RELIANCE

Reliance Communications Limited
Dhirubhai Ambani Knowledge City
Navi Mumbai - 400 710, India

Tel : +91 022 3038 6286

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www.rcom.co.in

August 26, 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),

Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Reference: Order dated August 25, 2026 passed by the Adjudicating Authority under the Prevention of Money Laundering Act, 2002 ("PMLA") in Original Complaint No. 263/2026 M/s Reliance Communications Limited (received on August 26, 2026)

This disclosure is being made pursuant to Regulation 30 read with Para A, Sub-para 20 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").

With reference to the above, we wish to inform you that the Company has received an Order dated August 25, 2026**,** passed by the Adjudicating Authority under the PMLA, New Delhi**,** in Original Complaint No. 263/2026 M/s Reliance Communications Limited**,** arising out of Provisional Attachment Order No. 19/2026 dated March 11, 2026 issued by the Directorate of Enforcement ("ED").

Vide the said Order, the Adjudicating Authority has confirmed the provisional attachment of certain movable and immovable properties of the Company, having an aggregate value of ₹581.65 crore**,** under Section 5(1) of the PMLA. (The details of the movable and immovable properties covered under the attachment are set out on pages 55 to 61 of the said Order) The Order further provides that the attachment shall remain in force during the investigation for a period not exceeding 365 days or until conclusion of the proceedings before the Special Court under the PMLA, as applicable.

The Order further provides that an appeal under Section 26 of the PMLA may be filed before the Appellate Tribunal within 45 days from the date of receipt of the Order**.**

The details required to be disclosed pursuant to Regulation 30 of the Listing Regulations read with SEBI Circular No. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026 are enclosed herewith as **Annexure A**.

A copy of the Order dated August 25, 2026 is enclosed herewith as **Annexure B** for your reference.

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

Thanking you.

Yours faithfully,
For Reliance Communications Limited

RAKESH GUPTA Digitally signed by RAKESH GUPTA Date: 2026.08.26 17:23:41 +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 Niranjan 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).

Annexure - A

Disclosure pursuant to Regulation 30 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)

Sr.	Particulars	Details of Reliance Communications Limited
1	Name of the authority	Adjudicating Authority under the Prevention of Money Laundering Act, 2002 ("PMLA"), New Delhi
2	Nature and details of the action (s) taken, or order (s) passed	Order dated August 25, 2026 passed in Original Complaint No. 263/2026, confirming Provisional Attachment Order No. 19/2026 dated March 11, 2026 in respect of certain movable and immovable properties of the Company having an aggregate value of ₹581.65 crore under Section 5(1) of the PMLA.
3	Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority	August 26, 2026
4	Details of the violation(s)/contravention(s) committed or alleged to be committed	For the said details, please refer to the provisional attachment order (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	There is no immediate impact on the business operations of the Company.

Annexure-B BEFORE THE ADJUDICATING AUTHORITY
(UNDER THE PREVENTION OF MONEY LAUNDERING ACT, 2002)
NEW DELHI
BEFORE
SH. PRADEEP KUMAR UPADHYAY, MEMBER (FINANCE)
ORIGINAL COMPLAINT (OC) 263/2026
IN
PAO NO. 19/2026 DATED 11.03.2026
IN
ECIR/STF/17/2025
ORDER

Date: 25.08.2026

Mr. Ajay Agrawal, Deputy Director,
Directorate of Enforcement,
Ministry of Finance, Government of India,
Pravartan Bhawan, B Block,
Dr. APJ Abdul Kalam Road, New Delhi-110011 **……..Complainant**

V/s

M/s Reliance Communication Limited
(Through its' Authorized Representative)
H Block 1st Floor, Dhirubhai Ambani Knowledge City),
Navi Mumbai, Maharashtra-400710 **….Defendant**

Appearance (Hearing on 19.08.2026):-

For the Complainant	: Mr. Sanjeev Menon, Ld. Advocate
	: Mr. Ajay Agarwal, DD, ED
For the Defendant	: Ms. Adyasha Nanda, Ld. Advocate
	: Mr. Vishal Pathak, Ld. Advocate

Per Sh. Pradeep Kumar Upadhyay,
Member (Finance)

1. PROVISIONAL ATTACHMENT ORDER:-

The Provisional Attachment Order (PAO) No. 19/2026 dated 11.03.2026 was passed by the Deputy Director, Enforcement Directorate, New Delhi, in ECIR No. ECIR/STF/17/2025. The said PAO is in respect of the attachment of movable and immovable properties as detailed on page no. 60 to 65 of PAO. Pursuant thereto, Original Complaint (OC) under section 5(5) of Prevention of Money Laundering Act, 2002 (PMLA) was filed by the Directorate of Enforcement (ED) through E-Filing portal on 07.04.2026, giving the details of the attached movable and immovable properties page no. 2 to 7 before this Authority which was registered as OC-263/2026. The said PAO and the OC are the subject matter of the present adjudication.

2. <u>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:-</u>

1) "A Provisional Attachment Order (PAO) was issued by the Enforcement Directorate vide PAO No. **19/2026 dated 11.03.2026.** Pursuant to the PAO, Original Complaint (OC) 263/2026, 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 07.04.2026 under registration No. **2026010202020319.** 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. **19/2026 dated 11.03.2026**under sub section (1) of section 5 for provisional attachment in the form of immovable properties to the extent of **Rs. 5,81,65,20,540/- (Rupees Five Hundred Eighty-One Crores Sixty-Five Lakhs Twenty Thousand Five Hundred and Forty Only)** acquired by/ under the possession of the defendant(s) as mentioned on pages 2 - 7 of the OC. The properties have been attached as value thereof.

3) It has been brought on record that FIR No. RC2242022A0003 was registered by the CBI, Delhi on 19.09.2022 based on a complaint filed by Shri Ashish Vinod Joshi, Chief Vigilance Officer, Yes Bank Limited, Mumbai, against:

(a) M/s Reliance Home Finance Limited (RHFL),
(b) Shri Rana Kapoor, then MD & CEO, Yes Bank Limited,
(c) Unknown officials of Yes Bank Limited,
(d) Unknown officials of RHFL, and
(e) Other unknown persons/ entities.

As per the FIR, during 2017–2019, Yes Bank Limited invested ₹2,965 Crores through subscription of Non-Convertible Debentures (NCDs) and Commercial Papers (CPs) issued by RHFL, based on approvals of the Investment Committee headed by Shri Rana Kapoor. These investments subsequently turned non-performing, with outstanding dues of ₹1,353.50 Crores as on December 2019.

A forensic audit by Grant Thornton indicated a suspected quid-pro-quo: during the same period, RHFL had extended a loan of ₹60 Crores to M/s RAB Enterprises Private Limited, owned by Smt. Bindu Kapoor, wife of Shri Rana Kapoor. Another

loan of ₹60 Crores was sanctioned to M/s Bliss House Private Limited, a 100% subsidiary of RAB Enterprises, to settle the earlier loan. Shri Rana Kapoor did not disclose these transactions to the Bank.
Details of the investments of ₹2,965 Crores made by Yes Bank Limited in RHFL's NCDs and CPs uring 2017–2019 are provided on pages 8 - 9 of the OC.
M/s RAB Enterprises Private Limited is wholly owned by Smt. Bindu Kapoor. The company had consistently reported losses, a negative net worth, and a highly leveraged balance sheet.

4) It has been further placed on record that FIR No. RC2242022A0002 was also registered by the CBI, Delhi on 19.09.2022 based on the complaint of Shri Ashish Vinod Joshi, against:

(a) Shri Rana Kapoor, then MD & CEO, Yes Bank Limited,
(b) M/s Reliance Commercial Finance Limited (RCFL),
(c) Unknown officials of Yes Bank Limited,
(d) Unknown officials of RCFL, and
(e) Other unknown persons/ entities.

As per this FIR, during 2017–2019, Yes Bank Limited invested ₹2,045 Crores in NCDs and CPs issued by RCFL upon approval of the Investment Committee headed by Shri Rana Kapoor. These investments turned non-performing, with outstanding dues of ₹1,984 Crores as on December 2019.
The Grant Thornton forensic audit suspected a quid-pro-quo, as RCFL had extended loans of ₹225 Crores to M/s RAB Enterprises Private Limited, owned by Smt. Bindu Kapoor. Another loan of ₹225 Crores was sanctioned to M/s Imagine Estate Private Limited, also owned by Smt. Bindu Kapoor, to settle the earlier loan. Shri Rana Kapoor did not disclose these dealings to the Bank.
Details of the ₹2,045 Crores invested by Yes Bank Limited in RCFL's NCDs and CPs during 2017–2019 are provided on page 10 of the OC.
M/s Imagine Estate Private Limited was incorporated on 11.09.2007 with the objective of undertaking real estate activities. All its shares are held by M/s RAB Enterprises Private Limited.

5) Further, an FIR bearing No. RC0742025A0008 was registered by the CBI, Delhi on 06.12.2025 on the basis of a complaint lodged by Shri Anup Vinayak Tarale, S/o Late Shri Vinayak Tarale, Deputy General Manager, Union Bank of India, Stressed Asset Management Branch, Bharat House, Mumbai, against:

(a) M/s Reliance Housing Finance Limited (RHFL),
(b) Shri Jai Anmol Ambani, S/o Shri Anil Dhirajlal Ambani, Ex-Director of RHFL,

(c) Shri Ravindra Sudhalkar, S/o Shri Sharad Sakharam Sudhalkar, Ex-CEO and Whole-Time Director of RHFL,

(d) Unknown persons, and

(e) Unknown public servants.

As per the said FIR, the borrower company RHFL had availed credit facilities under a consortium arrangement led by Bank of Baroda. The erstwhile Andhra Bank (now Union Bank of India), SCF Branch, Mumbai, had sanctioned various credit facilities aggregating to ₹450 crores for business purposes, subject to terms and conditions, inter alia, requiring the accused to maintain financial discipline, ensure timely repayment of instalments, interest and other charges, submit periodic statements of securities and other documents, and route their entire sale proceeds through the designated bank account. Further, relying upon representations made by the accused persons, the Bank also subscribed to privately placed Non-Convertible Debentures (NCDs) issued by RHFL to the extent of ₹100 crores.

The borrower failed to service its repayment obligations, and consequently the loan account was classified as a Non-Performing Asset (NPA) on 30.09.2019 in accordance with the IRAC norms issued by the RBI and the Bank's applicable guidelines/ policies.

Thereafter, the account was referred under the RBI Framework for Resolution of Stressed Assets. In this regard, an Inter-Creditor Agreement dated 06.07.2019 was executed for finalization and implementation of a resolution plan outside the NCLT mechanism in terms of the aforesaid RBI framework. Upon receipt of four resolution plans, the plan submitted by M/s Authum Investment & Infrastructure Limited was approved by the lenders and implemented on 29.03.2023. Under the said plan, the Bank received its share amounting to ₹60.23 crores, which has been duly adjusted.

Subsequent to the account being classified as NPA, M/s Grant Thornton, Chartered Accountants, was appointed to conduct a forensic audit for the review period from 01.04.2016 to 30.06.2019. The final forensic audit report was submitted on 06.05.2020. After due deliberation on the report and its findings, the lenders unanimously concluded that there existed clear evidence of systematic diversion and misallocation of borrowed funds. The lenders were of the view that the forensic audit findings demonstrated misallocation and diversion of funds amounting to diversion, and that such misappropriation constitutes one of the parameters for classification of an account as fraud under the applicable RBI circulars.

6) Since offences under Sections 120-B and 420 of IPC, 1860 (corresponding to Sections 61(2) and 318(4) of the Bharatiya Nyaya Sanhita, 2023) are listed under

Paragraph 1 of Part A of the Schedule to PMLA, 2002, and offences under Section 13 of the Prevention of Corruption Act, 1988 are listed under Paragraph 8 of the same Schedule, they constitute scheduled offences under section 2(1)(y) of the PMLA. Accordingly, ECIR/STF/17/2025 was recorded on 22.07.2025.

7) The complainant during the course of the investigation recorded statements u/s 50(2) & 50(3) of the PMLA as mentioned on pages 14 - 52 of the OC, elaborating the modus operandi of the generation of the proceeds of crime and deployment thereof.

8) 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.

9) From the analysis of the OC and RUDs along with the contents of the alleged scheduled offences under PMLA and materials produced before me, it has been noted that:

(a) RHFL and RCFL availed loans/ investments aggregating to ₹11,687.75 crores (RHFL – ₹5,407.18 crores and RCFL – ₹6,280.57 crores) from various banks and financial institutions. These funds were subsequently utilised in violation of the terms of the agreements executed with the lenders, and both RHFL and RCFL ultimately defaulted on their repayment obligations.

(b) A significant portion of the credit facilities and investments availed by RCFL was ultimately routed to RCFL's HDFC Bank Account No. 00600310011545. From this account, an amount of ₹1,300 crores was disbursed to five NBFCs, namely M/s Deep Industrial Finance Limited, M/s Pearl Housing Finance India Limited, M/s Shriyam Auto Fin Limited, M/s Traitrya Construction Finance Limited, and M/s Vishvakarma Equipment Finance India Limited (₹260 crores each), under the guise of GPCL loans. These five NBFCs exhibited typical characteristics of shell/paper entities, including weak financials, minimal workforce, and lack of genuine business activities. These entities were controlled and managed by Shri Pradip Shroff.

(c) Out of the ₹1,300 crores disbursed as GPCL loans, amounts of ₹1,182 crores and ₹118 crores were, on the very same day, diverted to M/s Reliance Communication Limited and M/s Reliance Telecom Limited, respectively. Thus, the Reliance Anil Ambani Group, through Shri Pradip Shroff, utilised these five NBFCs as conduits for routing funds amounting to ₹1,300 crore from RCFL to M/s Reliance Communications Limited and M/s Reliance Telecom Limited on a commission basis.

