



2026:CGHC:233

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**AFR**

**HIGH COURT OF CHHATTISGARH AT BILASPUR**

ORDER RESERVED ON 12.12.2025

ORDER DELIVERED ON 02.01.2026

ORDER UPLOADED ON 02.01.2026

**MCRC No. 8716 of 2025**

**1** - Chaitanya Baghel S/o Shri Bhupesh Baghel, Aged About 38 Years  
R/o 1/7, Mansarovar Parisar, Bhilai, Durg (C.G.) (Currently Under  
Judicial Custody At Central Jail, Raipur (C.G.)

**... Applicant(s)**

**versus**

**1** - Directorate Of Enforcement, Raipur Zonal Office, Through Its  
Assistant Director, Mr. Sunil Kumar Singh, 2nd Floor, Subhash Stadium,  
Moti Bagh, Raipur, (C.G.) 492001

**... Respondent(s)**

For Applicant (s)	:	Shri N.Hariharan, Sr. Counsel, Shri Mayank Jain, Shri Madhur Jain, Shri Arpit Goel and Shri Deepak Jain, through VC assisted by Shri Harshwardhan Parganiha, Advocates
For Respondent/ED	:	Shri Zoheb Hossain & Shri Pranjal Tripathi, Advocates through VC assisted by Dr. Saurabh Kumar Pande, Dy. AG.



**(HON'BLE SHRI JUSTICE ARVIND KUMAR VERMA)**

**CAV ORDER**

The present applicant has preferred this application under **Section 483 of the Bhartiya Nagrik Suraksha Sanhita, 2023** (*pari materia* to Section 439 of the Cr.P.C., 1973) seeking grant of regular bail in connection with the offence registered by the **Enforcement Directorate (ED)** by way of an ECIR alleging commission of offence punishable under **Section 3 read with Section 4 of the Prevention of Money Laundering Act, 2002** arising out of the alleged scheduled offences under the **Prevention of Corruption Act, 1988**.

**FACTUAL MATRIX**

**2. Genesis of Proceedings:**

The present proceedings arise out of FIR No. 04/2024 dated 17.01.2024 registered by the EOW/ACB, Raipur, for offences punishable under Sections 420, 467, 471 and 120-B of the Indian Penal Code, 1860 and Sections 7 and 12 of the Prevention of Corruption Act, 1988, alleging a large-scale criminal conspiracy in the excise administration of the State of Chhattisgarh during the period 2019 to 2023, resulting in an alleged loss of approximately ₹ 2161 crore to the State exchequer.

**3. Initiation of PMLA Investigation**

On the basis of the said scheduled offences, proceedings under the Prevention of Money Laundering Act, 2002 were initiated by the Directorate of Enforcement through ECIR No. RPZO/04/2024 dated



11.04.2024. The gravamen of the ED case is that the proceeds generated from the alleged excise scam constitute “proceeds of crime” which were concealed, layered and projected as untainted property by various accused persons.

#### **4. Excise Policy Framework and Institutional Structure**

The excise policy of the State underwent a structural change in 2017 with the creation of the Chhattisgarh State Marketing Corporation Limited (CSMCL), entrusted with exclusive retail sale of liquor through State-run outlets, with procurement from manufacturers and storage through the Chhattisgarh State Beverage Corporation Limited (CSBCL). Liquor in the State broadly falls under two categories, namely Country Liquor (CL) and Indian Made Foreign Liquor (IMFL), with country liquor being manufactured only through three distilleries operating within the State.

#### **5. Alleged Criminal Syndicate and Control Mechanism**

The prosecution case alleges that a criminal syndicate comprising senior bureaucrats, politicians, excise officials and private entities subverted the statutory excise framework and converted CSMCL into an instrumentality for institutionalized corruption. It is alleged that Arun Pati Tripathi was positioned as Managing Director, CSMCL, to operationalize the scheme, while policy decisions and administrative approvals were facilitated at higher levels of governance

#### **6. Modus Operandi – PART-A (Accounted Liquor)**

Under the first limb of the alleged conspiracy (PART-A), commissions



were allegedly extracted from distillers on procurement of accounted liquor by CSMCL. Preferred manufacturers were favoured, while non-compliant distillers were sidelined. The alleged commission was fixed initially at ₹75 per case and was subsequently enhanced. The prosecution alleges that detailed procurement data was used to ensure systematic collection of commission, which was allegedly shared among syndicate members and political functionaries.

#### **7. *Modus Operandi* – PART-B (Unaccounted / Illicit Liquor)**

The second limb (PART-B) pertains to alleged manufacture and sale of unaccounted “kacha” liquor through State-run shops. According to the prosecution, duplicate holograms, bottles and transportation channels were used to bypass warehouses and regulatory safeguards. The entire sale was allegedly conducted in cash, without payment of excise duty or taxes, resulting in illicit enrichment of the syndicate.

#### **8. *Modus Operandi* – PART-C and FL-10A Licences**

A third stream of alleged illegal earnings (PART-C) is stated to have arisen from cartelization among distillers and extraction of *quid pro quo* payments for market allocation. Further, FL-10A licences were allegedly introduced to extract commissions from foreign liquor manufacturers, with licence holders acting as intermediaries and sharing profits with the syndicate.

#### **9. Scale of Alleged Proceeds of Crime**

As per the ED, the cumulative proceeds of crime generated through PART-A, PART-B, PART-C and FL-10A mechanisms are stated to be in



excess of ₹2161 crore. Parallel proceedings by ACB/EOW have also alleged generation of proceeds exceeding ₹2500 crore through scheduled offences.

**10. Role Attributed to Various Accused and the present applicant**

The prosecution case assigns differentiated roles to bureaucrats, politicians, excise officials, distillers, logistics providers, manpower contractors, hologram suppliers and cash collection agencies, alleging that each segment was aligned to ensure seamless operation of the alleged racket.

**11. In so far as the role of the present applicant is concerned, it is alleged that he was associated with certain individuals who are stated to be part of the said syndicate. However, the records reveal that the applicant is not alleged to have held any official or statutory position in the Excise Department, Chhattisgarh State Marketing Corporation Limited (CSMCL), Chhattisgarh State Beverage Corporation Limited (CSBCL), or any authority connected with formulation or implementation of excise policy. No administrative order, policy decision, licence, tender, or official act is attributed to the applicant in the prosecution material. The allegations qua the applicant primarily rest on statements recorded under Section 50 of the PMLA and broad assertions of association, without reference to any specific overt act directly attributable to him in the execution of the alleged scheme. The material on record, as per the prosecution's own allegations, establishes that the applicant was closely associated with key syndicate members **Anwar Dhebar** and **Trilok Singh Dhillon** and that he received approximately Rs. 1000 crores in**



cash as commission from the illicit proceeds of the liquor scam.

## 12. Stage of Proceedings

The ED has filed multiple prosecution complaints, including supplementary complaints, before the learned Special Court under PMLA. The ACB/EOW has also filed charge-sheets under the PC Act. The investigation, as reflected from the record and submissions, has been expanded over time with further complaints and supplementary filings.

## SUBMISSIONS ON BEHALF OF THE APPLICANT

### I. PMLA prosecution by ED-Bail Jurisdiction of Constitutional Courts

13. Learned counsel for the applicant submits that though the present case has been registered by the **Enforcement Directorate under the PMLA**, the power of this Court to grant bail under Section 483 of the BNSS remains intact and must be exercised in consonance with constitutional principles of liberty and fairness. The Apex Court in **Vijay Madanlal Choudhary Vs. Union of India (2022) 10 SCC 386**, while upholding the PMLA framework, has categorically held that “The satisfaction under Section 45 of the PMLA is only *prima facie* and does not amount to recording of guilt.” Thus, even in ED cases, bail cannot be denied mechanically.

