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IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH

CRM-M-13646-2025
Date of decision: 22nd December, 2025

Siddharth Chauhan

...Petitioner

Versus

Serious Fraud Investigation Officer (SFIO)

...Respondent

CORAM: HON'BLE MRS. JUSTICE MANISHA BATRA

Present: Mr. Abhimanyu Singh, Advocate for the petitioner.

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

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MANISHA BATRA, J (ORAL):-

The instant one is the third petition filed by the petitioner seeking grant of pre-arrest bail in Criminal Complaint bearing CIS No. COMA/05/2019, titled as ***Serious Fraud Investigation Office (SFIO) vs. Adarsh Buildestate Limited and others***, filed under Sections 147 and 447 of the Companies Act, 2013 (**For short, *'Companies Act')*** read with Sections 120-B, 406, 417, 418 and 420 of IPC and Section 227 and 628 of the Companies Act, 1956, pending in the Court of the learned Additional-cum-Special Judge, Gurugram.

2. The aforementioned complaint has arisen out of order dated 20.06.2018 passed by the Central Government through Ministry of Corporate Affairs **(hereinafter referred to as '*MCA*')** whereby MCA in exercise of the

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powers conferred under Section 212(1)(c) of the Companies Act and Section 43(2)and (3)(c)(i) of the Limited Liability Partnership Act, 2008 (For short, '*LLP Act*'), ordered investigation into the affairs of Adarsh Group of Companies and its 125 Limited Liability Partnership Companies (hereinafter referred to as '*companies under investigation' '**CUIs')*** by Serious Fraud Investigation Office (**For short '*SFIO')*** on the allegations of siphoning off funds of Adarsh Credit Cooperative Society Limited (**For short, '*ACCSL*'**). As per the investigation conducted, funds of the ACCSL, which actually belonged to 22 lakhs depositors and were of amount of several crores of rupees, were received by the CUIs on unsubstantiated and questionable projected balance sheets and financial statements. Both CUIs as well as the ACCSL, were controlled by Mukesh Modi, who was the founder of ACCSL, and who along with his family members and associates, was found involved. In the complaint submitted by the complainant, the petitioner was arraigned as accused No. 135, and his eight companies were arraigned as accused Nos. 71 to 78. This complaint has to be considered as a report presented under Section 173 of the Cr.P.C. in terms of the provisions of Section 212(15) of the Companies Act.

3. The petitioner and his companies have been summoned under Section 447 of the Companies Act, 2013 and Sections 417, 418, and 420 read with Section 120-B of the IPC. The petitioner, who is the Chairman-cum-Managing Director of Siddharth Group of Companies, which consists of several companies, has 97% equity. As per the allegations, five CUIs of

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Adarsh Group of Companies had advanced an amount of ₹24.10 crore as loan and advances to eight named companies of the petitioner without any supporting agreements, resolutions and requisite documents. An amount of ₹9.4 crores had been paid by the companies of the petitioner to the CUIs. Further, an amount of ₹1 crore was transferred by the companies of the petitioner to the personal account of Vivek Harivyasi, an authorised signatory of Adarsh Group of Companies, for siphoning off in connivance with the present petitioner. Allegations against the petitioner are also that he had inducted two persons of Vivek Harivyasi as equity holders in his own companies to the extent of 33% of equity each, despite the fact that they had not paid a single penny for acquiring such equity. Process was issued against the petitioner and the co-accused by the learned Special Court vide order dated 03.06.2019. An application for grant of anticipatory bail filed by the petitioner had been dismissed by the Court of learned Special Judge, vide order dated 01.08.2019. The petitioner filed a petition bearing CRM-M-38926-2019 seeking grant of anticipatory bail, before this Court, that had been dismissed by passing a detailed order on 13.11.2019. A special leave petition bearing diary No. 23888 of 2021 was filed against the said order, but was withdrawn on 16.09.2022. Then the petitioner filed another petition bearing CRM-M-8166 of 2025 before this Court which was dismissed as withdrawn with liberty to file a fresh petition with better particulars, vide order dated 25.02.2025.