(d) Out of the diverted proceeds of crime amounting to ₹1,182 crores, a sum of ₹1,162.53 crores was utilised by M/s Reliance Communications Limited towards repayment of the principal amount of External Commercial Borrowings (ECBs) availed from Chinese banks, namely China Development Bank (CDB), Export-Import Bank of China (EXIM China), and Industrial and Commercial Bank of China (ICBC).

10) 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 66 - 70 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.

11) There is scheduled offence under PMLA, the role of defendants regarding their involvement in money laundering has been ascertained and there are 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.

12) Thus, there are reasons to believe that the properties presently attached under Provisional Attachment Order no. **19/2026 dated 11.03.2026** 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)**, and on the email ID of the Court **(court3-pmla@gov.in)**, in both MS Word and PDF formats, on or before **07th June 2026**, with a copy to the Complainant at the following email IDs:**ddstf3-ed@gov.in** & **adstf31-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 June 2026**, the complainant is required to file the rejoinder by **14th July 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 **19th August 2026 at 03.30pm.** (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 **12th August 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. <u>REPLIES, SUBMISSIONS AND REJOINDERS</u> :

Upon receipt of the show cause notice, the Defendant has 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. <u>CONSIDERATION OF SUBMISSIONS:-</u>

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) <u>IN THIS CASE THE GIST OF THE FIR/CHARGE SHEET:-</u>

(A) CBI FIR against M/s Reliance Home Finance Limited (RHFL) and others:

The FIR bearing No. RC2242022A0003 was registered by CBI, Delhi on 19.09.2022 based on the complaint filed by Mr. Ashish Vinod Joshi, Chief Vigilance Officer, Yes Bank Limited, Mumbai against (i) M/s Reliance Home Finance Limited, (ii) Mr. Rana Kapoor, then MD & CEO, Yes Bank Limited, (iii) unknown officials of Yes Bank Limited, (iv) unknown officials of M/s Reliance Home Finance Limited and (v) other unknown persons/ entities.

As per the said FIR, it has been alleged that during the period from 2017 to 2019, Yes Bank Limited had invested Rs.2,965/- Crores through subscription of Non-Convertible Debentures/ Commercial Papers of M/s Reliance Home Finance Limited (RHFL) on being approved by the Investment Committee headed by Mr. Rana Kapoor. The investment turned out to be non-performing with outstanding of Rs.1,353.50 Crores as on December, 2019. The forensic audit undertaken by Grant Thornton has suspected *quid-pro-quo*, as during the corresponding period RHFL had given loan of Rs.60/- Crores to M/s RAB Enterprises Private Limited owned by Smt. Bindu Kapoor W/o Mr. Rana Kapoor. Another loan of Rs.60/- Crores was sanctioned in favour of M/s Bliss House Private Limited, 100% subsidiary of M/s RAB Enterprises Private Limited, for settlement of the previous loan. Mr. Rana Kapoor did not disclose the same before the Bank.

During the period from 2017 to 2019, Yes Bank Limited had made investments of Rs.2,965 Crores in Non-Convertible Debentures (NCDs) and Commercial Papers (CPs) of the company M/s Reliance Home Finance Limited.

Further, the FIR bearing No. RC0742025A0008was registered by the CBI, Delhi on 06.12.2025 based on the complaint filed by Mr. Anup Vinayak Tarale S/o Late Vinayak Tarale, Deputy General Manager, Union Bank of India, Stressed Asset Management Branch, Bharat House, Mumbai against (i) M/s Reliance Housing Finance Limited, (ii) Mr. Jai Anmol Ambani S/o Mr. Anil Dhirajlal Ambani, Ex-Director of M/s RHFL, (iii) Mr. Ravindra Sudhalkar S/o Mr. Sharad Sakharam Sudhalkar, Ex-CEO and Whole Time Director of M/sRHFL, (iv) Unknown Persons and (v) Unknown Public Servants.

As per the said FIR, it has been alleged that the borrower company RHFL was extended credit facilities as part of consortium arrangement led by Bank of Baroda. The Bank had sanctioned various credit limits to the tune of Rs.450 Crores from the erstwhile Andhra Bank (now Union Bank of India), SCF Branch, Mumbai for the business needs on the terms and conditions inter-alia that the accused shall maintain financial discipline including timely repayment, service of interest and other charges and shall keep submitting position of security and other required papers in time and shall route their entire sale proceeds through the bank account. In addition to the credit limits, relying upon the representation of the accused persons, Bank had also subscribed to the private Non-Convertible Debentures (NCDs) of RHFL to the tune of Rs.100 Crores.

(B) CBI FIR against M/s Reliance Commercial Finance Limited (RCFL) and others:

The FIR bearing No. RC2242022A0002 was registered by CBI, Delhi on 19.09.2022 based on the complaint filed by Mr. Ashish Vinod Joshi, Chief Vigilance Officer, Yes Bank Limited, Mumbai against (i) Mr. Rana Kapoor, then MD & CEO, Yes Bank Limited, (ii) M/s Reliance Commercial Finance Limited and (iii) unknown officials of Yes Bank Limited, unknown officials of M/s Reliance Commercial Finance Limited and other unknown persons/ entities..

As per the said FIR, it has been alleged that during the period from 2017-2019, Yes Bank Limited had invested Rs.2,045/- Crores through subscription of Non-Convertible Debentures/ Commercial Papers of M/s Reliance Commercial Finance Limited (RCFL) on being approved by the Investment Committee headed by Mr. Rana Kapoor. The investment turned out to be non-performing with outstanding of Rs.1,984/- Crores as on December, 2019. The forensic audit undertaken by Grant Thornton has suspected *quid-pro-quo*, as during the corresponding period RCFL had given loan of Rs.225/- Crores to M/s RAB Enterprises Private Limited owned by Smt. Bindu Kapoor W/o Mr. Rana Kapoor. Another loan of Rs.225/- Crores was sanctioned in favour of M/s Imagine Estate Private Limited, owned by Smt. Bindu Kapoor, for settlement of the previous loan. Mr. Rana Kapoor did not disclose the same before the Bank.

During the period from 2017 to 2019, Yes Bank Limited had made investments of Rs.2,045 Crores in Non-Convertible Debentures (NCDs) and Commercial Papers (CPs) of the company M/s Reliance Commercial Finance Limited.

2) <u>IN THIS CASE THE GIST OF INVESTIGATION UNDER THE PMLA IS AS UNDER:-</u>

(A) CBI FIR against M/s Reliance Home Finance Limited (RHFL) and others:

The FIR bearing No. RC2242022A0003 was registered by CBI, Delhi on 19.09.2022 based on the complaint filed by Mr. Ashish Vinod Joshi, Chief Vigilance Officer, Yes Bank Limited, Mumbai against (i) M/s Reliance Home Finance Limited, (ii) Mr. Rana Kapoor, then MD & CEO, Yes Bank Limited, (iii) unknown officials of Yes Bank Limited, (iv) unknown officials of M/s Reliance Home Finance Limited and (v) other unknown persons/ entities.

As per the said FIR, it has been alleged that during the period from 2017 to 2019, Yes Bank Limited had invested Rs.2,965/- Crores through subscription of Non-Convertible Debentures/ Commercial Papers of M/s Reliance Home Finance Limited (RHFL) on being approved by the Investment Committee headed by Mr. Rana

Kapoor. The investment turned out to be non-performing with outstanding of Rs.1,353.50 Crores as on December, 2019. The forensic audit undertaken by Grant Thornton has suspected *quid-pro-quo*, as during the corresponding period RHFL had given loan of Rs.60/- Crores to M/s RAB Enterprises Private Limited owned by Smt. Bindu Kapoor W/o Mr. Rana Kapoor. Another loan of Rs.60/- Crores was sanctioned in favour of M/s Bliss House Private Limited, 100% subsidiary of M/s RAB Enterprises Private Limited, for settlement of the previous loan. Mr. Rana Kapoor did not disclose the same before the Bank.

During the period from 2017 to 2019, Yes Bank Limited had made investments of Rs.2,965 Crores in Non-Convertible Debentures (NCDs) and Commercial Papers (CPs) of the company M/s Reliance Home Finance Limited.

Further, the FIR bearing No. RC0742025A0008was registered by the CBI, Delhi on 06.12.2025 based on the complaint filed by Mr. Anup Vinayak Tarale S/o Late Vinayak Tarale, Deputy General Manager, Union Bank of India, Stressed Asset Management Branch, Bharat House, Mumbai against (i) M/s Reliance Housing Finance Limited, (ii) Mr. Jai Anmol Ambani S/o Mr. Anil Dhirajlal Ambani, Ex-Director of M/s RHFL, (iii) Mr. Ravindra Sudhalkar S/o Mr. Sharad Sakharam Sudhalkar, Ex-CEO and Whole Time Director of M/sRHFL, (iv) Unknown Persons and (v) Unknown Public Servants.

As per the said FIR, it has been alleged that the borrower company RHFL was extended credit facilities as part of consortium arrangement led by Bank of Baroda. The Bank had sanctioned various credit limits to the tune of Rs.450 Crores from the erstwhile Andhra Bank (now Union Bank of India), SCF Branch, Mumbai for the business needs on the terms and conditions inter-alia that the accused shall maintain financial discipline including timely repayment, service of interest and other charges and shall keep submitting position of security and other required papers in time and shall route their entire sale proceeds through the bank account. In addition to the credit limits, relying upon the representation of the accused persons, Bank had also subscribed to the private Non-Convertible Debentures (NCDs) of RHFL to the tune of Rs.100 Crores.

(B) CBI FIR against M/s Reliance Commercial Finance Limited (RCFL) and others:

The FIR bearing No. RC2242022A0002 was registered by CBI, Delhi on 19.09.2022 based on the complaint filed by Mr. Ashish Vinod Joshi, Chief Vigilance Officer, Yes Bank Limited, Mumbai against (i) Mr. Rana Kapoor, then MD & CEO, Yes Bank Limited, (ii) M/s Reliance Commercial Finance Limited and (iii) unknown officials of Yes Bank Limited, unknown officials of M/s Reliance Commercial Finance Limited and other unknown persons/ entities..

As per the said FIR, it has been alleged that during the period from 2017-2019, Yes Bank Limited had invested Rs.2,045/- Crores through subscription of Non-Convertible Debentures/ Commercial Papers of M/s Reliance Commercial Finance Limited (RCFL) on being approved by the Investment Committee headed by Mr. Rana Kapoor. The investment turned out to be non-performing with outstanding of Rs.1,984/- Crores as on December, 2019. The forensic audit undertaken by Grant Thornton has suspected *quid-pro-quo*, as during the corresponding period RCFL had given loan of Rs.225/- Crores to M/s RAB Enterprises Private Limited owned by Smt. Bindu Kapoor W/o Mr. Rana Kapoor. Another loan of Rs.225/- Crores was sanctioned in favour of M/s Imagine Estate Private Limited, owned by Smt. Bindu Kapoor, for settlement of the previous loan. Mr. Rana Kapoor did not disclose the same before the Bank.

During the period from 2017 to 2019, Yes Bank Limited had made investments of Rs.2,045 Crores in Non-Convertible Debentures (NCDs) and Commercial Papers (CPs) of the company M/s Reliance Commercial Finance Limited.

3) <u>ROLE OF THE DEFENDANTS:-</u>

It was revealed during the investigation that RCFL extended loans aggregating to ₹1,300 Crore, out of which approximately ₹1,162 Crore was ultimately utilised by M/s Reliance Communications Limited ("RCom") towards repayment of various credit facilities availed from Chinese banks, namely, China Development Bank (CDB), Export-Import Bank of China (EXIM China), and Industrial and Commercial Bank of China (ICBC). It is further revealed that five NBFCs, namely, M/s Deep Industrial Finance Limited, M/s Pearl Housing Finance India Limited, M/s Shriyam Auto Fin Limited, M/s Traitrya Construction Finance Limited, and M/s Vishwakarma Equipment Finance Limited, were used solely as intermediary entities for routing the aforesaid funds from RCFL to RCom.

The investigation further establishes that M/s Reliance Communications Limited was in possession of proceeds of crime amounting to ₹1,182 Crore, routed through the aforesaid five NBFCs. It is further submitted that out of the said amount, ₹1,162.53 Crore was utilised on 29.12.2017 towards repayment of the principal amount of External Commercial Borrowing (ECB) facilities availed from China Development Bank (CDB), Export-Import Bank of China (EXIM China), and Industrial and Commercial Bank of China (ICBC).

The proceeds of crime directly received by M/s Reliance Communications Limited are no longer recoverable, as the same had already been dissipated towards repayment of the aforesaid credit facilities.

*** In the instant OC viz. OC 263 of 2026, it was prayed before the Hon'ble Adjudicating Authority to pass the order for confirmation of the Provisional Attachment Order No.19/2026 dated 16.01.2026 vide which proceeds of crime amounting to **Rs. 581,65,20,540/-**was attached in the hands of Respondent.