### II. Twin Conditions under Section 45 PMLA-Prima Facie Satisfaction Met

14. It is further submitted that the **twin conditions under Section 45**



of the PMLA do not create an absolute bar on grant of bail. The Court is required to form a *prima facie* opinion, and not to undertake a detailed evaluation of evidence. In the present case, the ED has failed to place any material to demonstrate that the applicant was directly indulged in laundering of proceeds of crime or that he is in possession of the same. Consequently, the statutory threshold stands satisfied in favor of the applicant. The Apex Court in the matter of ***Karti Chidambaram Vs. Directorate of Enforcement (2022)11 SCC 566***, while granting bail in PMLA case held that “Arrest is not mandatory merely because it is lawful. Custodial detention must be justified by necessity.”

15. It is asserted that the **applicant has not been shown to have directly possessed the proceeds of crime**. He allegedly only facilitated the syndicate and did not personally receive any tainted funds. Co-accused allegedly handled transactions and proxies; the applicant's involvement is argued to be remote, Thus, **there is no allegation that the applicant himself converted or invested identifiable proceeds of crime into assets**. Under the PMLA, one cannot be treated as laundering proceeds unless he “knowingly assists” in dealing with such proceeds. Counsel for the applicant disputes that **any link or proceeds has been established and argued that the money found in real estate deals or cash transfers is not shown to have come from a predicate offence committed by him**.

### **III. ED Arrests-Custody must be Justified, Not Punitive**

16. Learned Senior Counsel submits that the arrest by the ED cannot be used as a punitive measure. Once investigation is substantially



complete and no recovery is pending, continued incarceration become unconstitutional. In **Sanjay Chandra Vs. CBI, (2012) 1 SCC 40**, the Apex Court while dealing with economic offences held that “ the object of bail is neither punitive nor preventive. Deprivation of liberty must be justified by compelling reasons.”

17. The said principle has been reiterated in **P.Chidambaram Vs. Directorate of Enforcement (2020) 13 SCC 791**, where the Apex Court granted bail in an ED case, observing that “Gravity of offence along cannot be decisive of bail.”

18. Learned counsel for the applicant assails the arrest of the applicant as being **mechanical, unjustified and constitutionally infirm**, contending that the power under Section 19 of the Prevention of Money Laundering Act, 2002 has been exercised in gross disregard to the statutory safeguards embedded therein. It is submitted that the **grounds of arrest supplied to the applicant are vague repetitive and largely a verbatim reproduction of the allegations already contained in the prosecution complaint**, without disclosing any emergent circumstances necessitating custodial detention. The arrest, it is contended, is not founded on any fresh incriminating material discovered immediately prior thereto, but is merely predicated upon statements recorded under Section 50 of the PMLA and documentary material already in possession of the ED.

19. He submits that **mere existence of material is not synonymous with necessity of arrest**. The applicant was cooperating with the



investigation, had appeared pursuant to summons and was neither absconding nor obstructing the course of investigation. Not satisfaction has been recorded as to why arrest was indispensable, as opposed to continuing the investigation with the applicant at liberty. It is submitted that the “reason to believe” recorded by the authorized officer does not reflect an independent application of mind to the twin requirements under Section 19 namely, (i) the belief that the person is guilty of the offence of money laundering and (ii) the necessity of arrest. The grounds of arrest, according to the applicant, fail to demonstrate any live nexus between the alleged offence and the need for immediate deprivation of liberty.

20. Placing reliance on the recent judgments of the Apex Court, counsel for the applicant submits that the **arrest under PMLA is not automatic upon registration of an ECIR or filing of a complaint** and that continued incarceration without demonstrable necessity amounts to pre-trial punishment.

#### **IV. Prolonged Incarceration in ED Cases-Constitutional Safeguard**

21. Learned counsel for the applicant submits that prolonged incarceration in ED cases, where trials are inherently protracted strikes at the very root of Article 21. The Apex Court in ***Manish Sisodia Vs. directorate of Enforcement, (2024) SCC OnLine SC***, granted bail under the PMLA holding that “When the accused has undergone substantial incarceration and the trial is unlikely to conclude soon, continued detention is unjustified.” The prolonged pre-trial incarceration with no trial commenced deprived the accused of his “right



to speedy trial" which is a facet of Article 21. Similarly, in **Union of India Vs. K.A.Najeeb (2021) 3 SCC 713**, the Apex Court held that Constitutional Courts are empowered to grant bail even in stringent statutes where delay in trial results in prolonged custody. It has been argued that the same principle applies here that the trial has not yet begun despite significant time in custody, warranting bail in the interest of justice.

22. Learned counsel for the applicant has highlighted the inordinate delay in framing charges or commencing trial. He has already endured over 5 months in custody. It has been argued that in the matter of **Manish Sisodia**, the Court reiterated that the right to a fair and speedy trial is inviolable. The co-accused in this matter have differently participated in the conspiracy. Several of them are already on bail or lesser custody. It is therefore urged that the role of the applicant was not supervisory or executive, unlike others citing the principle that bail is a rule and jail is the exception, it is argued that denying bail solely on the gravity of charges would be artistry, especially since others implicated, have been released.

23. He further argued that in one of the observations of the Apex Court that bail is not to be withheld as a punishment" and that one cannot be "made to run from pillar to post" in matters of life and liberty. He had also drawn the attention of this Court to the matter of **V.Senthil Balaji (supra)** where the court relaxed bail conditions in a money laundering case, noting that even if statutory conditions were strict, the trial had stalled and bail had been granted with safeguards and similar equitable



considerations mandate grant of bail here, subject to any conditions this Court may deem fit.

#### **V. No Risk of Absconding or Tampering-ED has Complete Control of Records**

24. It is submitted that the ED has already seized all relevant documents and material. There is no allegation much less any material to suggest that the applicant is likely to tamper with evidence or influence witnesses. In ***Dataram Singh Vs. State of Uttar Pradesh (2018) 3 SCC 22***, the Apex Court has held that “A person should not be deprived of liberty without cogent reasons, mere apprehension is insufficient.”

#### **VI. Arrest Not Mandatory Even in ED Matters**

25. Learned counsel for the applicant submits that even under special statutes, arrest is not an automatic consequence. The Apex court in ***Siddarth Vs. State of Uttar Pradesh (2022) 1 SS 676*** has held that “If the accused has cooperated with the investigation and arrest is not necessary, custody should not be insisted upon.”

26. Thus, in the light of the settled position of law laid down by the Apex Court, continued incarceration of the applicant in an ED-registered PMLA case after substantial completion of investigation would amount to pre-trial punishment which is impermissible in law.

#### **VII. Protracted Trial And Structural Impossibility Of Early Conclusion**

27. Learned counsel for the applicant submits that the present case is



a class illustration of a prosecution where **trial is structurally incapable of being concluded within any reasonable time frame.**

The PMLA proceedings alone involve 21 accused persons, 64 witnesses and more than 325 documents running into several thousands of pages. As per the admitted position of the Enforcement Directorate, investigation is still stated to be ongoing.