3. It is argued by the learned counsel for the petitioner that he has been falsely implicated in this case. In fact, he is a victim of fraud at the hands

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of Adarsh Group of Companies on account of false business proposals and assurances given by accused Vivek Harivyasi, authorised representative of Adarsh Group of Companies, who made offers to his companies to purchase land in the NCR region for Companies of Adarsh Group and its LLPs and to consolidate the same. An amount of ₹22 crores had been transferred to the accounts of eight associate companies of the petitioner by Adarsh Group of companies and its LLPs for paying the same to the landowners for purchasing the land. By borrowing a sum of more than ₹20 crores, the companies of the petitioner had paid ₹42 crores to the landowners and had executed six agreements to sell for the purpose of Adarsh Group of Companies. However, subsequently, accused Vivek Harivyasi refused to pay the balance amount to the landowners, and the entire amount of ₹42 crores paid as earnest money got stuck. It was the representative of Adarsh Group of Companies who was the main conspirator in siphoning off funds of that company, and he has already been granted bail. The main company of the petitioner has undergone insolvency proceedings. The petitioner has already joined investigation on multiple occasions and has duly cooperated with the investigation by providing each and every document. He was not arrested during the course of investigation. He had been appearing through his counsel before the learned trial Court but has been declared a proclaimed person, which order has been separately challenged by him. His custodial interrogation is not required, nor the same can be conducted. The twin conditions as described under Section 212(6) of the Companies Act are not attracted against him. It is, therefore,

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urged that he deserves to be extended the benefit of pre-arrest bail.

4. *Per contra*, it is argued by the learned Senior Panel counsel for the respondent–SFIO that there are serious allegations against the petitioner, who was the Chairman-cum-Managing Director of Siddharth Group of Companies engaged in the business of real estate. Loans and advances to the tune of ₹24.10 crores were given to his companies by five CUIs of Adarsh Group of Companies by transferring the aforesaid amount without execution of any agreement or completion of requisite formalities. After capitalising the interest, this amount had been increased to ₹73.12 crores as per the last balance sheets of the CUIs. The companies of the petitioner had transferred only an amount of ₹9.4 crores to the CUIs. An amount of ₹1 crore was transferred to the personal account of accused Vivek Harivyasi, apparently for his personal benefit and for siphoning off the said amount. The petitioner was an active participant in the conspiracy with the co-accused, and the *modus operandi* adopted by him and the co-accused to siphon off the funds of ACCSL was explicit. The bar under Section 212(6) of the Companies Act is fully attracted, and the petition is not maintainable for that reason.

5. It is further argued that this is the successive third application for grant of pre-arrest bail that has been filed by the petitioner while fully knowing the fact that proclamation proceedings had been initiated against him long back and he had been asked by the learned trial Court to appear before it vide order dated 19.01.2025 and only to evade his arrest/surrender, he has filed this application. It is also submitted that the petitioner has even been declared

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a proclaimed person on 22.07.2025 and on this ground also the petition is not maintainable, besides not being maintainable on merits. With these broad submissions, it is argued that the petition is liable to be dismissed.

6. This Court has heard learned counsel for the parties at considerable length.

7. The petitioner and his companies have been summoned under Section 447 of the Companies Act and for the commission of the offence of cheating by hatching a conspiracy. After completion of the investigation, the above mentioned complaint has been presented before the trial Court. The petitioner has submitted that the twin conditions of Section 212(6) of the Companies Act, are not attracted in this case. However, keeping in view the allegations levelled against the petitioner, it cannot be stated at this stage that the petitioner is not guilty of the offence under Section 447 of the Companies Act since the allegations *prima facie* reveal direct involvement of the petitioner in the embezzlement of funds belonging to the companies of the Adarsh Group by way of participating in a continuing fraud. The petitioner/his company, *prima facie*, appear to be direct beneficiary of the entire exercise of fraud as it is not even the case of the petitioner that he/his company had not received any money from the CUIs of the Adarsh Group and has also not claimed that the entire amount of money so received was returned or duly repaid. The claim of the petitioner that an amount of ₹22 crores had been given by the CUIs of the Adarsh Group for investment in the purchase of land does not appear to have any basis, as no material has been placed on record at this