4) GIST OF THE REPLY/REJOINDER:-

GIST OF THE REPLY	GIST OF THE REJOINDER
It was submitted that the Properties were acquired prior to the alleged commission of scheduled offence. The alleged scheduled offence pertains to a period from 2017-2019, while the properties of RCom under attachment (through RCom's erstwhile entities i.e. RIC/Reliance Communications Pvt.Ltd/Reliance Infocom Ltd.) were acquired between 2001-2004.	It was submitted that in the present case, the attachment has rightly been effected to the extent of the "value thereof," particularly in light of the fact that a substantial portion of the proceeds of crime has already been dissipated. In the absence of such attachment, subsequent transfers or encumbrances may give rise to competing third-party claims, further complicating recovery and enforcement. At the same time, the statutory framework adequately protects the rights of bona fide secured creditors, whose legitimate interests may be adjudicated and, if warranted, restored by the competent court at the appropriate stage, thereby ensuring a balance between effective enforcement and protection of lawful claims. The reliance was placed on ***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. Further, Hon'ble High Court of Delhi ***Arun Surivs Directorate Of Enforcement MISC. APPEAL (PMLA) 13/2026*** "11. The Adjudicating Authority, upon appreciation of evidence, recorded a finding that the property represents value equivalent to proceeds of crime generated from scheduled offences. The plea of the property being ancestral does not ipso facto

	grants immunity from attachment under the PMLA. The statute does not carve out an exception for ancestral or inherited properties, and thus, they are not immune from attachment. The argument that ancestral property cannot be attached unless purchased from illicit funds, is misconceived and contrary to the scheme of PMLA." The case also relied on the observations in the case of ***Prakash Industries Ltd. Vs. Directorate of Enforcement (2022) SCC OnLine Del. 2087***, held that the properties which were acquired prior to enforcement of the Act, may not be completely immune from action under the Act. In Prakash Industries (supra), this Court reiterated the observations made in ***Deputy Director, Directorate of Enforcement of Delhi Vs. Axis Bank & Ors. (2019) SCC Online Del 7854*** that the expression "proceeds of crime" envisages both tainted property as well as untainted property with it being permissible to proceed against latter provided it is being attached as equivalent to the "value of any such property" or "property equivalent in value held within the country or abroad", provided the actual tainted property cannot be traced or found. Thus, where the respondent is unable to discover the tainted property, it may proceed to attach even an untainted property equivalent in value.
It was submitted that the Complainant itself admits that the Properties attached under PAO are not the direct or actual proceeds of crime. The Complainant's own case, as stated at paragraph 17 of the OC and paragraph 7 of the PAO (RUD-1), is that "the direct proceeds received by M/s Reliance Communication Limited are not recoverable as the same have already been dissipated for repayment of credit facilities availed by Reliance Communications Limited" and that the	It is submitted that public funds, comprising investments and loans advanced by banks, financial institutions, and the general public to RHFL and RCFL, remained unpaid and eventually became non-performing assets. During the investigation it was also revealed that funds amounting to ₹1,182 Crore and ₹118 Crore, diverted from RCFL to M/s Reliance Communications Limited and M/s Reliance Telecom Limited, respectively, constitute proceeds of crime within the meaning of the PMLA. The Hon'ble Supreme Court of India in the

properties have been identified for attachment "as value of such proceeds of crime/ property (equivalent value of such proceeds of crime/ property)." It was further submitted that Rcom is not named in FIR's forming basis of ECIR. No complaint under Section 3 of the PMLA has been filed against RCom. There is no allegation in the OC/PAO that RCom has been charged with, or is accused of, the offence of money laundering under Section 3 of the PMLA.	case of ***Vijay Madanlal Chaudhary Vs. Union of India***"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. 69. We find force in the stand taken by the Union of India that the objectives of enacting the 2002 Act was the attachment and confiscation of proceeds of crime which is the quintessence so as to combat the evil of money-laundering. The second proviso, therefore, addresses the broad objectives of the 2002 Act to reach the proceeds of crime in whosoever's name they are kept or by whosoever they are held…" It was submitted that the contention advanced by the Defendant that he is not an accused in the offence of Money Laundering is wholly misconceived, factually incorrect, and liable to be rejected. It is submitted that the Prosecution Complaint has already been filed before the Ld. Special Court PMLA at Rouse Avenue Courts, New Delhi, wherein the Defendant has been arrayed as one of the accused. It is further submitted that the attached

	properties forming the subject matter of the present proceedings have also been included in the prayer for confiscation before the Learned Special Court.
It was submitted that the Complainant has failed to demonstrate that the proceeds of crime have become untraceable.	It was submitted the investigation conducted under the provisions of the Prevention of Money Laundering Act, 2002, has specifically revealed that M/s Reliance Communications Limited was in receipt of proceeds of crime to the tune of ₹1,182 Crore, diverted from M/s Reliance Commercial Finance Limited through the five NBFCs, as detailed in paragraph 5.11.2 of the PAO. The investigation has further established that out of the aforesaid amount, a sum of ₹1,162.53 Crore was utilised by M/s Reliance Communications Limited towards repayment of the principal amount of External Commercial Borrowing (ECB) loans availed from Chinese Banks, namely China Development Bank (CDB), Export-Import Bank of China (EXIM China), and Industrial and Commercial Bank of China (ICBC). It is submitted thethe proceeds of crime received by M/s Reliance Communications Limited stood exhausted towards repayment of the aforesaid ECB liabilities, the same ceased to be available for attachment and became untraceable. Consequently, in accordance with the provisions of the Prevention of Money Laundering Act, 2002, the Directorate of Enforcement identified and attached 31 immovable properties standing in the name of M/s Reliance Communications Limited as properties representing the "value thereof", being equivalent in value to the dissipated proceeds of crime.
It was submitted that the provisional attachment under Section 5(1) of the PMLA requires the satisfaction of the following conditions: (a) the Director or any officer not below the rank of Deputy Director must have "reasons to believe"	It was submitted that prior to the issuance of the Provisional Attachment Order (hereinafter referred to as the "PAO"), the Authorized Officer, <u>on the basis of material in his possession</u>, had <u>reason to believe</u> such belief having been duly <u>recorded in</u>

on the basis of material in possession; (b) that any person is in possession of "proceeds of crime"; and (c) that such proceeds of crime are likely to be concealed, transferred or dealt with in any manner which may result in frustrating any proceeding relating to confiscation of such proceeds of crime. It was submitted that there is no basis for the Complainant's belief that the properties are likely to be concealed, transferred or dealt with in any manner which may result in frustrating proceedings under the PMLA.	writing that (i) the person is in possession of proceeds of crime; and (ii) such proceeds of crime are likely to be concealed, transferred, or dealt with in a manner that may frustrate confiscation proceedings under the Act. The said satisfaction and apprehension have been specifically dealt with in the PAO itself. That it is apparent from the PAO, that there was tangible material available on record based on which reason to believe was formed before issuance of PAO, the same includes First Information Report (s) FIR, statements of various persons, bank account statements, property documents, valuation reports, along with various documents collected during PMLA investigation including admissible statements of various persons so recorded under Section 50 of PMLA, and also information received from various authorities u/s 54 of PMLA. Hence, the satisfaction recorded is not mechanical but is based on tangible material available on record. The issue raised in the corresponding para's have already been elaborately been dealt with in the para's B & C of the preliminary submission. However, it was further submitted that the PAO has strictly been done in accordance with conditions stipulated under section 5 of the PMLA.
It was submitted that the attachment of the properties of RCom, while the CIRP is ongoing, ought not to have been done. In terms of the provisions of Sections 18 and 20 of IBC, it is the bounden duty of the Resolution Professional to protect and preserve the assets of the Corporate Debtor, as also to ensure the continuation of its operations as a going concern. The said duty in itself encompasses the duty to also maximise the value of assets of the corporate debtor, i.e., RCom in the present case, to uphold the interests of all stakeholders. It was further submitted that Section 14 of	It was in the instant case CIRP proceedings are going on and the Resolution Plan has not been approved by the Ld. NCLT. That it is no more *res-integra* that PMLA proceedings are not affected by the imposition of moratorium under section 14 of the IBC, 2016. That the respondent, Enforcement Directorate is empowered to attach the property if same is tainted property forming the part of "proceeds of crime" as defined under section 2(1)(u) of the PMLA, 2002. That the nature of such attachment is preventive and penal and the action under PMLA is not a recovery action. The legal position of the attachment

the IBC imposes the moratorium prohibiting inter alia the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority. Further, Section 32A of IBC also states that the liability of the corporate debtor for an offence committed prior to commencement of the CIRP shall cease and the corporate debtor shall not be prosecuted for such an offence from the date of resolution plans having been approved by the Hon'ble NCLT under Section 31 of IBC, if the resolution plan results in change in management or control of the corporate debtor to a person in terms of Section 32A of IBC.	before filing of an application for CIRP or during the CIRP against the corporate debtor remain unaffected. The reliance in this regard is placed on Delhi High Court in ***'Rajiv Chakraborty, RP of EIEL v. Directorate of Enforcement, W.P. (C) No. 9531/2020'***, "109. The Court has independently come to the conclusion that the power to attach under the PMLA would not fall within the ken of Section 14(1)(a) of the IBC." Further, reliance was placed on ***'Varrsana Ispat Ltd. v. Deputy Director, Directorate of Enforcement, Company Appeal (AT) (Insolvency) No. 493 of 2018',*** the Hon'ble NCLAT, while dealing with similar facts, held that if the attachment under PMLA is pre-CIRP and confirmed, then such action is outside the purview of IBC interference. The moratorium under IBC is designed to preserve the economic value of the Corporate Debtor's bonafide assets for resolution and not to protect properties acquired through criminal activity or subject to attachment under a special statute like the PMLA. The relevant paras of the judgment/order is reproduced herein as follows: *"8. Section 14 is not applicable to the criminal proceeding or any penal action taken pursuant to the criminal proceeding or any act having essence of crime or crime proceeds. The object of the 'Prevention of Money Laundering Act, 2002' is to prevent the money laundering and to provide confiscation of property derived from, or involved in, money-laundering and for matters connected therewith or incidental thereto."* It is also submitted that the protection contemplated under Section 32A of the Insolvency and Bankruptcy Code, 2016 does not become operative merely upon approval of a Resolution Plan by the Committee of Creditors. The statutory immunity under Section 32A accrues only

	upon the approval of the Resolution Plan by the Adjudicating Authority under Section 31 of the Code. Until such approval is granted by the Hon'ble National Company Law Tribunal, the Resolution Plan does not attain statutory finality and the benefit of Section 32A cannot be claimed.

5) <u>THE LEARNED COUNSEL FOR THE DEFENDANT HAS FILED WRITTEN SUBMISSIONS GIST OF WHICH IS AS UNDER:-</u>

1. At the outset, it is submitted that the source of income, earnings or assets out of which the Properties have been acquired becomes irrelevant for the present proceedings as it is clear from the PAO/OC that:

(a) The Properties were acquired by RCom much prior to the alleged commission of scheduled offence and fall outside the ambit of the first limb of the definition of "proceeds of crime" in Section 2(1)(u) of PMLA, i.e., tainted property.

(b) The Properties have been allegedly attached under the second limb of Section 2(1)(u) of PMLA, i.e., as "value of any such property" (i.e., value of any property falling under the first limb of the definition), as opposed to being the direct proceeds of crime.

2. Attachment of the Properties in the present proceeding ought not be confirmed, on the following grounds:

A. <u>Properties acquired prior to commission of alleged scheduled offence</u>

It is submitted that the Properties were acquired prior to the alleged commission of scheduled offence. Admittedly:

(i) The alleged scheduled offence pertains to a period from 2017-2019, while the properties of RCom under attachment (through RCom's erstwhile entities i.e. RIC/Reliance Communications Pvt. Ltd/Reliance Infocom Ltd.) were acquired between 2001-2004; and

(ii) It is not the case of the Complainant that the said properties are tainted, i.e. falling within the first limb of Section 2(1)(u) of PMLA being "*derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence*". The Properties have been attached under the second limb of Section 2(1)(u).

(iii) It is also not the case of the Complainant that the said properties are involved in money laundering under Section 3 of PMLA

Reliance is 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**.

B. Attachment of Properties under second limb of Section 2(1)(u) could not have been resorted to

(i) It is submitted that the attachment of property under the second limb of Section 2(1)(u) can only be resorted to where the specified property constituting the direct proceeds of crime and its value becomes untraceable or has intermingled and dissipated. In order to proceed with the order of attachment, the Complainant is required to demonstrate: (i) a nexus with a scheduled offence; (ii) the generation of proceeds of crime under Section 2(1)(u); (iii) that the accused participated in the process highlighted under Section 3 of the PMLA; and (iv) that the direct proceeds of crime are untraceable or have dissipated.

(ii) However, in the present case, the Complainant has merely stated in a conclusory fashion that the alleged proceeds of INR 1,182 Crores have been "dissipated" because they were used for repayment of external commercial borrowing (ECB) loans. There is nothing in the OC or PAO which shows any attempt by the Complainant to trace the alleged proceeds of crime and determine that they have become untraceable or have intermingled. The Complainant has merely produced alleged details of fund movements without indicating why the same are now untraceable, warranting attachment of RCom's property.

(iii) It may also be noted that while the Complainant has stated in its Rejoinder that it has filed a prosecution complaint wherein RCom has been named as an accused, RCom has not received any copy of such complaint. As such, RCom reserves its right and liberty to make contentions regarding the same as and when a copy of such complaint is made available to RCom.

C. The conditions under Section 5(1) of PMLA for provisional attachment are not satisfied.

(i) It is submitted that the provisional attachment under Section 5(1) of the PMLA requires the satisfaction of the following conditions: (a) the Director or any officer not below the rank of Deputy Director must have "reasons to believe" on the basis of material in possession; (b) that any person is in possession of "proceeds of crime"; and (c) that such proceeds of crime are likely to be concealed, transferred or dealt with in any manner which may result in frustrating any proceeding relating to confiscation of such proceeds of crime.