28. More significantly, the predicate offence itself involves 51 accused, 1110 witnesses and 990 documents, rendering the conclusion of the trial in the scheduled offence a virtual impossibility in the near future. It is now settled law that the trial under the PMLA **cannot be concluded before the conclusion of the trial in the predicate offence.** This legal position stands conclusively affirmed by the Apex Court in ***V. Senthil Balaji Vs. State (2024) 3 SCC 51.*** In light of this admitted factual matrix, continued incarceration of the applicant would amount to indefinite pre-trial detention, which is constitutionally impermissible.

## **VII. Bail In PMLA Cases Where Trial Is Not Likely To Conclude Soon**

29. The Apex Court has repeatedly held that **where there is no likelihood of early conclusion of trial, bail must follow even in PMLA cases**, notwithstanding the rigours of Section 45. The ED's contention that the length of custody undergone must cross a particular threshold is **legally unsustainable**. The correct test, as laid down by the Apex Court, is **not the duration of incarceration per se, but the likelihood of timely conclusion of trial**, particularly in PMLA matters.



30. Reliance has been placed in the following authoritative pronouncements:

- ***Manish Sisodia Vs. Enforcement Directorate, 2024 SCC OnLine SC 1920***
- ***Union of India Vs. K.A.Najeeb (2021) 3 SCC 713***
- ***Javed Gulam Nabi Shaikh Vs. State of Maharashtra (2024) 9 SCC 813***
- ***Ramlipal Meena Vs. Directorate of Enforcement, SLP (Crl.) No. 3205/2024.***

These judgments unequivocally hold that Article 21 cannot be sacrificed at the altar of procedural rigor and that prolonged incarceration without realistic prospect of trial is impermissible.

### **VIII. Bail on the Ground of Parity**

31. Out of 21 accused persons, 7 were arrested and 5 have already been granted bail including:

- ***Anil Tuteja -Order dated 15.04.2025 (SLP (Crl.) No. 3148/2025;***
- ***Arun Pati Tripathi -Order dated 12.02.2025 (Cr.A. No. 725/2025)***
- ***Trilok Singh Dhillon -Order dated 26.03.2025 (Cr.A. No. 1535/2025)***
- ***Anwar Dhebar – Order dated 19.05.2025 (Cr.A. No. 2669/2025)***
- ***Arvind Singh -Order dated 13.05.2025 (Cr.A. No. 2576/2025)***

The applicant's alleged role is significantly lesser than several of the above accused who have already been enlarged on bail. Denial of bail to the applicant would therefore offend the principle of parity which



is a well recognized facet of bail jurisprudence.

32. It is further submitted that the ED has demonstrably adopted a **pick-and-choose policy** effecting selective arrests. Several accused having **graver and more direct roles**, including excise officials and distillery owners who are alleged direct beneficiaries have **never been arrested**. Selective arrest has been judicially recognized as a **relevant and weighty ground for grant of bail** including in PMLA cases.

Reliance has been placed on :

- ***Vipin Yadav Vs. ED, 2025 Scc OnLine Del 6237***
- ***Chandra Prakash Khandelwal Vs. ED , 2023 SCC OnLine Del 1094***
- ***State of MP Vs. Sheetla Sahai (2009) 8 SCC 617***

#### ***IX. Further Investigation without permission of Court.***

33. All prosecution complaints filed by the ED record that **further investigation is pending, yet no permission of the Special Court was ever sought**, as mandatorily required. This Court in Cr.M.P. No. 2056/2025 has categorically held that :

No permission for further investigation was obtained; Such irregularity is a **relevant factor for grant of bail**.

The legal position that no further investigation can be conducted by the ED without prior permission of the Special Court stands settled by :

- **Vijay Madanlal Choudhary Vs. Union of India (2023) 12 SCC 1**
- **Bhupesh Kumar Baghel Vs. ED WP No. 301/2025 dated 11.08.2025.**



The filing of repeated supplementary complaints without satisfying the narrow exception laid down in ***Pramatha Nath Talukdar Vs. Saroj Ranjan Sarkar, 1961 SCC OnLine SC 155*** further weakens the prosecution case.

#### **X. No Recovery of Proceeds of Crime from the Applicant**

24. Search was conducted under Section **17 of the PMLA on 10.03.2025 and 18.07.2025 yielded absolutely nothing incriminating** from the Applicant. Absence of recovery of proceeds of crime is a **relevant factor for grant of bail**, as held in ***Paras Mal Lodha Vs. Assistant Director, 2017 SCC OnLine Del 8676.***

#### **XI. Sole Reliance on Unreliable Section 50 Statements.**

The ED's case rests predominantly on the statements of Lakshmi Narayan Bansal (LNB) which are coerced, uncorroborated, inconsistent and recorded after issuance of open-ended warrants.

34. LNB is himself an accused and an absconder. Income Tax records contain **exculpatory statements of LNB dated 27.01.2021** denying any link with the liquor matter. This Court in its order dated 17.10.2025 (Cr.M.P. Nop. 2056/2025) has already held that **such statements recorded during open-ended warrants and selective investigation are relevant for bail**. Even otherwise, **confessional statements of co-accused are not substantive evidence**, as held in :

- ***Prem Prakash Vs. ED (2024) 9 SCC 787;***
- ***Subramanya Vs. State of Karnataka (2023) 11 SCC 255;***
- ***Haricharan Kurmi Vs. State of Bihar, 1964 Scc OnLine SC 255***



35. So far as the whatsapp chats and call records are concerned, they are of no incriminating value. The alleged whatsapp chats and call records **do not pertain to the liquor scam** and lack any corroborative material. It is settled law that **unconnected chats or loose sheets cannot relied upon to deny bail** as held in :

- ***Preeti Chandra Vs. ED (2023) 3 HCC (Del) 1;***
- ***Manohar Lal Sharma Vs. Union of India (2017) 11 SCC 731;***
- ***CBI Vs. V.C.Shukla (1998) 3 SCC 410.***

The ED has failed to establish any of the three foundational facts required under Sections 3 and 24 of the PMLA namely:

- i) Existence of proceeds of crime;
- ii) Nexus of the Applicant with such proceeds;
- iii) Projection or claiming such proceeds as untainted.

Even the alleged return of Rs. 2 crores to LNB is not part of the prosecution complaint and is based on a belated Section 50 statement and lacks any linkage to proceeds of crime.

36. It has been further submitted that the applicant was never summoned for three years, never named earlier and was arrested only after allegedly coerced statements-demonstrating a **targeted and discriminatory exercise of power**. Hence, within the framework of the prosecution case itself, the role attributed to the applicant appears to be indirect and inferential, flowing from alleged association rather than from demonstrable acts of commission or direct handling of proceeds of crime, the evidentiary value of which is a matter for trial. Thus, on a holistic and cumulative consideration of the factual matrix, settled legal



principles and constitutional imperatives, the applicant has made out a strong case for grant of bail, even within the rigours of the PMLA.

### **SUBMISSION ON BEHALF OF THE ED**

37. Mr. Hossain, learned counsel for the ED has placed on record a comprehensive array of evidence against the applicant including :

**Section 50 statements** : Recorded confessional and narrative statements of multiple witnesses (summoned under Section 50 PMLA) implicating the applicant in handling proceeds of crime. (Apex Court has affirmed that such statements are admissible and can furnish a *prima facie* case.)

**Digital and Financial Data** : Forensic analysis of Whatsapp chats and other electronic records revealing communications about illicit fund movements, as well as bank and real estate transaction documents evidencing extensive cash flows and layering of funds.

**Projective Involvement** : Documentary and testimonial evidence showing the applicant's active role in controlling liquor syndicate.