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stage to show that the aforementioned amount was received by him or his companies for that purpose. The previous petition filed by the petitioner before this Court had been dismissed by passing a detailed order. The petitioner has taken recourse to filing an SLP before the Hon'ble Apex Court against that order, though the same was subsequently withdrawn by him. He has failed to point out any such new or substantive change in the circumstances since the date of dismissal of the previous petition. All the grounds as taken in this petition were available to the petitioner at the time of dismissal of his previous petition. It is well-settled that without there being any change in circumstances, the second petition for bail would be deemed to be seeking review of the earlier judgment, which is not permissible.

8. The conduct of the petitioner is also required to be mentioned. The application for grant of anticipatory bail filed by the petitioner before the Special Court had been dismissed as on 01.08.2019 and by this Court on 13.11.2019. The petitioner did not surrender before the Court of Special Judge, though he caused appearance through his counsel who had been appearing on some given dates, but no personal appearance was made. The learned Special Judge ultimately initiated proceedings for declaring him as a proclaimed person and passed an order on 25.03.2022 to that effect. The petitioner then filed a petition bearing CRM-M-27904-2022 before this Court in which a restraining order was passed and he could not be declared a proclaimed person despite the fact that the proclamation issued against him was received back duly published and statement of executing police official had also been

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recorded. The aforementioned petition was withdrawn by the petitioner on 09.01.2025 and thereafter, the second petition was filed before this Court which too had been withdrawn. No justification whatsoever has been given by the petitioner, as to why, after dismissal of his previous petitions, he did not appear before the Special Court.

9. The allegations as levelled against the petitioner make out a prima facie for commission of the offences for which he has been summoned. At this stage, this Court finds no reasonable ground to believe that he is not guilty of the various acts of omission and commission leading to the fraud committed in this case, or that he is not likely to commit any offence of the same nature while on bail. Accordingly, his case prima facie falls within the purview of Section 212(6)(2) of the Companies Act, which justifies denial of benefit of discretionary relief of anticipatory bail to the petitioner. It is well settled proposition of law that anticipatory bail should not be granted as a matter of routine particularly in serious economic offences involving large scale fraud or complex financial crimes. Power for grant of pre-arrest bail being extra ordinary remedy, have to be exercised sparingly, moreso, in cases of economic offences as such offences stand as a different class as they affect the economy fabric of society as observed by Hon'ble Supreme Court in '***Directorate of Enforcement Vs. Ashok Kumar Jain, 1998 SCC (Cri) 510***'. Reliance in this context can also be placed upon observations made by the Hon'ble Apex Court in ***Srikant Upadhyay and others vs. State of Bihar and another (2024) SCC Online SC 282*** and ***Prem Shankar Prasad and another***

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vs. State of Bihar and another (2022) 14 SCC 516. Similar observations were made by Hon'ble Apex Court in case of ***Serious Fraud Investigation Office vs. Aditya Sarda, 2025 INSC 477***, who was a co-accused with the petitioner in the same complaint.

10. The Special Court has passed detailed orders thereby justifying issuance of bailable warrants, non bailable warrants as well as initiation of proclamation proceedings. While knowing fully that he had been asked to appear before the learned trial Court vide order dated 19.01.2025, the petitioner filed this petition seeking pre-arrest bail. He is accused of a serious offence. Taking into consideration, the gravity of the allegations levelled against him, his act and conduct of eluding his arrest from the last more than six and half years, the possibility of his absconding and the interest of public at large, this Court is of the considered opinion that the petition does not deserve to be allowed. Accordingly, the same is dismissed.

11. It is, however, clarified that the observations made hereinabove shall not be construed as an expression of opinion on the merits of the case and shall not influence the outcome of the trial.

12. Since the main petition has already been decided, pending application, if any, is rendered infructuous.

[MANISHA BATRA]
JUDGE

22nd December, 2025
Parveen Sharma

1. Whether speaking/ reasoned : Yes / No
2. Whether reportable : Yes / No