(ii) In the present case, it is submitted that:

- The attached properties of RCom are immovable properties acquired between 2000 and 2004.
- There is no basis for the Complainant's belief that the properties are likely to be concealed, transferred or dealt with in any manner which may result in frustrating proceedings under the PMLA. It is submitted that:

(a) RCom is in CIRP, and the moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") is in full force and effect. Under the moratorium, the transfer, alienation, disposal, or encumbrance of any asset of RCom is prohibited. The Resolution Professional, who is an independent professional, is bound by the statutory framework of the IBC to preserve the assets of RCom. There is thus a statutory prohibition on any dealing with the assets of RCom that could frustrate proceedings.

(b) The Complainant's reliance on the alleged sale of a property by Bonn Investment Inc. (a US subsidiary of a step-down subsidiary of RCom) in August 2023 without authorisation from RCom, is irrelevant as the stated transaction does not pertain to RCom, which is under CIRP.

(c) The five Non-Banking Financial Companies (NBFCs) which have been alleged in the PAO and OC to have been "controlled" for "securing representation in the Committee of Creditors" held a total of only 2.73% of the total voting share. Subsequently, the debts of three of these NBFCs were assigned to other entities, and the present voting shares of these entities are as under:

Invent Asset Securitisation and Reconstruction Pvt Ltd (Debt assigned from Traitrya Construction Finance Limited)	0.60%
Invent Asset Securitisation and Reconstruction Pvt Ltd. (debt assigned from Shriyam Auto Finance Limited)	0.60%
Desai Industrial Finance Private Limited (Debt assigned from Deep Industrial Finance Limited)	0.60%
Pearl Housing Finance Limited	0.60%
Vishvakarma Equipment Finance (I) Limited	0.33%
Total:	2.73%

(d) In light of the above, there is no reason to believe that any property of RCom would be alienated during CIRP against the benefit of the secured creditors/financial institutions and only to the benefit of the aforesaid NBFCs.

(e) It is well settled that "reasons to believe" must be based on material which is not vague, indefinite, distant or far-fetched and must not be a pretense. Reliance is placed on *The Income Tax Officer, Calcutta v. LakhmaniMewal Das*, reported at (1976) 3 SCC 757.

D. <u>Without prejudice to the above, attachment under PMLA 2002 ought not to be done during CIRP of RCom</u>

(i) Without prejudice to the above, it is submitted that the attachment of the properties of RCom, while the CIRP is ongoing, ought not to have been done. In terms of the provisions of Sections 18 and 20 of IBC, it is the bounden duty of the Resolution Professional to protect and preserve the assets of the Corporate Debtor, as also to ensure the continuation of its operations as a going concern. The said duty in itself encompasses the duty to also maximise the value of assets of the corporate debtor, i.e., RCom in the present case, to uphold the interests of all stakeholders.

(ii) In the present case, the resolution plan of RCom has already been approved by its committee of creditors and applications in relation to the approval of the said plan are pending consideration before Hon'ble NCLT. If and upon the resolution plan being approved and implemented, the outstanding dues of RCom shall be resolved in accordance with the terms of the approved resolution plan. However, till the time such plan is approved, the value of the assets of RCom, including the properties attached in the present PAO, must be preserved and maximised.It is for this reason that the Defendant prays that the PAO ought not to be confirmed.

3. 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 OC is liable to be dismissed."

6) <u>THE LEARNED COUNSEL FOR COMPLAINANT HAS FILED WRITTEN SUBMISSIONS GIST OF WHICH IS AS UNDER:-</u>

<u>Properties acquired prior to the date of the commission of predicate offence falls under the description of "value of any such property" u/s 2(1)(u) of the PMLA and is hence "proceeds of crime" liable for attachment u/s 8 of the PMLA</u>

1. The Defendant contends that some of the properties which have been provisionally attached were acquired prior to the date of commission of the predicate offence, and that such properties cannot be subject to attachment u/s 5 & 8 of the PMLA. This contention is contrary to the express provisions of the statute as well as the law laid down by the Hon'ble Supreme Court and multiple High Courts, as discussed hereinbelow.

2. Section 2(1)(u) of the PMLA which defines the expression "proceeds of crime" reads as follows:-

*""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 of **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"*

3. As evident from the aforesaid definition, the term "proceeds of crime" includes not just property derived or obtained as a result of criminal activity relating to a scheduled offence, but also includes the value of any such property. Hence, where there exists property derived or obtained as a result of criminal activity relating to a scheduled offence, property of equal value held in the hands of the person who has derived or obtained such property as a result of criminal activity relating to a schedule offence, would also be treated as "proceeds of crime" and would be subject to attachment u/s 5/8 of the PMLA.

4. In the case of ***Vijay Madanlal Choudhary v. Union of India*, (2023) 12 SCC 1**, it was contended by the Petitioner therein before the Hon'ble Supreme Court that attachment of properties of equivalent value maybe permissible only if the proceeds of crime is taken or held outside India. Rejecting this submission, it was held by the Hon'ble Court that the definition of "proceeds of crime" u/s 2(1)(u) is wide enough to cover equal value property in all cases. In this regard it was held by the Hon'ble Court that:-

*"**172.** 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."*

5. It clearly follows from the aforesaid finding that the power to attach property of equal value u/s 5/8 of the PMLA is not confined to cases where the property is situated outside India, but also in all other cases. Such a reading was also found by the Hon'ble Supreme Court to be consistent with the legislative intent.

6. The power to attach alternate/untainted property under the PMLA was noted by the Hon'ble High Court of Delhi in ***Deputy Director vs. Axis Bank &Ors., (2019) SCC Online Del 7854*** wherein it was held that:-

"171. It will be advantageous to summarise the conclusions reached by the above discussion, as under:—

(i). The process of attachment (leading to confiscation) of proceeds of crime under PMLA is in the nature of civil sanction which runs parallel to investigation and criminal action vis-a-vis the offence of money-laundering.

(ii). The empowered enforcement officer is expected to assess, even if tentatively, the value of proceeds of crime so as to ensure such proceeds or other assets of equivalent value of the offender of money-laundering are subjected to attachment, the evaluation being open to modification in light of evidence gathered during investigation.

(iii). The empowered enforcement officer has the authority of law in PMLA to attach not only a "tainted property" - that is to say a property acquired or obtained, directly or indirectly, from proceeds of criminal activity constituting a scheduled offence - but also any other asset or property of equivalent value of the offender of money-laundering, the latter not bearing any taint but being alternative attachable property (or deemed tainted property) on account of its link or nexus with the offence (or offender) of money-laundering.

(iv). If the "tainted property" respecting which there is evidence available to show the same to have been derived or obtained as a result of criminal activity relating to a scheduled offence is not traceable, or the same for some reason cannot be reached,

or to the extent found is deficient, the empowered enforcement officer may attach any other asset ("the alternative attachable property" or "deemed tainted property") of the person accused of (or charged with) offence of money-laundering provided it is near or equivalent in value to the former, the order of confiscation being restricted to take over by the government of illicit gains of crime."

7. Reliance is further placed on the Judgment of the Division Bench of the Hon'ble High Court of Punjab and Haryana in the case of ***Dilbag Singh vs. Union of India &Ors., (2024) SCC Online P&H 15453***. In the said case, wherein a provisional attachment order u/s 5 of the PMLA was challenged, an identical contention was raised i.e., that the properties attached under the PMLA were purchased before the alleged scheduled offences and were hence untainted properties and could not be attached. Rejecting the contention and upholding the provisional attachment, it was held by the Hon'ble Court that the competent authority is authorized to attach property of the accused which is of the same value as that of the proceeds of crime. The relevant finding of the Hon'ble Court in this regard is reproduced hereinbelow:-

"2.2 The Petitioner's counsel while referring to the definition of proceeds of crime in Section 2(1)(u) of Prevention of Money Laundering Act, 2002 (in short '2002 Act'), relying upon judgments in Pavana Dibbur v. Directorate of Enforcement, 2023 SCC OnLine SC 1586, Seema Garg v. Deputy Director, Directorate of Enforcement, (2020) 2 RCR (Cri) 701, Abdullah Ali Balsharaf v. Directorate of Enforcement, (2019) 3 RCR (Cri) 798, Kumar Pappu Singh v. Union of India, (2021) 3 ALT 571, HDFC Bank Limited v. Government of India, 2021 Cri LJ 3969, Himachal Emta Power Limited v. Union of India, WP (Civil) 5537 of 2018, decided on 23.08.2018 and Hemanshu Rajnikant Shah v. Assistant Director, Enforcement Directorate, 2023 Cri LJ 1999, submits that the attached properties were purchased before the alleged scheduled offences and were untainted properties, hence could not be attached.

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3.4 It is evident that the original (unamended) definition of phrase 'proceeds of crime' was structured into two distinct parts. The first part relates to the property derived or obtained directly or indirectly by any person as a result of criminal activity relating to a scheduled offence, whereas, the second part relates to the value of any such property where the proceeds of crime are not traceable. This clearly means that if the property derived or obtained, directly or indirectly, from the proceeds of a crime of scheduled offence is not traceable, then any property of equivalent value falls within the scope of the expression 'proceeds of crime'. In 2015, the amendment restructured the definition into three parts to cover the property taken or held outside the country. The concept of the property of equivalent value was introduced with respect to the aforementioned properties. The amendment enabled the authorities to go after any other property of a person of equivalent value. In 2019, the scope of the phrase 'proceeds of crime' was further expanded so as to include other properties which were not directly or indirectly the proceeds of crime, but were held abroad, to be liable to attachment. In 2019, the explanation has been added so as to give a wider scope to the authorities. From the objects and reasons of the '2002 Act', it becomes evident that the money laundering posed a serious threat not only to the financial system of the countries but *also to their integrity and sovereignty. The '2002 Act' was enacted to prevent money laundering and connected activities. The act of money laundering is a multi-layered, complex and complicated diversion of the property, which is required to be prevented. Consequently, the definition of proceeds of crime has undergone transformative changes from time to time so as to include all the complex acts involved in the offence of money laundering.*

3.5 In Axis Bank's case (Supra), the Delhi High Court has dissected the definition in three parts while covering tainted property and untainted property held in India; and the 'proceeds of crime' taken out of the country or any other property of equivalent value thereof. However, this Court is of the considered view that the definition can be divided into two broader categories namely tainted properties and untainted properties. The first part provides about the tainted properties derived or obtained directly or indirectly by any person as a result of criminal activity relating to a scheduled offence. ***Thereafter, the untainted properties are further divided into two parts; the first part deals with a situation where the property derived or obtained from 'proceeds of crime' is not traceable. In the aforesaid situation the competent authority is authorized to attach or confiscate any other property of accused, which is of the same value as that of the 'proceeds of crime'.*** *The second sub-category is a result of amendment brought in 2015 and 2019 in the Act. It provides that if the property derived or obtained from the proceeds of crime has already been taken out of the Country then the property equivalent in value held within the Country or abroad can be made liable to be attached. This position has been explained by the Delhi High Court in an elaborate manner in Axis Bank's case (supra) and Prakash Industries case (supra).*

3.6 It is not disputed that the Supreme Court in Vijay Madanlal Chaudhary's case (supra) was examining the scope of the '2002 Act' including definition of phrase 'proceeds of crime'. ***The submission put forth by the learned counsel that the phrase 'or the value of any such property' is superfluous was rejected by the Court and it was held that the definition of 'proceeds of crime' is wide enough to not only include to the property derived or obtained as a result of criminal activity related to a schedule offence but also any other property of equivalent value.***

3.7 While interpreting a statutory provision, it is the bounden buty of the Courts to interpret it in manner so that each word used by the statute conveys a meaning it was assigned by the Legislature. The words used in statute are of utmost significance. The Court cannot widen or restrict the provisions on its own whims and fancies. When a statute's language is clear and unambiguous, the general rule of interpretation of statute is to read the provision as a whole and the Court must adhere strictly to the ordinary, plain meaning of the words used. The words in a statute are used precisely, not loosely, and efforts must be made to interpret them in a literal manner to give effect to the objective of the Act. This approach of interpretation is based on the idea that the legislature's intent is best reflected in the exact words of the statute.

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3.9 On the other hand the judgments passed in Vijay Madanlal Chaudhary's case (supra), Axis Bank's case (supra) and Prakash Industries case (supra) completely answer the question in favour of ED."

8. The reliance placed by the Defendant on the Judgment of the Hon'ble Supreme Court in the case of ***Pavana Dibbur vs. Directorate of Enforcement (2023) SCC Online SC 1586*** is completely misplaced. The said judgment arose in the context of a Petition filed u/s 482 of the Criminal Procedure Code, 1973 filed by the Petitioner therein against an Order of the Special Court taking cognizance of an offence u/s 3 of the PMLA. The said order taking cognizance was upheld by the Hon'ble jurisdictional High Court. Against the said order of the High Court, the Petitioner therein had approached the Hon'ble Supreme Court. The relevant facts of the case of ***Pavana Dibbur (supra)*** are set out at Para 1 of that judgment which reads as follows:-

"1. The respondent-the Directorate of Enforcement (for short, 'ED'), filed a complaint under the second proviso to Section 45(1) of the Prevention of Money Laundering Act, 2002 (for short, 'the PMLA') before the Special Court for PMLA Cases at Bengaluru. The appellant-Pavana Dibbur was shown as accused no. 6 in the said complaint. By the order dated 17th March 2022, the Special Court took cognisance of the said complaint. The appellant filed a petition before the High Court of Karnataka at Bengaluru under Section 482 of the Criminal Procedure Code, 1973 (for short, 'Cr.PC') seeking the relief of quashing of the said complaint. By the impugned judgment and order dated 27th September 2022, the petition for quashing the complaint has been dismissed."