**Cash Book Entry** : A ledger entry indicating repayment of 2 crores to a key syndicate operator (to neutralize evidence of crime).

**Non-Cooperation (Section 17 PMLA)** : The ED notes that the applicant repeatedly evaded summons and did not cooperate with the investigation, impeding the probe. (Courts have held that ignoring lawful summons amounts to obstructing investigation). Taken together this material provides *prima facie* evidentiary basis implicating the applicant in laundering large sums in the liquor scam (similar to how *Tarun Kumar Vs. ED* found that Section 50 statements and documents can show an



accused “knowingly” handling proceeds.

38. He submits that Section 45(1) of the PMLA categorically makes money laundering offences cognizable and non bailable over riding the Cr.P.C. It provides that an accused shall not be released on bail “unless” two conditions are met: (I) the Public Prosecutor has been heard and (ii) the Court is satisfied that there are reasonable grounds for believing the accused in not guilty of money laundering and he is not likely to commit any offence while on bail. In short, both twin conditions must be fulfilled to grant bail. Courts have repeatedly held these conditions to be mandatory and onerous.

- **Mandatory Twin Conditions:** The Apex court has emphasized that Section 45 imposes a near-“not bail” regime. In *Vijay Madanlal Chaudhary Vs. Union of India* (2022) the Court upheld the stringent bail provisions, noting that PMLA reverses the presumption of innocence and places the burden on the accused to make out a *prima facie* case for bail. Likewise *Gautam Kundu Vs. ED* and subsequent cases reiterate that Section 45’s twin conditions are “mandatory and need to be complied with”. In *Tarun Kumar* (2023), the Court reiterated that these conditions must be satisfied before bail under 439 Cr.P.C can be granted. **Thus, bail in PMLA is truly the exception not the norm.**
- **Nature of Offence: Aggravated Crime:** The PMLA is a “special statute” targeting money laundering which has been described as an “aggravated form of crime” with serious



transnational impact. In *Kanhaiya Prasad Vs. Union of India* (2025) the Supreme Court stressed that due to the gravity of money laundering “without exception” the rigours of Section 45 must be applied, regardless of how bail is sought. Given the enormous stakes (Rs. 1000 + crores allegedly laundered here) this court must be cautious.

- **Burden on Accused :** The onus is on the applicant to satisfy these conditions. The accused must *prima facie* prove innocence and no risk of re-offence (and this can be discharged only on probabilities). In *Tarun Kumar*, the SC has specifically noted that if statements and documents on record strongly implicate the accused, he has “failed to meet the threshold stipulations” of proving he is not guilty and not likely to offend.

39. He therefore submits that applying these principles, the applicant plainly fails to satisfy Section 45. First there is no *prima facie* case of innocence. The evidence including multiple Section 50 statements and financial records, points strongly to the applicant's involvement in processing illicit funds. As in *Tarun Kumar* where such material was held sufficient to show the role of the accused in the laundering cycle, the same conclusion holds here: the ED's evidence on record casts clear suspicion on the applicant. He has neither disproved nor explained these charges convincingly. In fact the investigational material suggest affirmative participation (he managed the Excise Deptt. And benefitted from the proceeds), undercutting any claim of *prima facie*



innocence. He submits that the offence under the PMLA is cognizable and non-bailable and that the legislature has consciously imposed a stringent bail regime under Section 45. The twin conditions under Section 45 are mandatory and cumulative and unless both are satisfied, the Court lacks jurisdiction to grant bail. Strong reliance is placed upon **Vijay Madanlal Chaudhary Vs. Union of India (2022) and Tarun Kumar Vs. Directorate of Enforcement (2023)**, wherein the Apex Court reiterated that the burden squarely lies on the accused to *prima facie* establish innocence.

40. The prosecution has relied upon statements recorded under Section 50 of the PMLA which are admissible in evidence. In **Rohit Tandon Vs. Directorate of Enforcement (2018) 11 SCC 46**, the Apex Court held that statements recorded under Section 50 are admissible and can form the basis for forming a *prima facie* view at the stage of bail. The Delhi High Court in **Amanatullah Khan Vs. ED, 2024 SCC OnLine Del 1658** has reaffirmed that such statements carry evidentiary value at the stage of consideration of bail/anticipatory bail. Therefore, the applicant's attempt to dilute the evidentiary wroth of Section 50 statements is **contrary to settled precedent**.

41. It is submitted that mere incarceration of about four months **cannot be treated as prolonged detention** warranting grant of bail in a grave economic offence under the PMLA. The Apex Court in **Uday Singh Vs. Directorate of Enforcement, 2025 SCC OnLine SC 357**, has held that such a short duration of custody does not, by itself, justify grant of bail, particularly when the allegations disclose serious economic



offences.

42. In sum, neither limb of Section 45 is satisfied. This Court must “meticulously” apply Section 45’s twin tests. There is no doubt that the ED has an opportunity to oppose and indeed has opposed the bail. More critically, the Court cannot find “reasonable grounds” to believe the accused in not guilty—quite the opposite, as *prima facie* evidence suggests involvement. Likewise, there is a real risk of the accused committing offences (such as witness intimidation) on bail. The burden was on the applicant to demonstrate the contrary, which he has not met.

43. It contends that the applicant “sponsored” key appointments (in the Chhattisgarh State Marketing Corporation) and oversaw commission-collection schemes, making him a kingpin rather than a mere minor conspirator. The money laundering is not an ordinary offence but an aggravated economic crime having serious ramifications on the financial integrity of the nation. He further submits that the applicant was not a peripheral participant but was the **apex of the syndicate**, exercising supervisory control over the flow and deployment of illicit funds.

44. He further argued that the seriousness of the alleged offence and the imperatives of effective investigation weight decisively against enlargement of the applicant on bail. Money Laundering at this scale is extraordinary; PMLA offences are “aggravated” crimes. Granting bail in such cases is contrary to legislative intent. Moreover, the ED asserts that the applicant’s continued custody is necessary to trace further



actors in the syndicate and recover proceeds. Indeed, even procedural history shows caution: The co-accused has also had his bail application dismissed on 20.06.2025 and on an almost identical record confirms the appropriate stance is to withhold bail here as well.

45. In these circumstances, equity does not favor release. The applicant has been in custody since 18.07.2025 but prolonged custody alone does not override statutory mandate. The Apex Court in *Vijay Madanlal Choudhary* cautioned that concerns of delay cannot bypass Section 45 strictures. The gravamen of the offence and the risk factors must guide this Court.

46. Mr. Hossain, learned counsel for the respondent/ED submits that the decisions such as ***Manish Sisodia and Anil Tuteja*** were rendered in exceptional factual circumstances and cannot be treated as blanket precedents. It is argued that those cases turned on extraordinary delay and peculiar procedural factors, whereas in the present case, investigation is ongoing and the applicant's custodial interrogation remains necessary. He further submits that the PMLA reflects the legislative intent to combat complex financial crimes with a deterrent framework. Grant of bail in cases of this magnitude, it is argued, would erode public confidence and undermine the statutory objective of the Act.

47. Learned counsel for the respondent-ED submits that contention of the applicant that further investigation conducted after filing of the first prosecution complaint dated 19.06.2024 is impermissible for want of



permission of the Special Court, is **contrary to settled law and deserves outright rejection**. It is submitted that the Apex Court while upholding constitutional validity of the Explanation to Section 44 of the PMLA, has clearly recognized that **further investigation is a statutory and continuing power of the authorized agency** and that the Explanation is an **enabling provision** intended to ensure that no offender of money laundering escapes prosecution merely because a complaint has already been filed.

