OC-507/2025), meet the definition of proceeds of crime as outlined in Section 2(1)(u) of the PMLA, 2002. The Defendants have not provided adequate evidence to contest the involvement of the attached property in money laundering. As a result, it is determined that these properties are indeed associated with money laundering.

E. I, hereby confirm the attachment of the property, conducted under sub-section (1) of Section 5 of the Prevention of Money Laundering Act (PMLA). Additionally, I direct that this attachment shall remain in force during the investigation for a period not exceeding three hundred and sixty-five days or until the conclusion of the proceedings related to any offense under this Act before the Special Court under PMLA. It is important to note that this attachment will be considered final upon the issuance of an order of confiscation by the Special Court under Sub-section (5) or Sub-section (7) of Section 8 of the PMLA.

a. PAO No. 36/2025 dated 03.11.2025 & 40/2025 dated 19.11.2025 are hereby confirmed.

b. Hence, OC No. 475/2025 & 507/2025 are allowed.

Order is pronounced on 10.04.2026 through video conference.

PRADEEP KUMAR UPADHYAY Digitally signed by PRADEEP KUMAR UPADHYAY
Date: 2026.04.10 16:58:29 +05'30'

**Pradeep Kumar Upadhyay
Member (Finance)**

An appeal under section 26 of the PMLA, 2002 against this order lies to the Hon'ble Appellate Tribunal, PMLA which can be accessed online either through Appellate Tribunal's website <https://www.atfp.gov.in> or directly by log in <https://efiling.ecourt-dor.gov.in/#/>. The appeal may be filed within a period of 45 days from the date of receipt of the order.

PRADEEP KUMAR UPADHYAY Digitally signed by PRADEEP KUMAR UPADHYAY
Date: 2026.04.10 16:58:43 +05'30'

**Pradeep Kumar Upadhyay
Member (Finance)**

The soft copy of the order will be uploaded on email of the Defendant (wherever available) within 48 hours from the pronouncement of the order. The hard copy of the order will be dispatched only to those defendants/respondents by speed post/parcel wherever the email address is not on record. Further, the certified copy of the order will be made available within seven working days after the deposit of required fee with the Registrar of Adjudicating Authority, PMLA.

NASREEN BANO SIDDIQUI Digitally signed by NASREEN BANO SIDDIQUI
Date: 2026.04.10 17:51:33 +05'30'

**Registrar/ AO
AA-PMLA**

OC NO. 475/2025 & 507/2025 PMLA