9. The main allegation against the Petitioner in the aforesaid case was that she facilitated the accused No. 1 to use her bank accounts to siphon off proceeds of crime and thereby assisted the accused No. 1 in activity connected with the proceeds of crime. This is evident from Para 6 of the Judgment in ***Pavana Dibbur (supra)*** which reads as follows:-

"6. The allegation against the appellant in the complaint filed under the second proviso of Section 45(1) of the PMLA is that she has entered into a conspiracy with accused no. 1- Madhukar Angur by getting executed nominal sale deeds in respect of the first and second properties in her name for the benefit of accused no. 1. The allegation of the ED is that the appellant facilitated the accused no. 1 to use her bank accounts to siphon the university funds, thereby, assisting the accused no. 1 in the activity connected with the proceeds of crime."

10. It was in the aforesaid context that the Hon'ble Supreme Court held that one of the properties involved in the aforesaid case was acquired prior to the commission of the scheduled offence and hence could not be said to be connected with the offence of money laundering. The Hon'ble Court in the case of ***Pavana Dibbur (supra)*** was testing the correctness of the foundational facts on the basis of which the offence of Money Laundering was alleged against the Petitioner. The Hon'ble Court was not considering the ambit of the expression "proceeds of crime" u/s 2(1)(u) of the Act and was not considering the issue of attachment of alternate/equal value property u/s 5/8 of the Act. Hence, the said judgment has no relevance whatsoever to the present case.

11. It is pertinent to again refer to the Judgment of the Division Bench of the Hon'ble High Court of Punjab and Haryana in ***Dilbag Singh (supra)***. In the said case

as well, as stated earlier, the Petitioner had challenged a provisional attachment order inter-alia on the basis that the attached properties were acquired prior to the commission of the predicate offence. In the said case as well, the Petitioner had relied on the Judgment of the Hon'ble Supreme Court in ***Pavana Dibbur (supra)*** in support of his submission. The said submission however, was rejected by the Hon'ble High Court by noting that the Hon'ble Supreme Court in ***Pavana Dibbur (supra)*** was not considering the scope of Section 2(1)(u) of the PMLA. The relevant finding of the Hon'ble High Court in this regard is reproduced hereinbelow:-

"3.10 The petitioner's counsel has also heavily relied upon Pavana Dibbur's case (supra). This Bench has carefully read the aforesaid judgment. The aforementioned case involved attachment of properly falling under the category of 'direct' or 'indirect' proceeds of crime. The complaint under Section 44-45 of 2002 Act was quashed by the Supreme Court. ***The Bench was never called upon to analyse the contentions based upon Section 2(i)(u) of 2002 Act, whereas, in Vijay Madanlal Chaudhary's case (supra) the Court directly answered the aforesaid question.*** *Hence, there is no substance in the first argument of learned counsel for petitioner."*

12. Hence, the contention of the Defendants made on the premise that the properties which have been provisionally attached were acquired prior to the date of commission of the predicate offence, is devoid of merits and deserves to be rejected.

<u>Necessary ingredients to invoke the second limb of Section 2(1)(u) of the Act are clearly made out in the facts and circumstances of the present case</u>

13. The Defendant contends that the attachment of properties under the second limb of Section 2(1)(u) of the PMLA could not have been resorted to as there is nothing in the OC or PAO which shows any attempt by the Complainant to trace the alleged proceeds of crime and determine that they have become untraceable or have intermingled.

14. In the present case, as stated in the PAO as well as the OC (see Para 15 at Pg. 48 of the OC and Para 17 at Pg. 52 of OC), the diverted proceeds of crime of Rs. 1162.53 Crores was utilized by the Defendant towards principal repayment of ECB loans availed from Chinese Banks.

15. As per law laid down by the Hon'ble High Court of Delhi in ***Axis Bank (supra)*** the ED may attach property of equal value where direct proceeds of crime are not traceable, or the same ***for some reason*** cannot be reached.

16. In the present case, as stated above, the proceeds of crime has been used for repayment of loans to a foreign bank. Hence, the proceeds have already been moved out of the country and are hence unreasonable. For this very reason itself it maybe said that necessary ingredients to invoke the second limb of Section 2(1)(u) stand met.

<u>Pendency of CIRP under the IBC does not preclude attachment under the PMLA</u>

17. The contention of the Defendants that the present proceedings cannot continue since the Defendant is undergoing Corporate Insolvency Resolution Process under the

Insolvency and Bankruptcy Code, 2016 and is therefore subject to the moratorium u/s 14 of the said Code, is completely devoid of merit and contrary to settled law.

18. Reliance is placed on the Judgment of the Hon'ble High Court of Delhi in ***Rajiv Chakraborty v. Enforcement Directorate, (2024) 252 Comp Cas 12*** wherein it was clearly and unequivocally held by the Hon'ble High Court that the moratorium u/s 14 of the IBC does not preclude the power to attach u/s 5/8 of the PMLA. The relevant findings of the Hon'ble High Court in this regard are reproduced hereinbelow:-

"73. The moratorium provision incorporated in the Insolvency and Bankruptcy Code is fundamentally aimed at maximisation of value, preservation of the assets of the debtor while possibilities of its resurrection are explored and ensuring that its various creditors do not initiate individual actions which may hamper or impede the resolution process. It is essentially aimed at preserving the insolvency estate and the suspension of actions against the debtor. The moratorium order staves off actions that may be initiated for enforcing security interests, claims by individual creditors, a restraint against the dissipation of its assets while the process of its restructuring is explored. It essentially seeks to sequester the assets of the debtor from actions which may be initiated by its creditors. It is during this crucial period that the viability of the debtor is assessed during the corporate insolvency resolution process.

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80. As would be evident from the aforesaid discussion, the primordial purpose of a moratorium as enunciated hereinabove, is clearly distinct from the purpose and objectives of attachment action taken under the Prevention of Money-Laundering Act. ***The Prevention of Money-Laundering Act is not concerned with the recovery or enforcement of a debt. Proceedings for attachment that may be initiated in terms thereof cannot by any stretch of imagination be viewed as being akin to an action for enforcement or recovery of a debt. The Prevention of Money-Laundering Act is guided by the legislative policy of confiscation of proceeds of crime. That legislation is aimed primarily at fighting the scourge of organised crime, the generation and retention of criminal proceeds, denuding offenders of the economic benefits that may have been derived or obtained by the commission of scheduled offenses and thus become an iteration of the legislative policy that crime would not pay. The Prevention of Money-Laundering Act seeks to adopt, enforce and unleash punitive measures against the commission of crime and the retention of ill-gotten gains.***

81. The Government when it seeks to initiate preemptive measures which may ultimately lead to a civil forfeiture and confiscation of tainted assets is neither seeking to enforce a debt nor is it proceeding towards appropriation of moneys due or payable to it. Those proceedings are not liable to be viewed as an action to recover a tax or moneys owed to the Government. That action is fundamentally aimed at an ultimate confiscation of properties and assets which would have been obtained by a person by commission of a crime and thus deriving a benefit which was otherwise if not impermissible, forbidden by law. Assets which may have been obtained by the commission of a scheduled offense thus cannot be accorded exemption or immunity from the rigours of the Prevention of Money-Laundering Act. Acceptance of such a *contention would not only run contrary to the legislative policy but also undermine the efforts of the Legislature to combat the offense of money laundering. In fact if section 14 were to be interpreted in the manner as suggested by the petitioner, it would deprive the authorities charged with implementing the provisions of the Prevention of Money-Laundering Act of an essential weapon in their quest to confiscate proceeds of crime. It would be pertinent to note that the activity of money laundering is itself aimed at obfuscating the origins of property illegally derived from crime. It is a process which inherently entails the layering of proceeds which itself is a dynamic process. The power of attachment is thus an essential tool which is designed to ensure that the tainted asset is not transferred or alienated further and beyond the reach of the authorities itself.*

83. Viewed in that light, it cannot possibly be said that actions taken under that statute are akin or similar to steps that may be taken by a creditor pursuing an ordinary monetary claim. The tainted property is not a debt owed to the Government. It is not something which is owed to the Government or a liability which is liable to be discharged or liquidated. ***On an overall conspectus of the aforesaid, the court is of the considered opinion that on a fundamental plane, it would be incorrect to read section 14 as completely shutting out actions under sections 5 and 8 of the Prevention of Money-Laundering Act.***

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93. On a consideration of the precedents which have come to be rendered on the aforesaid subject, this court finds that both the National Company Law Tribunal and National Company Law Appellate Tribunal, have correctly taken the view that the moratorium would not prevent the authorities under the Prevention of Money-Laundering Act from exercising the powers conferred by sections 5 and 8 notwithstanding the pendency of the corporate insolvency resolution process. *The view as taken and expressed in the decisions aforenoted clearly commends acceptance and reiteration for the reasons assigned in those decisions as well as those noted by this court in paragraphs 78 to 83 of this decision.*

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109. The court has independently come to the conclusion that the power to attach under the Prevention of Money-Laundering Act would not fall within the ken of section 14(1)(a) of the Insolvency and Bankruptcy Code. Through section 32A, the Legislature has authoritatively spoken of the terminal point whereafter the powers under the Prevention of Money-Laundering Act would not be exercisable. *The events which trigger its application when reached would lead to the erection of an impregnable wall which cannot be breached by invocation of the provisions of the Prevention of Money-Laundering Act. The non obstante clause finding place in the Insolvency and Bankruptcy Code thus can neither be interpreted nor countenanced to have an impact far greater than that envisaged in section 32A. The aforesaid issue stands answered accordingly.*

19. As evident from the above, the Hon'ble High Court in the aforesaid case, on an analysis of the scheme and objects of the moratorium u/s 14 of the IBC and the power of attachment u/s 5/8 of the PMLA, arrived at the conclusion that the object of conferring the power of attachment u/s 5 & 8 of the PMLA is not the recovery of

debts and therefore the moratorium u/s 14 of the IBC which places an embargo on recovery of debts against the Corporate Debtor during the CIRP, would not apply to an attachment under Section 5 or 8 of the PMLA.

20. The Hon'ble High Court further held that its view stands affirmed by the introduction of Section 32A of the IBC which provides for a terminal point for the exercise of power of attachment under the PMLA i.e., the approval of a resolution plan by the Adjudicating Authority under the IBC. As a result of the introduction of Section 32A of the IBC, it becomes clear that power of the attachment under the PMLA is exercisable prior to the approval of a resolution plan by the adjudicating authority under the PMLA. Section 32A(2) of the IBC reads as follows:-

"(2) No action shall be taken against the property of the corporate debtor in relation to an offence committed prior to the commencement of the corporate insolvency resolution process of the corporate debtor, where such property is covered under a resolution plan approved by the Adjudicating Authority under section 31, which results in the change in control of the corporate debtor to a person, or sale of liquidation assets under the provisions of Chapter III of Part II of this Code to a person, who was not—

(i) a promoter or in the management or control of the corporate debtor or a related party of such a person; or

(ii) a person with regard to whom the relevant investigating authority has, on the basis of material in its possession reason to believe that he had abetted or conspired for the commission of the offence, and has submitted or filed a report or a complaint to the relevant statutory authority or Court."

21. In the present case admittedly, no resolution plan has been approved by the Adjudicating Authority as on date. Hence, the power of attachment under the PMLA continues to remain exercisable.

22. Reliance is further placed on the Judgment of the 3 member bench of the Ld. NCLAT dated 03.07.2025 in the case of ***Anil Kohli vs. Directorate of Enforcement Comp. App. (AT)(Ins.) No. 389 of 2018*** wherein it was held that a Provisional Attachment Order passed by the Directorate of Enforcement during the pendency of CIRP did not violate the moratorium u/s 14 of the IBC. The relevant conclusion of the Ld. Tribunal is extracted hereinbelow:-

"55. Based on the discussion above we observe the following:

- Section 14 aims to preserve lawful, unencumbered assets for the purpose of resolution.

- However, if the property is alleged to be "proceeds of crime" and is already under adjudication by competent authority under a penal statute, such property cannot be deemed to be part of the freely available resolution estate.

- The PMLA provides its own adjudicatory process and remedy for challenging attachments, which is separate from the IBC.

Therefore, the issuance of the PAO dated 26.12.2017 by ED under the PMLA does not violate the moratorium under Section 14 of the IBC. Accordingly, the Issue (I) is answered in the negative."

23. Hence, the pendency of the CIRP under the IBC and the operation of the moratorium u/s 14 of the IBC have no bearing whatsoever on the attachment proceedings under the PMLA.

Conditions u/s 5(1)(b) of the Act stand fully satisfied

24. One of the contentions of the Defendant is that the conditions mentioned in Section 5(1)(b) of the Act does not stand satisfied in the present case.

25. Firstly, it is submitted that at this stage this Hon'ble Authority is only looking into the issue of whether the ingredients mentioned in Sections 8(2) and 8(3) are met and not whether the conditions u/s 5(1) stand satisfied.

26. Without prejudice to the above, it is submitted that the conditions u/s 5(1)(b) stand fully satisfied in the present case for the following reasons:-

(i) The investigation revealed that, even prior to the commencement of the Corporate Insolvency Resolution Process (CIRP) of M/s Reliance Communications Limited, the Reliance Group had devised a mechanism to influence the insolvency resolution process of M/s Reliance Communications Limited and M/s Reliance Telecom Limited by facilitating the acquisition of their outstanding debt through entities under its control, thereby securing representation in the Committee of Creditors.

(ii) That upon examination of the Annual Report for the financial year 2024–25 (at page 17), it was found that Bonn Investment Inc. ("Bonn"), a company incorporated in the United States and a subsidiary of Reliance Infocom Inc. (RII), which is a step-down subsidiary of M/s Reliance Communications Limited, owned an apartment situated at 400 W 12th Street, Apartment 4E, New York, NY 10014. It is further submitted that in August 2023, the Director of Bonn sold the said property to a third party for a consideration of USD 8.3 million without obtaining authorisation from, or providing prior intimation to, its shareholders, including M/s Reliance Communications Limited.