48. In ***Vijay Madanlal Choudhary Vs. Union of India (2022) 10 SCC 386***, the Apex Court authoritatively held that :

The Explanation to Section 44 permits the Authority to bring on record further evidence in respect of further investigation even after cognizance has been taken and it is always open to the authorized authority to seek permission of the Court during trial, keeping in mind the provision of the Code of Criminal Procedure.”

The Apex Court further clarified that the authorized authority may either seek permission to bring further evidence on record during trial; or file a fresh complaint against a person not previously arraigned; or request the Court to proceed against such person under Section 319 Cr.P.C. (now corresponding provision under BNSS).

49. He further contended that it is a settled proposition of law that trial commences only after framing of charges and not prior thereto. In the present case, it is an admitted position that **charges have not yet been framed** and therefore the trial has not commenced. Consequently, the



submission that prior permission of the Special Court was mandatory at the present stage is **legally unsustainable**. The statutory recognition of further investigation even after filing of final report is well settled under Section 173(8) Cr.P.C. which has been consistently interpreted by the Apex Court. In ***State of A.P. Vs. A.S.Peter (2008) 2 Scc 383***, the Apex Court has categorically held as under:

“Indisputably, the law does not mandate taking of prior permission from the Magistrate for further investigation. Carrying out of further investigation even after filing of the charge sheet is a statutory right of the police.”

50. The discretion between further **investigation** and **re-investigation** equally settled. While re-investigation without leave of court is impermissible, further investigation is expressly sanctioned by law. This position was reaffirmed in ***Vinay Tyagi Vs. Irshad Ali (2013) 5 SCC 762***, wherein it was held that further investigation under Section 173(8) Cr.P.C. is permissible even after submission of the police report and that the report arising therefrom is termed a supplementary report.

51. It has been further submitted that the Apex Court has consistently held that **taking of cognizance does not bar further investigation** In ***State of T.N. Vs. Hemendhra Reddy, (2023) 16 SCC 779***, the Supreme Court reiterated that even *de hors* a specific direction of the Court, further investigation is permissible under Section 173(8)Cr.P.C. The three Judge Bench Judgment in ***Vinubhai Haribhai Malviya Vs. State of Gujarat (2019) 17 SCC 1***, has conclusively settled the law by holding that :

- Further investigation can continue even after the Magistrate has



taken cognizance;

- there is no requirement for recalling or reviewing the order accepting the final report; and
- further investigation is merely a continuation of the earlier investigation and does not attract the principle of double jeopardy.

52. It has been further submitted that the argument of the applicant that arrest during further investigation is **completely devoid of legal basis**. The PMLA expressly empowers the ED to arrest a person not shown as an accused in the original complaint if the requirements of Section 19 of the PMLA are satisfied. The Apex Court in ***Tarsem Lal Vs. Directorate of Enforcement, 2024 SCC OnLine SC 971***, has recognized that :

- the ED can arrest a person not already named as an accused in the complaint; and
- no prior permission of the trial court is required for such arrest.

53. Learned counsel appearing for the ED justifies the arrest as being **lawful necessary and in strict compliance with Section 19 of the PMLA**. It is submitted that the arrest is founded upon voluminous material collected during investigation, including statements recorded under Section 50 of the Act, digital evidence, bank transactions and forensic analysis, which *prima facie* establish the involvement of the applicant in the offence of money laundering.

54. It is argued that the grounds of arrest were duly communicated to the applicant in writing, thereby fulfilling the statutory mandate. The ED



asserts that the formation of “reason to believe” is based on objective material and not on mere suspicion and conjecture. The custodial interrogation was necessary to unravel the complex web of financial transactions, trace the proceeds of crime, identify the role of other conspirators and prevent destruction or concealment of evidence. The gravity and magnitude of the offence, involving large scale laundering of proceeds of crime, justify the exercise of the power of arrest.

55. It is contended that **non-issuance of summons under Section 50 prior to arrest does not vitiate the arrest**, an issuance of summons is not a mandatory precondition for invoking Section 19. It is submitted that the apprehension of tampering with evidence and influencing witnesses cannot be ruled out if the applicant is enlarged on bail at this stage and thus, the arrest is neither arbitrary nor punitive but a legitimate exercise of statutory power in furtherance of effective investigation under the PMLA.

56. The Directorate of Enforcement, in its prosecution complaints and supplementary complaints filed in connection with ECIR/RPZO/04/2024, has alleged the existence of an organised liquor syndicate operating in the State of Chhattisgarh during the period 2019–2023. However, on a careful perusal of the material placed on record, it emerges that the role attributed to the present applicant is largely inferential and derivative in nature, rather than being founded on any specific overt act directly attributable to him.

57. In view of the settled legal position emerging from the authoritative pronouncements of the Apex Court, the ED is legally



empowered to conduct further investigation; no prior permission of the Special Court is required before commencement of trial; arrest during further investigation is lawful; Section 50 statements are admissible and relevant at the bail stage and short incarceration does not dilute the rigour of Section 45 PMLA.

The objections raised by the applicant on these grounds are therefore misconceived, legally untenable and liable to be rejected.

#### **FINDINGS AND CONCLUSION:**

58. Having bestowed anxious consideration to the rival submissions advanced by the learned counsel for the parties, perused the case diary, prosecution complaints, grounds of arrest, supplementary materials placed by the Enforcement Directorate and examined the statutory framework of the Prevention of Money Laundering Act, 2002 in light of binding precedents of the Apex Court, this Court is conscious of the gravity and the seriousness of the offence alleged under the provisions of Prevention of Money Laundering Act, 2002. It is noteworthy that the applicant has not been named in the ECIR nor in the FIR in respect of the predicate offence underscoring the tenuousness of the prosecution's narrative at this stage. At the same time, it is equally trite that the considerations governing the grant or refusal of bail must be tested on well settled principles of criminal jurisprudence and constitutional safeguards.

59. This Court reiterates that at the stage of consideration of a bail application, the exercise of jurisdiction is neither punitive nor determinative of guilt. The Court is required to assess whether



continued incarceration of the applicant is necessary, proportionate and constitutionally permissible, having regard to the nature of allegations, material collected, role attributed and the likelihood of the trial concluding within a reasonable time. A conjoint ready of the pleadings and material placed on record reveals the following facts:

#### **I. Judicial Principles for consideration of bail under the PMLA**

60. This Court, before advertng to the facts of the present case, deems it apposite to reiterate the settled parameters governing the grant of bail under the Prevention of Money Laundering Act, 2002. Undoubtedly, the statute incorporates stringent conditions; however, **stringency of a statutory regime cannot be read as a license to disregard constitutional safeguards.** The Apex Court in ***Satender Kumar Antil Vs. CBI (2022) 10 SCC 51***, has held that even in cases involving special statutes, deprivation of liberty must satisfy the test of necessity and proportionality and that arrest and incarceration cannot be resorted to as a matter of course.

61. Similarly, in ***Sanjay Chandra Vs. CBI (2012) 1 SCC 40***, it has been held that the object of bail is to secure the presence of the accused at trial and not to inflict punishment prior to conviction. In ***Manish Sisodia Vs. Directorate of Enforcement (2024) 2 SCC 349***, has consistently held that the jurisdiction at the stage of bail is guided by the principles of necessity, proportionality and fairness and not by punitive considerations.