27. What follows from the above is that there is an active attempt by the erstwhile promoters of the company to (i) gain control and leverage over the CoC; and (ii) alienate assets of sister entities. The apprehension of the Deputy Director that, if these activities are permitted to continue unchecked and the assets continue to remain freely available to the Defendant, the assets available for confiscation u/s 8 of the Act would stand concealed, transferred or dealt with in a manner which may result in frustrating confiscation proceedings, is reasonable. Hence, it is submitted that the necessary ingredients in terms of Section 5(1)(b) of the PMLA existed in the facts and circumstances of the present case.

28. The contention of the Defendant that the 5 NBFC through whom the ED alleges that the RAAG group is attempting to acquire debts of the company and therefore gain control over the CoC, held only a total 2.73% of the total voting share, is based on a misunderstanding of the reasons to believe of the ED. The reasons are

not founded on the basis of the present share of voting rights of these entities but the active attempt by the RAAG group to gain control over the CoC. The mere fact that the group may have, as on date, been able to secure control over only 2.73% does not mean that the ED cannot take any action and must await for the Group to take control over a larger share of the CoC.

29. The contention that the sale of property by a step-down subsidiary of RCom is of no relevance, is completely misplaced and based on a complete non-understanding of the fact that the attachment is made by the ED for the purposes of addressing acts that might result in frustration of confiscation under the PMLA. The fact that the accused group of companies and its promoters and collaborators are actively attempting to alienate assets of a sister/subsidiary company in order to remove them from the pool of available alternate attachable assets/equal value proceeds of crime, is very much a relevant fact for the purposes of exercising power u/s 5 of the PMLA.

30. The contention that the Defendant-Company is undergoing CIRP and hence transfer or alienation of the properties of the Company is prohibited, and therefore there is a statutory prohibition on dealing with the assets of RCom that could frustrate proceedings, is misplaced.

31. If this contention of the Defendant is accepted, then in no case can any attachment under PMLA be made during the pendency of CIRP. Such an interpretation would be contrary to the Judgments of the Hon'ble High Court of Delhi in ***Rajiv Chakraborty (supra)*** and ***Anil Kohli (supra)***, and would render the finding in those judgments that the moratorium u/s 14 does not prohibit attachment under the PMLA redundant.

32. It is submitted that once a CIRP process is successfully completed and assets of the Company including proceeds of crime, direct or equal value proceeds, form part of the resolution plan, then by virtue of Section 32A(2) of the IBC, where such proceeds have not already been attached/provisionally attached, the same might fall outside the ken of attachable assets and might not be available for confiscation u/s 8 of the PMLA. Hence, the very fact that CIRP is ongoing with the RP/CoC inviting for and considering Resolution Plans that include/subsume direct/equal value proceeds of crime, itself is adequate reason to believe that proceedings for the confiscation of proceeds of crime under the PMLA could get frustrated.

33. In this regard it is relevant to refer to the extract of the Judgment of the NCLAT in ***Anil Kohli (supra)*** where it was noted that once there was an attachment under the PMLA, the attached assets cannot be deemed to be part of the freely available resolution estate. It follows as a corollary, in the absence of an attachment order, the proceeds of crime could be mistaken to form part of the freely available resolution estate and hence, could form part of a resolution plan which is approved by the CoC and subsequently the NCLT, and once that happens by virtue of Section 32A(2) of the IBC, confiscation proceedings under the PMLA could get frustrated.

34. The Defendant has stated that in the CIRP that a resolution plan has already been approved by the CoC. It has however not been stated by the Defendant that attached properties in the present case do not form part of the Resolution Plan. Hence, it follows that alternate attachable assets of the Defendant were treated by the RP/CoC as freely available resolution estate. This could eventually lead to frustration of confiscation proceedings with respect to such assets. Hence, it clearly follows that the mere fact that CIRP is pending by itself cannot be a ground to contend that confiscation proceedings under the PMLA cannot be frustrated.

35. For the reasons stated above, it is submitted that the attachment made by way of the Provisional Attachment Order No. 19/2026 dated 11.03.2026 issued in ECIR/STF/17/2025 dated 22.07.2025, may be confirmed u/s 8(3) of the PMLA."

6. <u>COMPLIANCE OF SECTION 5(1):-</u>

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. <u>COMPLIANCE OF SECTION 8 (1):-</u>

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 in 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 requirement 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 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. <u>BURDEN OF PROOF:-</u>

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. In the present case the Enforcement Directorate have already filed Prosecution Complaint for the offence of money laundering as defined under section 3 of PMLA and punishable under section 4 of PMLA. In view thereof the Adjudicating Authority is mandatorily required, unless the contrary is proved, to presume that such proceeds of crime are involved in money-laundering. The raising of presumption under section 24(a) is thus justified. 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 this case, *Prima- facie* the amount so earned from the scheduled offences and criminal activity relating thereto is utilized by the Defendants for their gain. Thus money laundering is presumed as well as is 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 property is 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 vs. 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. <u>CONCLUSION ON THE PROPERTIES, ATTACHED U/S 5(1) OF PMLA 2002, INVOLVED IN MONEY LAUNDERING :-</u>

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 <u>The following observations are made with regard to submissions of Defendant & Complainant:-</u>

1. The Defendant, Reliance Communications Ltd. (RCom), submitted that the properties provisionally attached under PAO No. 19/2026 were acquired much prior to the alleged commission of the scheduled offence. The scheduled offence relates to the period 2017–2019, whereas the properties acquired through RCom's erstwhile entities, namely Reliance Infocom Ltd./Reliance Communications Pvt. Ltd., were acquired between 2001–2004. It was therefore argued that the properties could not constitute "tainted property" under the first limb of Section 2(1)(u) of the PMLA and that the source of income or assets from which such properties were originally acquired was irrelevant because the Complainant itself had treated them only as property representing the "value" of proceeds of crime. Reliance was placed on Pavana Dibbur v. Directorate of Enforcement, (2023) 15 SCC 91/2023 SCC OnLine SC 1586 and Davy Varghese v. Deputy Director, Directorate of Enforcement, 2024 SCC OnLine Ker 7343.

   In response, the applicant submitted that acquisition of a property prior to the scheduled offence does not by itself immunise the property from attachment where the property is being attached as the "value of any such property" under the second limb of Section 2(1)(u). Section 2(1)(u) expressly includes not only property derived or obtained from criminal activity relating to a scheduled offence but also the value of such property. Reliance was placed on Vijay Madanlal Choudhary v. Union of India, (2023) 12 SCC 1, Deputy Director, Directorate of Enforcement v. Axis Bank, 2019 SCC OnLine Del 7854, Dilbag Singh v. Union of India, 2024 SCC OnLine P&H 15453, Prakash Industries Ltd. v. Directorate of Enforcement, 2022 SCC OnLine Del 2087, Asset Reconstruction Company v. Deputy Director, Directorate of Enforcement, 2024 SCC OnLine AT SAFEMA 14, and Arun Suri v. Directorate of Enforcement, MISC. APPEAL (PMLA) 13/2026. The applicant submitted that these authorities recognise that untainted or pre-existing properties may be attached when they represent equivalent value of proceeds of crime which cannot be traced.

It is observed that the mere fact that an asset predates the scheduled offence is not determinative where the attachment is founded upon the statutory concept of "value of any such property" under Section 2(1)(u). The Supreme Court in Vijay Madanlal Choudhary recognised that the expression "proceeds of crime" is sufficiently wide to encompass the value of property and that equivalent-value property may be proceeded against. The Delhi High Court in Axis Bank and Prakash Industries has similarly recognised the concept of alternative attachable property where the actual tainted property is unavailable or cannot be reached. The principle was also applied in Dilbag Singh in circumstances involving properties purchased before the scheduled offence. Accordingly, the Defendant's reliance solely upon the dates of acquisition does not, by itself, defeat the attachment.

2. The Defendant submitted that the properties are admittedly not the direct proceeds of crime and that the Complainant itself has stated in the Original Complaint and PAO that the properties have been attached only as "value of such proceeds of crime/property" or equivalent value. According to the Defendant, this distinction is material because the second limb of Section 2(1)(u) can be invoked only after the direct proceeds have become untraceable, intermingled or dissipated. The Defendant contended that the Complainant was therefore required to establish a nexus with the scheduled offence, generation of proceeds of crime under Section 2(1)(u), participation in the activities contemplated under Section 3, and actual untraceability or dissipation of the direct proceeds.

In response, the applicant submitted that the investigation specifically established that RCom received proceeds of crime amounting to Rs. 1,182 Crores diverted from Reliance Commercial Finance Ltd. through five NBFCs, out of which Rs. 1,162.53 Crores was utilised towards repayment of principal amounts of External Commercial Borrowings availed from China Development Bank, Export-Import Bank of China and Industrial and Commercial Bank of China. Once the proceeds were utilised for repayment of foreign liabilities, they ceased to remain available for attachment in India, thereby satisfying the requirement for proceeding against equivalent-value property. Reliance was placed on Axis Bank, which permits attachment of alternative property where the tainted property is not traceable, cannot be reached or is deficient in value.

It is observed that the material placed on record demonstrates a specific financial trail rather than a mere assertion that the proceeds were dissipated. The identified utilisation of Rs. 1,162.53 Crores towards repayment of ECB liabilities to foreign banks provides a tangible basis for the conclusion that the corresponding proceeds were no longer available for direct attachment. In such circumstances, Axis Bank recognises the authority of the Enforcement Directorate to proceed against other property of equivalent value. The fact that the attached properties are not themselves the original tainted assets therefore does not render the attachment impermissible where the statutory conditions for equivalent-value attachment are otherwise satisfied.

3. The Defendant submitted that the Complainant had failed to demonstrate any attempt to trace the alleged proceeds of crime before resorting to equivalent-value attachment. It was argued that the Original Complaint and PAO merely state that Rs. 1,182 Crores was dissipated through repayment of ECB loans and do not explain why the proceeds were untraceable or intermingled. The Defendant contended that merely producing details of fund movements does not establish that the direct proceeds had become unavailable. RCom further submitted that although the Complainant claimed that a prosecution complaint had been filed naming RCom as an accused, RCom had not been furnished a copy thereof and therefore reserved its right to raise appropriate contentions upon receiving the complaint.

   In response, the applicant submitted that the utilisation of Rs. 1,162.53 Crores towards repayment of ECB loans to Chinese banks itself establishes that the proceeds had moved beyond the reach of the domestic attachment mechanism. The applicant further submitted that the statutory requirement is satisfied where the tainted proceeds are not traceable or cannot be reached and that the financial trail disclosed during investigation establishes such dissipation.

   It is observed that the test at the stage of adjudication of provisional attachment is not whether the original proceeds must remain physically identifiable in the hands of the accused, but whether the material demonstrates that such proceeds have ceased to be available for attachment, thereby justifying resort to equivalent-value property. The identified movement of the proceeds towards repayment of foreign ECB liabilities constitutes material supporting the applicant's case that the direct proceeds could no longer be secured. The Defendant's reservation regarding non-supply of the prosecution complaint does not, by itself, negate the financial material forming the basis of the PAO.

4. The Defendant submitted that the properties were not involved in money laundering under Section 3 of the PMLA and that RCom was not named in the FIRs forming the basis of the ECIR. It was further contended that no complaint under Section 3 had been filed against RCom and that there was no allegation in the PAO/Original Complaint that RCom had been charged with or accused of money laundering. The Defendant relied upon Pavana Dibbur and Davy Varghese in support of the proposition that property acquired before the scheduled offence could not be connected with the offence of money laundering merely on that basis.

   In response, the applicant submitted that the contention regarding RCom not being an accused was factually incorrect because the prosecution complaint had already been filed before the Special Court, PMLA, Rouse Avenue Courts, New Delhi, wherein RCom had been arrayed as an accused and the attached properties had also been included in the prayer for confiscation. The applicant further submitted that the statutory scheme does not require the person holding equivalent-value property to have originally acquired that property from the proceeds of crime. Reliance was placed on Vijay Madanlal Choudhary and Pavana Dibbur was distinguished on the ground that the Supreme Court in Pavana Dibbur was examining the foundational facts for an offence under Section 3 and not the scope of equivalent-value attachment under Section 2(1)(u) read with Sections 5 and 8.

It is observed that the issue whether RCom is ultimately liable for the offence under Section 3 is distinct from the question whether its property can be provisionally attached as equivalent-value property under Section 2(1)(u) read with Section 5. Pavana Dibbur concerned the foundational connection between the accused and the alleged money-laundering activity and did not decide the statutory scope of alternative/equivalent-value attachment. As recognised in Dilbag Singh, Pavana Dibbur does not govern a case where the issue is the attachment of equivalent-value property under Section 2(1)(u).

5. The Defendant submitted that the mandatory requirements of Section 5(1) of the PMLA had not been satisfied. It was argued that provisional attachment requires the authorised officer to have “reason to believe”, on the basis of material in his possession, that a person is in possession of proceeds of crime and that such proceeds are likely to be concealed, transferred or dealt with in a manner that may frustrate confiscation proceedings. According to RCom, there was no basis for apprehending any such concealment, transfer or dealing with the properties.

   In response, the applicant submitted that the PAO records the requisite satisfaction based upon tangible material including FIRs, statements of persons, bank-account statements, property documents, valuation reports, statements recorded under Section 50 of the PMLA and information received from authorities under Section 54 of the PMLA. The applicant contended that the satisfaction was therefore neither mechanical nor based on conjecture and that the statutory requirements of Section 5 had been strictly complied with.