#### **II. Findings on Non-Issuance of Summons under Section 50 of the PMLA.**



62. On a careful perusal of the record, it emerges as an undisputed position that the **applicant was never served with summons under Section 50 of the PMLA prior to his arrest** for the purpose of recording his statement. In other words, it is contended that at no stage of proceedings was the petitioner served with any notice or summons under Section 50 of the PMLA for the purpose of recording his statement. Such omission, it is urged strikes at the very root of the procedural safeguards envisaged under the Act and consequently, vitiates the subsequent proceedings, including the arrest. As has been lucidly explained in its order passed by this Court in **Cr.M.P. No. 2506 of 2025 on 17.10.2025**, more particularly, in **paragraphs 77 & 78** thereof, the object of issuance of a notice under Section 50 of the PMLA is two fold. Firstly, it serves to apprise the person concerned of the nature and scope of the inquiry being undertaken and secondly, it affords such person a meaningful opportunity to place his version of facts or to produce relevant material before the competent authority. Failure to issue such notice deprives the person of a valuable right to be heard and to clarify his position prior to the initiation of any coercive action.

63. This Court further observed that even in cases where the statute does not expressly mandate issuance of notice in every situation, the principles of fairness and natural justice would nonetheless require the authority to record cogent reasons if such an opportunity is denied. The discretion vested in an investigating agency is not unbridled; it carries with it a corresponding obligation to act judiciously, reasonably and in a manner consistent with the legislative intent and constitutional ethos.



64. While it is correct that issuance of summons under Section 50 is not, in absolute terms, a statutory precondition for arrest under Section 19 of the PMLA, this Court is of the considered view that Section 50 embodies a substantive procedural safeguard, designed to ensure transparency, fairness and voluntary cooperation before the drastic measure of arrest is invoked. The Apex Court in ***Vijay Madan Lal Choudhary Vs. Union of India (2023) 12 SCC 1***, while upholding the constitutional validity of the PMLA, has categorically observed that procedural safeguards under the Act cannot be reduced to empty formalities and must operate in substance. The complete omission to invoke Section 50 prior to arrest, when viewed in conjunction with the facts and circumstances of the present case, **assumes relevance at the stage of bail**, though it may not, by itself, invalidate the arrest.

65. At the outset, it must be reiterated that **bail jurisprudence under the PMLA, though undoubtedly stringent, is not intended to eclipse constitutional guarantees**, nor to legitimize incarceration by default. The rigour of Section 45 of the PMLA, however strict, **does not oust the jurisdiction of constitutional courts to protect personal liberty where continued detention becomes disproportionate, punitive or unjust**. The satisfaction contemplated under Section 45 of the PMLA is **prima facie in nature**, and not a determination of guilt. The legal position stands conclusively settled by the Constitution Bench in ***Vijay Madanlal Choudhary Vs. Union of India (20220 10 Scc 386***, wherein it was held that the Court at the stage of bail, is required only to assess whether reasonable grounds exist for believing that the accused is not



likely to be guilty and not to conduct a roving enquiry for a mini-trial.

66. The power of arrest under Section 19 of the PMLA is undoubtedly a **drastic power**, and its exercise is conditioned upon strict adherence to the statutory safeguards and constitutional limitations. The expression "reason to believe" is not an incantation to be mechanically reproduced, but a safeguard intended to ensure that personal liberty is not sacrificed at the altar of mere suspicion.

### **III. Findings on Grounds of Arrest and the Necessity of Custodial Incarceration**

67. The grounds of arrest furnished to the applicant essentially rely on the seriousness of the alleged offence and the supposed involvement of the applicant in laundering the proceeds of crime. The Apex Court has consistently held that mere non-appearance pursuant to summons under Section 50 of the PMLA is not by itself, sufficient to constitute a valid ground for arrest under Section 19 of the Act. However, **seriousness of allegations, howsoever grave, cannot alone justify continued pre-trial incarceration.** The Apex Court in ***Pankaj Bansal Vs. Union of India (2023) 7 SCC 1*** and more recently in ***Senthil Balaji Vs. Directorate of Enforcement, 2024 SCC OnLine SC 2626***, has held that arrest under the PMLA must be founded upon demonstrable necessity and not on generalized assertions of gravity or suspicion.

68. In the present case, the investigation is largely documentary and digital in nature. Statements have already been recorded, material has been seized and the respondent has failed to demonstrate any specific



investigative requirement which necessitates continued custodial interrogation of the applicant. Stated differently, it is urged that the custodial action taken against the applicant was unwarranted and disproportionate, inasmuch as there existed neither any necessity nor exigency justifying such coercive measure. It is a matter of record that the applicant was never served with summons under Section 50 of the PMLA nor was he required to appear before the Enforcement Directorate in relation to the alleged offence prior to his arrest. Consequently, the allegation of non-cooperation as reflected in the grounds of arrest, is stated to be factually incorrect.

69. Further it has been contended that although the grounds of arrest advert to non-cooperation, the arrest was not founded solely on that premise but was sought to be justified on other grounds recorded by the Investigating Officer. Nevertheless, a mere erroneous reference to non-cooperation, by itself, would not render the arrest illegal though it may constitute a procedural lapse amounting to an irregularity rather than an illegality. The arrest, as asserted was ultimately based on the subjective satisfaction of the Investigating Officer, purportedly formed on the basis of material already available with the Enforcement Directorate.

70. It is also contended that the further investigation carried out by the Enforcement Directorate was undertaken without prior permission of the competent Court. The custodial arrest of the petitioner was effected after a lapse of nearly four months without any disclosure of fresh incriminating material having been collected during the intervening



period. In the circumstances where the alleged involvement of the petitioner had already crystallized earlier, the subsequent arrest, delayed and unexplained, is asserted to be legally impermissible. Though the procedure under **Sections 200 to 204 Cr.P.C. governs proceedings under the PMLA and not Section 173 Cr.P.C.**, the delay in effecting arrest and the absence of prior judicial sanction for further investigation remain relevant considerations while assessing the necessity and propriety of continued custodial detention.

71. In this regard, learned counsel for the ED contends that even after filing the prosecution complaint, it retains the statutory authority to conduct further investigation under the PMLA. However, the Apex Court has consistently held that such power is not unfettered and must be exercised subject to judicial oversight and the statutory safeguards prescribed under the Act. In ***Vijay Madanlal Choudhary Vs. Union of India (2023)***, the court emphasized that investigative powers, including those exercised post filing of a charge sheet must be exercised on the basis of tangible material and within the bounds of law. It has been held as under:

“263. Clause (i) of the Explanation enunciates that the jurisdiction of the Special Court while dealing with the offence being tried under this Act, shall not be dependent upon any orders passed in respect of the scheduled offence, and the trial of both sets of offences by the same Court shall not be construed as joint trials. This, in fact, is reiteration of the earlier part of the same section, which envisages that even though both the trials may proceed before the same Special Court, it must be tried separately as per the provisions of the 1973



Code. Insofar as Clause (ii) of the Explanation, at the first glance, it does give an impression that the same is unconnected with the earlier part of the section. However, on closer scrutiny of this provision, it is noted that the same is only an enabling provision permitting to take on record material regarding further investigation against any accused person involved in respect of offence of money-laundering for which complaint has already been filed, whether he has been named in the complaint or not. Such a provision, in fact, is a wholesome provision to ensure that no person involved in the commission of offence of money-laundering must go unpunished. It is always open to the Authority authorized to seek permission of the Court during the trial of the complaint in respect of which cognizance has already been taken by the Court to bring on record further evidence which request can be dealt with by the Special Court in accordance with law keeping in mind the provisions of the 1973 Code as well. It is also open to the Authority authorized to file a fresh complaint against the person who has not been named as accused in the complaint already filed in respect of same offence of money-laundering, including to request the Court to proceed against such other person appearing to be guilty of offence under Section 319 of the 1973 Code, which otherwise would apply to such a trial.”