   It is observed that the requirement of “reason to believe” under Section 5 is required to be assessed on the basis of the material available with the authorised officer at the time of passing the PAO. The record referred to by the applicant includes financial records, statements, property documents, valuation material and information received under Section 54, providing an evidentiary foundation for the recorded satisfaction. The principle in Income Tax Officer, Calcutta v. Lakhmani Mewal Das, (1976) 3 SCC 757, relied upon by the Defendant, requires the belief to be based upon relevant material and not vague or remote considerations; on the material disclosed, the applicant has demonstrated a tangible factual foundation rather than a mere pretext.

6. The Defendant submitted that RCom is undergoing CIRP and that the moratorium under Section 14 of the IBC prohibits transfer, alienation, disposal or encumbrance of its assets. It was contended that the Resolution Professional is statutorily required under Sections 18 and 20 of the IBC to preserve and protect the assets of the Corporate Debtor, continue its operations as a going concern and maximise the value of the assets. Therefore, there was no realistic possibility that RCom's properties would be transferred in a manner frustrating PMLA proceedings.

   In response, the applicant submitted that the moratorium under Section 14 of the IBC does not bar attachment under Sections 5 and 8 of the PMLA because PMLA attachment is not a debt-recovery action. Reliance was placed on Rajiv Chakraborty v. Enforcement Directorate, (2024) 252 Comp Cas 12, wherein the Delhi High Court held that the power to attach under the PMLA does not fall within Section 14(1)(a) of the IBC. Reliance was also placed on Varrsana Ispat Ltd. v. Deputy Director, Directorate of Enforcement, Company Appeal (AT) (Insolvency) No. 493 of 2018, and Anil Kohli v. Directorate of Enforcement, Comp. App. (AT)(Ins.) No. 389 of 2018, wherein PMLA attachment during CIRP was recognised as distinct from ordinary recovery proceedings.

   It is observed that the objectives of Section 14 of the IBC and Sections 5 and 8 of the PMLA operate in different fields. The IBC moratorium seeks to preserve the insolvency estate for resolution and prevent individual creditors from pursuing recovery, whereas PMLA attachment is directed towards preservation and eventual confiscation of proceeds of crime. In Rajiv Chakraborty, the Delhi High Court expressly held that Section 14 does not completely shut out action under Sections 5 and 8 of the PMLA. The NCLAT in Anil Kohli likewise recognised that property alleged to be proceeds of crime and under adjudication under the PMLA cannot automatically be treated as freely available resolution assets.

7. The Defendant submitted that Section 32A of the IBC protected the Corporate Debtor from prosecution for offences committed before commencement of CIRP where the resolution plan results in a change in management or control. It was emphasised that the resolution plan of RCom had already been approved by the Committee of Creditors and applications concerning its approval were pending before the NCLT. Until such approval by the Adjudicating Authority under Section 31 of the IBC, however, the Defendant contended that the assets ought to be preserved and maximised rather than subjected to PMLA attachment.

   In response, the applicant submitted that Section 32A does not become operative merely upon approval of a resolution plan by the Committee of Creditors. The statutory protection arises only upon approval by the Adjudicating Authority under Section 31 of the IBC and upon satisfaction of the conditions specified in Section 32A(2). Since no resolution plan had been approved by the NCLT as on the relevant date, the applicant submitted that the power of attachment under the PMLA continued to remain exercisable.

It is observed that Section 32A itself identifies the statutory point at which protection against action concerning the property of the Corporate Debtor arises. As recognised in Rajiv Chakraborty, Section 32A constitutes the terminal point beyond which PMLA attachment may become unavailable, but it does not create immunity during the period preceding approval of the resolution plan by the Adjudicating Authority. In the present case, where such approval had admittedly not occurred, the pendency of CIRP could not by itself extinguish the jurisdiction to proceed under Sections 5 and 8 of the PMLA.

8. The Defendant submitted that the Resolution Professional was under a statutory duty to preserve and maximise the value of RCom's assets for the benefit of all stakeholders and that permitting PMLA attachment during CIRP could diminish the insolvency estate and adversely affect creditors. It was therefore argued that the PAO ought not to be confirmed until the resolution process reached finality.

In response, the applicant submitted that permitting equivalent-value proceeds of crime to remain within the freely available resolution estate could itself frustrate confiscation proceedings. Reliance was placed on Anil Kohli, wherein it was recognised that once property is attached under the PMLA it cannot be treated as freely available resolution estate. The applicant further submitted that if such assets are incorporated into a resolution plan and the plan is subsequently approved, Section 32A(2) may prevent further action against the property, making timely attachment necessary.

It is observed that the purpose of attachment is not to diminish the legitimate insolvency estate but to ensure that property representing proceeds of crime does not become irretrievably unavailable for confiscation. The applicant has demonstrated a legally recognised concern that, absent attachment, such property could be treated as freely available resolution assets and subsequently fall within the protective framework of Section 32A(2). Accordingly, the pendency of CIRP does not provide a ground for withholding attachment where the property is otherwise prima facie liable to attachment under the PMLA.

9. The Defendant submitted that the Complainant's reliance upon the sale of a property by Bonn Investment Inc., a US subsidiary of a step-down subsidiary of RCom, in August 2023 was irrelevant because the transaction did not concern RCom itself and RCom was already under CIRP. It was contended that the transaction therefore could not establish any likelihood that RCom would alienate the properties under attachment.

In response, the applicant submitted that the Bonn transaction was relevant not because it was a transaction by RCom itself but because it demonstrated conduct within the group involving alienation of assets of a sister/subsidiary entity. The applicant submitted that the Director of Bonn had sold the New York apartment for USD 8.3 million without authorisation from or prior intimation to RCom's shareholders. This, coupled with the alleged attempts to secure influence over the

Committee of Creditors, constituted relevant material for forming the apprehension contemplated under Section 5(1).

It is observed that the statutory test does not require the authorised officer to establish that the very property proposed to be attached has already been transferred. The question is whether relevant material reasonably supports an apprehension that the assets available for eventual confiscation may be concealed, transferred or otherwise dealt with so as to frustrate proceedings. The sale of a valuable group asset without prior authorisation, when considered alongside the material regarding attempts to influence the CIRP, constitutes relevant circumstantial material supporting such apprehension.

10. The Defendant submitted that the five NBFCs allegedly controlled for the purpose of securing representation in the Committee of Creditors collectively held only 2.73% voting share and that, following assignment of debts, the voting shares stood at 0.60%, 0.60%, 0.60%, 0.60% and 0.33%, respectively. It was therefore argued that there was no realistic possibility of the concerned entities acquiring control over the CoC or causing alienation of RCom's properties in their favour.

In response, the applicant submitted that the reasons to believe were not founded merely upon the present percentage of voting rights but upon the active attempt of the RAAG/Reliance Group to acquire outstanding debt through controlled entities and thereby secure representation and influence in the CoC. The fact that the entities presently held only 2.73% could not require the Enforcement Directorate to wait until control had actually been acquired before taking preventive action.

It is observed that Section 5 contemplates preventive intervention and does not require the Enforcement Directorate to wait until the apprehended act of alienation or manipulation has actually occurred. The present voting percentage is therefore not conclusive of the absence of apprehension if other material indicates an active attempt to acquire influence over the resolution process. Preventive attachment would lose much of its statutory purpose if intervention were permissible only after the threatened dissipation had already taken place.

11. The Defendant relied upon Income Tax Officer, Calcutta v. Lakhmani Mewal Das, (1976) 3 SCC 757, and submitted that "reasons to believe" must be founded upon material which is relevant and not vague, indefinite, distant, far-fetched or merely a pretense. RCom contended that the material relied upon by the Complainant did not meet this threshold because the properties were old immovable assets, RCom was under CIRP, and there was a statutory prohibition against their alienation.

In response, the applicant submitted that the recorded reasons were based upon specific and contemporaneous material, including the alleged attempts to influence the CoC, acquisition of debt through controlled entities and the unauthorised sale of the Bonn property. The applicant therefore contended that the apprehension was founded on tangible circumstances and was neither speculative nor remote.

It is observed that the principle in Lakhmani Mewal Das requires a rational connection between the material relied upon and the belief formed; it does not require proof of the apprehended event as if the matter were being finally adjudicated. The combination of the alleged CoC-related activities, group-company transactions and potential consequences of the pending CIRP provides a rational factual basis for the apprehension recorded in the PAO.

12. The Defendant submitted that the Complainant had proceeded on the basis that the properties constituted equivalent-value assets even though the properties themselves were acquired between 2001 and 2004 and therefore could not be proceeds of the scheduled offence occurring in 2017–2019. It was argued that permitting attachment of such properties would effectively render every asset of an accused attachable irrespective of its origin.

In response, the applicant submitted that the PMLA does not make the origin of the alternative property determinative once the statutory conditions for equivalent-value attachment are met. Section 2(1)(u), read with Sections 5 and 8, permits attachment of property representing the value of the actual proceeds of crime. Vijay Madanlal Choudhary, Axis Bank and Dilbag Singh were relied upon to establish that such alternate property need not itself bear the taint of the scheduled offence.

It is observed that the statutory scheme draws a distinction between tainted property and alternative/equivalent-value property. The latter may not itself have been purchased from illicit funds but becomes attachable by operation of the statutory mechanism once the actual proceeds are unavailable and the property corresponds to their value. The Supreme Court's interpretation in Vijay Madanlal Choudhary and the subsequent reasoning in Axis Bank and Dilbag Singh support this distinction.

13. The Defendant relied upon Pavana Dibbur and contended that where a property was acquired before the scheduled offence, it could not be said to be connected with money laundering. The Defendant therefore argued that the same principle should govern the present properties acquired in 2001–2004.

In response, the applicant submitted that Pavana Dibbur was factually and legally distinguishable because the Supreme Court there was examining whether the foundational allegations against the accused disclosed an offence under Section 3, and it was not examining the scope of Section 2(1)(u) concerning equivalent-value property or the power of attachment under Sections 5 and 8. The applicant further relied upon Dilbag Singh, which specifically considered and rejected a similar reliance upon Pavana Dibbur.

It is observed that Pavana Dibbur cannot be read as laying down an absolute rule that every property acquired before a scheduled offence is immune from PMLA attachment. Its ratio must be understood in the context in which the Supreme Court considered the foundational facts necessary to connect the accused and property with the offence under Section 3. The subsequent decision in Dilbag Singh specifically distinguished Pavana Dibbur while upholding the power to attach equivalent-value property under Section 2(1)(u).

14. The Defendant relied upon Davy Varghese v. Deputy Director, Directorate of Enforcement, 2024 SCC OnLine Ker 7343, in support of its contention that property predating the scheduled offence could not be treated as proceeds of crime. It was submitted that the properties in question were acquired years before the alleged predicate offence and therefore lacked the necessary nexus.

    In response, the applicant submitted that the present attachment was not founded upon the proposition that the properties themselves were the direct proceeds of the scheduled offence but upon the statutory concept of equivalent-value property under Section 2(1)(u). Accordingly, the applicant contended that a decision concerning direct proceeds could not displace the statutory power to attach alternate property where the actual proceeds were unavailable.

    It is observed that the distinction between direct proceeds and equivalent-value property is decisive. A case concerning whether a particular asset itself constitutes property derived from the scheduled offence does not necessarily govern a case where the Enforcement Directorate proceeds against another asset representing the value of proceeds which have become unavailable. The present attachment must therefore be tested against the statutory requirements governing equivalent-value property rather than solely by reference to the date of acquisition of the attached assets.

15. The Defendant submitted that the attachment should not be confirmed under Section 8(3) of the PMLA because the essential ingredients for provisional attachment had not been established and the Original Complaint was liable to be dismissed. It prayed that the PAO be not confirmed, particularly considering the pre-existing nature of the properties and the pending CIRP.

    In response, the applicant submitted that the complaint had been filed under Section 5(5) of the PMLA seeking confirmation of PAO No. 19/2026 dated 11.03.2026 and that, at the stage of adjudication, the Authority is required to examine the requirements under Sections 8(2) and 8(3). The applicant submitted that the properties represented equivalent value of dissipated proceeds of crime, the proceeds had been utilised towards repayment of foreign ECB liabilities, the attachment was not barred by the IBC moratorium, and the apprehension of frustration of confiscation was supported by material on record.

    It is observed that the material placed by the applicant establishes, prima facie, the statutory chain connecting the scheduled offence, generation and diversion of proceeds of crime, dissipation of the direct proceeds, identification of equivalent-value properties and the apprehension that non-attachment could frustrate eventual confiscation. The PMLA attachment mechanism is preventive in character and operates independently of ordinary debt recovery or insolvency proceedings. In view of the material discussed above, the objections raised by RCom do not, at this stage, displace the basis for confirmation under Section 8(3).

16. The Defendant's overall case was that the attached properties were bona fide corporate assets acquired long before the scheduled offence and that their attachment during CIRP would interfere with the statutory objective of preserving and maximising the insolvency estate. The Defendant relied upon Sections 14, 18, 20 and 32A of the IBC and the judgments concerning the protective purpose of the insolvency process.

In response, the applicant submitted that the PMLA and IBC operate in different fields and that proceeds of crime cannot be allowed to acquire immunity merely because the holder of the property subsequently enters CIRP. Reliance was placed upon Rajiv Chakraborty, Varrsana Ispat and Anil Kohli, besides the statutory language of Section 32A, to submit that the legislative scheme expressly permits PMLA action until the statutory terminal point under Section 32A is reached.

It is observed that the insolvency process cannot be construed as conferring an unconditional immunity upon property which is prima facie liable to attachment under a special penal statute. The legislative scheme of Section 32A itself demonstrates that Parliament contemplated a specific stage at which protection against action concerning the property of the Corporate Debtor may arise. Until that stage is reached, Sections 5 and 8 of the PMLA continue to operate, subject to satisfaction of their statutory requirements.