72. It has been emphasized that the primary objective of any further investigation is to uncover the truth and ensure justice is served. In the context of the PMLA, the Apex Court has held that the ED retains the statutory authority to conduct further investigation even after filing of the prosecution complaint. This authority is subject to the safeguards enshrined in the statute and must be exercised in accordance with the principles of fairness and reasonableness.



73. From perusal of the **grounds of arrest**, it is evident that the arrest of the applicant is substantially based upon material already collected during investigation, including statements recorded under Section 50 of the Act and documentary evidence. No specific circumstance has been pointed out which necessitated the immediate arrest of the applicant at that stage, nor has it been demonstrated that custodial interrogation was indispensable once such material stood secured.

74. This Court is mindful that **arrest is not meant to be punitive**, nor can it be resorted to merely because the statute confers the power to do so. The purpose of arrest is to aid investigation, prevent evasion of justice or secure the presence of the accused. Where these objectives can be achieved without incarceration, continued detention becomes disproportionate. While the legality of arrest may ultimately be examined in appropriate proceedings at the stage of bail, this Court is duty bound to assess whether **continued custody is justified**. In the present case, investigation is largely documentary in nature, the material relied upon by the respondent is already on record and the trial has yet to commence.

75. Similarly, in ***Pankaj Bansal Vs. Union of India (2023)***, it was held that further investigation cannot be conducted in a manner that infringes the statutory rights of the accused or circumvents procedural safeguards including the requirement of prior permission where mandated.

76. Pertinently, the present matter is a complaint case. No doubt Section 44 (1) (d) permitting filing of supplementary complaints when



fresh materials are available to the ED in relation with money laundering but the procedure prescribed for filing of complaint under Section 44 of the PMLA read with Chapter XV of the Cr.P.C. with Section 200 to 204 of the Cr.P.C. and is distinct from that of a police report under Section 173 of the Cr.P.C. Section 200 provides for a Magistrate taking cognizance of an offence on complaint. Thereafter, an enquiry is conducted by the competent Magistrate in terms of Section 201 to 204 Cr.P.C. and the Section 207 & 208 of the Cr.P.C. provides supply of documents, statements and other material to the accused. The Hon'ble Supreme Court in the matter of ***Bhupesh Kumar Baghel Versus Union of India & Ors. {Writ Petition (s) (Criminal) No(s) 301/2025, decided on 11/08/2025}*** has held thus:-

2. It is a matter of record that, with respect to the interpretation of Section 44(1) of the Prevention of Money-Laundering Act, 2002, a three-Judge Bench of this Court in *Vijay Madanlal Choudhary & Ors. v. Union of India & Ors.*, (2023) 12 SCC 1

in paragraph 263 has held as follows:

“263. Clause (i) of the Explanation enunciates that the jurisdiction of the Special Court while dealing with the offence being tried under this Act, shall not be dependent upon any orders passed in respect of the scheduled offence, and the trial of both sets of offences by the same court shall not be construed as joint trials. This, in fact, is reiteration of the earlier part of the same section, which envisages that even though both the trials may proceed before the same Special Court, it must be tried separately as per the provisions of the 1973 Code. Insofar as clause (ii) of the Explanation, at the first glance, it does give an impression that the same is unconnected with the earlier part of the section. However, on closer scrutiny of this provision, it is noted that the same is only an



enabling provision permitting to take on record material regarding further investigation against any accused person involved in respect of offence of money laundering for which complaint has already been filed, whether he has been named in the complaint or not. Such a provision, in fact, is a wholesome provision to ensure that no person involved in the commission of offence of money laundering must go unpunished. It is always open to the authority authorised to seek permission of the court during the trial of the complaint in respect of which cognizance has already been taken by the court to bring on record further evidence which request can be dealt with by the Special Court in accordance with law keeping in mind the provisions of the 1973 Code as well. It is also open to the authority authorised to file a fresh complaint against the person who has not been named as accused in the complaint already filed in respect of same offence of money laundering, including to request the court to proceed against such other person appearing to be guilty of offence under Section 319 of the 1973 Code, which otherwise would apply to such a trial."

3. To sum up the contention of the petitioner, this Court has held that: (I) The authorities of the Enforcement Directorate can bring on record further evidence during the trial; (ii) the further evidence can be brought on record with the prior permission of the Court; and (iii) the Enforcement Directorate can either file a fresh complaint or the Court can proceed against such other person under Section 319 Cr.P.C. (now substituted by a new provision under the Bharatiya Nagarik Suraksha Sanhita, 2023).

77. It is pertinent to note that the learned Special Judge, Riapur, in proceedings arising out of the EOW case, has issued a permanent warrant of arrest against one Mr. Lakshmi Narayan Bansal who is also named as an accused in the ECIR and is stated to be absconding.



Despite the subsistence of such permanent warrant, no effective steps appear to have been taken by the Investigating Officer or the Enforcement Directorate to secure his arrest.

78. Learned counsel for the applicant has placed on record that during the course of remand proceedings and in the presence of Enforcement Directorate, it was specifically brought to the notice of the Court that an open ended warrant of arrest had been issued against the said Mr. Lakshmi Narayan Bansal. Astonishingly, when queried in this regard, learned counsel for the respondent fairly submitted to the best of his knowledge, the Enforcement Directorate was unaware of the said fact. Such an admission *prima facie* reflects a serious lapse in the investigation and lends credence to the grievance that a selective or 'pick and choose' approach may have been adopted by the investigating agency."

79. With respect of Mr. Lakshmi Narayan Bansal, although the record indicates that the warrant of arrest issued against him remains unexecuted the mere non-arrest of a co-accused by itself does not establish *mala fides* or illegality in the proceedings initiated against the present applicant. At best, such circumstance may amount to an irregularity; however an irregularity of this nature does not *ipso facto* vitiate the entire proceedings.

80. Further under Section 70 of the Cr.P.C and Section 72 of the BNSS 2023, the law prescribes the form of warrant and duration of arrest, leaving no scope for selective or discretionary non-compliance



when a judicial warrant has been issued. Section 72 (2) of the BNSS provides as under:

“every such warrant shall remain in force until it is either canceled by the court that issued it or it is executed, meaning the person is arrested. This provision ensures a warrant is valid indefinitely until one of these two events occurs.”

It emerges from the record that the competent Special court in E.O.W./liquor scam case has declared Mr.Lakshmi Narayan Bansal as absconding and, accordingly, issued a permanent warrant of arrest on 19.05.2025 which remains neither executed or cancelled.

81. Counsel for the petitioner drew the attention of the court to the fact that an open ended warrant of arrest has been issued against Mr. Bansal in connection with FIR No. 04/2024. Shockingly, the respondent/Investigating Agency did not verify this critical fact from the concerned EOW, Raipur.

82. Further despite full knowledge of the issuance of permanent warrant of arrest as informed by the learned counsel for the accused in remand proceeding before the Special Judge, the respondent recorded the statement of Mr. Bansal on two occasions ie. 26.07.2025 and 10.09.2025 under Section 50 of the PMLA yet failed to arrest him. It is well settled that an Investigating Agency cannot exercise discretion to override a judicial mandate, the presence of a permanent warrant of arrest leave no room for selective action. During the course of arguments, the ED candidly admitted that Mr. Bansal was not arrested



notwithstanding the statements recorded and was allowed to go unimpeded.