17. The Defendant's submissions, insofar as they relied upon the fact that the properties were not direct proceeds of crime, proceeded on the premise that Section 2(1)(u) should be confined to property actually derived from the scheduled offence. The Defendant accordingly contended that the attachment of pre-existing properties would amount to attaching untainted assets without sufficient statutory basis.

In response, the applicant relied upon Vijay Madanlal Choudhary, Axis Bank and Dilbag Singh to submit that the phrase "or the value of any such property" in Section 2(1)(u) has independent statutory significance. The applicant further relied upon the principle that the statutory expression "relating to" has wide amplitude, as explained in Doypack Systems (P) Ltd. v. Union of India, (1988) 2 SCC 299, and submitted that the PMLA must be interpreted in a manner giving effect to each part of the statutory definition.

It is observed that the interpretation advanced by the applicant gives operative effect to the words "value of any such property" in Section 2(1)(u), rather than treating those words as redundant. Vijay Madanlal Choudhary expressly recognised the breadth of the statutory definition, while Axis Bank and Dilbag Singh explain the circumstances in which alternative property may be reached. The statutory expression must therefore be applied in a manner which permits recovery of the value of proceeds of crime where the original proceeds have become unavailable.

18. The Defendant contended that the attachment of its properties should not be sustained merely on the basis of its alleged association with the Reliance Group or the alleged conduct of other entities, particularly where the properties themselves were not shown to have been acquired from the scheduled offence.

In response, the applicant submitted that the PMLA inquiry is concerned with the financial trail and the nexus of persons and properties with proceeds of crime and that liability cannot be determined merely by looking at the original date or source of acquisition of a particular property. The applicant relied upon the broader principles recognised in Vijay Madanlal Choudhary concerning Section 3 and upon the proposition that the PMLA reaches property representing proceeds of crime irrespective of the name in which such property is held. Pavana Dibbur was also relied upon for the proposition that a person need not necessarily be an accused in the scheduled offence to attract Section 3 where the statutory ingredients are otherwise established.

It is observed that proceedings under the PMLA are concerned with the proceeds of crime and the activities connected with them and cannot be defeated merely by examining the formal title or historical source of an asset in isolation. At the same time, the statutory nexus must arise from the material placed on record. In the present matter, the applicant has relied upon the identified diversion of funds, their subsequent utilisation, the status of the attached properties as equivalent-value assets and the conduct relevant to possible frustration of confiscation. These circumstances collectively provide the prima facie nexus necessary for continuation of the attachment.

19. The Defendant's submissions also proceeded on the basis that the PMLA action should not interfere with the resolution process because the Committee of Creditors had already approved the resolution plan and the matter was pending before the NCLT. It was submitted that, until approval under Section 31, the assets should remain available for maximisation in accordance with the IBC.

In response, the applicant submitted that the fact that a resolution plan has been approved by the CoC but remains pending before the NCLT actually reinforces the need for attachment because the assets may otherwise be treated as part of the freely available resolution estate. The applicant relied upon Section 32A(2) and Anil Kohli to submit that once a qualifying resolution plan is approved by the Adjudicating Authority, the statutory consequences may operate in relation to property covered by the plan; consequently, the period preceding such approval is the stage during which PMLA attachment remains legally exercisable.

It is observed that the pendency of the resolution plan before the NCLT does not create the statutory immunity contemplated by Section 32A. On the contrary, the legislative scheme makes approval by the Adjudicating Authority under Section 31 the material statutory event. Since that event had not occurred, the attachment proceedings could not be held to have become infructuous merely because the CoC had approved a resolution plan.

20. The Defendant ultimately sought dismissal of the Original Complaint and non-confirmation of the PAO under Section 8(3), maintaining that the properties were acquired in 2001–2004, the scheduled offence occurred in 2017–2019, the properties were not direct proceeds of crime, the direct proceeds had not been shown to be untraceable, the Section 5(1) apprehension was unsupported, and the pending CIRP and IBC moratorium militated against attachment.

In response, the applicant submitted that the statutory framework permits attachment of equivalent-value property; the direct proceeds amounting to Rs. 1,162.53 Crores had been utilised towards foreign ECB repayments and were consequently unavailable; the PAO was based upon tangible material; CIRP and Section 14 of the IBC do not bar PMLA attachment; Section 32A had not yet become operative; and the material concerning CoC influence and alienation of group assets supplied a reasonable basis for apprehending frustration of confiscation. The applicant accordingly sought confirmation of PAO No. 19/2026 under Section 8(3) of the PMLA.

It is observed that the objections raised by the Defendant primarily challenge the application of the equivalent-value doctrine, the sufficiency of the material supporting dissipation and apprehension of frustration, and the interaction between PMLA and IBC. The statutory scheme and the authorities relied upon by the applicant support the proposition that pre-existing or otherwise untainted assets may be attached where they represent the value of proceeds of crime which are no longer available, and that the IBC moratorium does not prevent exercise of the PMLA attachment power before the statutory protection under Section 32A becomes operative. On the material placed on record, the applicant has established a prima facie basis for continuation and confirmation of the attachment under Section 8(3).

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. 2 to 7 of OC as value thereof detailed hereunder :-

Sr. No.	Details of property /bank account/reference no. in the OC	Owner and Defendant No.	Whether attachment is based on direct proceeds of crime	Whether attachment is as equivalent value of proceeds of crime	Value of the property/bank account (in Rs.)	Remark regarding the involvement of property in the money laundering
1.	"Consiochi Khan", Survey No. 133/1 of Village Morlem, Taluka Sattari, Goa.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.76,07,075/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
2.	Sy. No. 2566/1, Pattah No. 25501, Inam Vadakathu Devaswomvaka Otty, Vattom Paruthikkuzhi, Muri & Village Muttathara, Firka Vanchiyoor, Taluk & Dist. Thiruvananthapuram, Kerala. 2. Sy. No. 2566, 2615/B/69-2-3-3, 2615/B/69/2-3-1, 2580/B-1 and 2565, Pattah No. 25510, 23667, 23534 and 10050, Lekhom 227, Inam Vadakathu Devaswomvaka Otty, Vattom Paruthikkuzhi, Muri & Village	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.7,61,04,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.

	Muttathara, Firka Vanchiyoor, Taluk & Dist. Thiruvananthapuram, Kerala.					
3.	Special Plot No. 1, Mysore Lamps Ancillary Area, Tamka Industrial Estate, Kolar, Dist. Kolar, Karnataka.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.8,90,37,500/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
4.	Industrial Plot No. D-154, ELTOP Industrial Area, Phase VIII, S.A.S. Nagar, Mohali, Punjab.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.22,32,12,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
5.	Plot No. 382, Sy. No. 139(P) & 143(P), Hassan Growth Centre Industrial Area, Kokkanagatta, Kasaba Hobli, Taluk Hassan, Dist. Hassan, Karnataka.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.30,31,500/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
6.	New S. No. 27/1 (Old S. No. 36) in No. 87, Kannadi Kuppam Village, Vaniyambadi Taluk, Vellore Dist., Tamil Nadu.	M/s Reliance Communications Private Limited (Name of M/s Reliance Communications Private Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.68,11,101/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
7.	Khata No. 98, Khasra No. 187, Village Singharpur, Tehsil Koil, Dist. Aligarh, Uttar Pradesh.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications	No	Yes	Rs.1,25,44,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.

		Limited)				
8.	Plot No. 7/J1, Sy. No. 73, Doddaballapura Industrial Area, Village Bashettyhally, Kasaba Hobli, Taluk Doddaballapura, Bangalore, Karnataka.	M/s Megabyte Infosys Private Limited (M/s Megabyte Infosys Private Limited was merged into Reliance Infocomm Limited and subsequently, Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.6,18,80,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
9.	Plot No. 5, Sector 3, Industrial Estate Growth Center, Bawal, Haryana.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.7,65,00,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
10.	Khewat No. 256, Khata No. 330, Village Rohad, Tehsil Bahadurgarh, Dist. Jhajjar, Haryana.	M/s Reliance Communications Private Limited (Name of M/s Reliance Communications Private Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.3,55,30,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
11.	Plot No. 12, Sy. No. Parts of 9 & 10, Sathyamangala Industrial Area, Village Sathyamangala, Kasaba Hobli, Taluk & Dist. Tumkur, Karnataka.	M/s Megabyte Infosys Private Limited (M/s Megabyte Infosys Private Limited was merged into Reliance Infocomm Limited and subsequently, Name of M/s Reliance Infocomm Limited was	No	Yes	Rs.3,19,81,250/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.

		changed to M/s Reliance Communications Limited)				
12.	Plot No. 7038, Khata No. 121, P. S. Chauparan (No. 276), Pargana Chai, Mouza Chandwara, Dist. Hazaribagh, Jharkhand. 2. Plot No. 2330/86 (Old & New), Khata No. 175/280 (Old & New), Mouza Chandwara, Dist. Hazaribagh, Jharkhand.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.37,10,622/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
13.	Plot No. G-11, Satara Industrial Area, Village Kodoli, Dist. Satara, Maharashtra.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.2,96,85,600/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
14.	Plot No. A-51, Okhla Industrial Area Phase-II, New Delhi.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.21,24,86,392/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
15.	Plot No. 4, Block DP, Sector V, Bidhannagar (Salt Lake City), Dist. North Twenty Four Parganas, West Bengal.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.409,25,80,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
16.	Survey No. 161, Village Jagadurthy, Mandal Dhone, Dist. Kurnool, Andhra Pradesh.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was	No	Yes	Rs.79,16,000/-	The property is being attached under Section 2(1) (u) of PMLA under

		changed to M/s Reliance Communications Limited)				value thereof.
17.	Survey No. 48-1, Village Kikikera, Mandal Hindupur, Dist. Anantapur, Andhra Pradesh.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.1,51,88,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
18.	Gat No. 700, Survey No. 221, Village Koregaon, Taluka Shirur, Dist. Thane, Maharashtra.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.8,30,09,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
19.	Survey No. 79/2, Village Telangwadi, Taluka Mohol, Dist. Solapur, Maharashtra.	M/s Reliance Communications Private Limited (Name of M/s Reliance Communications Private Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.8,22,01,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
20.	Plot No. A-3, Ahmedpur Industrial Area, On Latur-Nanded Road, Village Marshivani, Taluka Ahmedpur, Dist. Latur, Maharashtra.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.60,55,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
21.	Survey No. 3/2/2, Village Awle, Taluka Bhiwandi, Dist. Thane, Maharashtra	M/s Reliance Communications Limited	No	Yes	Rs.2,95,37,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
22.	Survey No. 139/2, At Post Shikarpur,	M/s Reliance Infocomm	No	Yes	Rs.92,98,000/-	The property is being

	National Highway 8-A, Ta. Bhachau, Dist. Kutch, Gujarat.	Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)				attached under Section 2(1) (u) of PMLA under value thereof.
23.	Reliance Infocom Limited, Intermediate Station (IS) Tajpur, Near Matra Chhaya Farm, Opp. Bhairavnath Petrol Pump, Chainage 447 on NH-8, Majra Patia, Dist. Sabarkantha, Gujarat.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.5,96,20,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
24.	Plot No. AA1/1, S. No. 313 PT and 558 PT, SIPCOT Industrial Complex, Village Vellanurl, Taluk Kulathur, Dist. Pudukottai, Tamil Nadu.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.1,59,00,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
25.	S. No. 1440 Part for C/73 and S. No. 1439 Part for C/74, SIPCOT Industrial Estate, Thoothukudi Phase II, Within village limits of Millavittan, Taluka & Dist. Tuticorian, Tamil Nadu.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.13,02,69,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
26.	Plot No. 3396, Village Savarda, Tehsil Dudu, Dist. Jaipur, Rajasthan.	M/s Reliance Communications Limited	No	Yes	Rs.4,11,11,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
27.	No. 91/B1, Belagola Industrial Area, Metagalli Post, KRS Road, Mysore, Karnataka.	M/s Megabyte Infosys Private Limited (M/s Megabyte Infosys Private Limited was merged into Reliance Infocomm	No	Yes	Rs.13,36,99,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.

		Limited and subsequently, Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)				
28.	Survey No. 102, Plot Nos. 130, 131, 132 & 133, Homnabad Industrial Area, Homnabad, Karnataka.	M/s Reliance Communications Limited	No	Yes	Rs.4,70,17,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
29.	Plot No. 3/A1, KIADB Industrial Area, Behind BPL Factory, Somanahalli Industrial Area, Taluka Maddur, Dist. Mandya, Karnataka.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.1,32,04,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
30.	D 10/11, Adj. to Inaitee Footware, UPSIDC Site 1, Unnao, Uttar Pradesh.	M/s Reliance Communications Limited	No	Yes	Rs.8,34,00,000/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
31.	MCN Building, Resurvey No. 22-3-60 (Old S. No. 226/1B), Panniyankara Desom, Panniyankara Amsom, Taluka Kozhikod, Dist. Kozhikod, Kerala.	M/s Reliance Infocomm Limited (Name of M/s Reliance Infocomm Limited was changed to M/s Reliance Communications Limited)	No	Yes	Rs.9,63,95,500/-	The property is being attached under Section 2(1) (u) of PMLA under value thereof.
			Grand Total		**Rs. 581,65,20,540/-**	

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. 19/2026 dated 11.03.2026, specifically the immovable/movable property mentioned in the PAO and page no. 2 to 7 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. 2 to 7 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. **19/2026 dated 11.03.2026** is hereby confirmed.

b. Hence, OC No. **263/2026** is allowed.

Order is pronounced on **25.08.2026** through video conference.

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
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.

Registrar/AO
AA-PMLA