83. *Prima facie* the conduct of the prosecution reveals a manifestly inconsistent and selective approach being both hot and cold in its approach and has acted in a pick and choose manner in investigation. While procedural lapses are apparent, it is clarified that such irregularities, though regrettable do not amount to illegality *per se*, and a distinction between irregularity and illegality.

#### **Findings on Selective Arrest and Pick and Choose**

84. The material placed on record *prima facie* reveals that certain individuals alleged to have played graver and more direct roles, including alleged beneficiaries, have not been arrested, despite being named in the ECIR and despite issuance of warrants in predicate proceedings. The selective invocation of coercive powers against the applicant, while similarly or more seriously placed persons remain at liberty, raises a legitimate concern regarding unequal application of law. The Delhi High Court in ***Vipin Yadav Vs. Directorate of Enforcement, 2025 SCC OnLine Del 6237***, has recognized that selective arrest is a relevant consideration while adjudicating bail under the PMLA as it bears directly upon fairness of the process. This Court finds that the applicant has succeeded in demonstrating a *prima facie* case of discriminatory exercise of arrest powers which cannot be ignored at this stage. In substance, the investigating authority has followed a “pick and choose” approach by consciously refraining from arresting those individuals who were fully aware of the source of the illicit funds actively



facilitated the laundering process by arranging mule accounts and played a central and pervasive role at every stage of the alleged conspiracy .Despite such grave and foundational allegations, those individuals have not been subjected to custodial arrest.

85. It is thus contended that denial of bail to the applicant, **in the face of non-arrest of a co-accused whose role is projected as more significant and culpable, would amount to discriminatory application of the coercive powers of arrest and would render the exercise of such power arbitrary and unjust.**

#### **V. Findings on Parity with Co-accused**

86. It is borne out from the record that several co-accused including **Anil Tuteja, Arun Pati Tripathi, Trilok Singh Dhillon, Anwar Dhebar and Arvind Singh**, who are the kingpins and key conspirators of the syndicate-who constitute the principle accused in the matter have already been enlarged on bail by the Apex Court. The role attributed to the present applicant is not shown to be severe or qualitatively different from those co-accused. In such circumstances, denial of bail would result in unequal treatment. The Apex Court in ***Tarun Kumar Vs. Enforcement Directorate, 2023 SCC OnLine 1486*** has held that parity cannot be denied unless clear and cogent distinguishing features are established.

This Court has also noted that in **Cr.M.P. No. 2506 of 2025** dated 17.10.2025 this Court has emphasized that parity, though not absolute, **cannot be brushed aside when similarly placed co-accused stand enlarged on bail and no distinguishing circumstance is shown.**



87. Once the grounds of arrest cease to have a live and compelling nexus with the necessity of further detention, continued incarceration would offend the constitutional mandate of Article 21. Liberty, though not absolute, cannot be curtailed on speculative apprehensions.

88. Applying the aforesaid principle, this Court finds that the prosecution case against the applicant is predominantly document-centric, resting upon statements recorded under Section 50 of the PMLA, financial records, digital material and inferential links. The admissibility, credibility and evidentiary worth of such material are matters that can only be conclusively adjudicated during trial, after full fledged examination and cross examination.

89. So far as the nature and evidentiary worth of the materials placed on record are concerned, this Court finds guidance from the authoritative pronouncement of the Apex Court in ***CBI Vs. V.C.Shukla***. Although the said decision arose at the stage of discharge after completion of investigation. The Apex Court has categorically held that entries contained in diaries, notebooks, files or loose sheets which are not maintained as “books of account” in the regular course of business do not satisfy the requirements of Section 34 of the Indian Evidence Act. Such loose papers or sheets, even if recovered during investigation are legally irrelevant and inadmissible as substantive evidence. Only those entries which are recorded in books of account regularly kept, having regard to the nature of occupation or business, can be treated as admissible under law. It has been observed by the Apex Court as under:



"39. A conspectus of the above decisions makes it evident that even correct and authentic entries in books of account cannot without independent evidence of their trustworthiness, fix a liability upon a person. Keeping in view the above principles, even if we proceed on the assumption that the entries made in MR 71/91 are correct and the entries in the other books and loose sheets which we have already found to be not admissible in evidence under Section 34) are admissible under Section 9 of the Act to support an inference about the formers' correctness still those entries would not be sufficient to charge Shri Advani and Shri Shukla with the accusations levelled against them for there is not an iota of independent evidence in support thereof. In that view of the matter we need not discuss, delevie into or decide upon the contention raised by Mr. Altaf Ahmed in this regard. Suffice it to say that the statements of the for witnesses, who have admitted receipts of the payments as shown against them in MR 71/91, can at best be proof of reliability of the entries so far they are concerned and not others. In other words, the statements of the above witnesses cannot be independent evidence under Section 34 as against the above two respondents. So far as Shri Advani is concerned Section 34 would not come in aid of the prosecution for another reason also. According to the prosecution case itself his name finds place only in one of the loose sheets (sheet No. 8) and not in MR 71/91. Resultantly, in view of our earlier discussion, section 34 cannot at all be pressed into service against him.

XXXXX        XXXXX        XXXXX

41. In the light of the above principles we may now consider the arguments canvassed by Mr. Altaf Ahmed to made the entries in the books and the enclose sheets admissible under the above section as relevant evidence. He submitted that the materials collected during investigation and placed on record clearly establish the existence of a general conspiracy amongst jains to promote their economic interest



by corrupting public servant. He next contended that the materials further disclosed that in order to accomplish the design of the general conspiracy, a number of separate conspiracies with similar purpose had been hatched up between jains and different public servants."

90. Although learned Senior Counsel for the applicant has cited the above case laws to demonstrate the inadmissibility of certain evidence such as loose papers or sheets, this Court is not discussing the same for the reason that it constitutes a pure question of merit to be adjudicated upon by the trial court.

91. Significantly, **no recovery of proceeds of crime has been effected from the personal possession of the applicant**, nor is there any allegation of the applicant having directly enjoyed the fruits of the alleged proceeds of crime in a manner demonstrable at this stage. The role attributed to the applicant, though serious, **rests largely on all allegations of supervisory control and association** which are yet to be established by cogent and impeachable evidence.

92. This Court cannot lose sight of the fact that **the trial in the present case is likely to be protracted**, having regard to the number of accused, the volume of documentary evidence, the complexity of financial transactions and the multiplicity of witnesses. In such circumstances, continued incarceration of the applicant would **convert the presumption of innocence into a hollow promise**, thereby offending the constitutional mandate of fairness.

93. As has been submitted by the counsel for the applicant that the



present prosecution is a text book illustration of a case where the trial is structurally incapable of being concluded within any reasonable time frame. The record reveals that the proceedings under the PMLA alone involved **as many as 21 accused persons, hundreds of witnesses and several hundred documents running into thousands of page.** **Even as of date, the ED itself maintains that the investigation has not yet attained finality.**

94. The complexity of the matter is further compounded by the fact that **the predicate offence encompasses an even larger evidentiary canvas, involving an extraordinary volume of material, numerous accused and a vast array of witnesses.** In such circumstances, it would be **wholly unrealistic to expect that the trial, either in the scheduled offence or the PMLA proceedings would conclude in the near future.** It is now well settled that a trial under the PMLA cannot logically or legally be concluded prior to the culmination of the trial in the predicate offence. This legal position stands conclusively affirmed by the Apex Court in ***V.Senthil Balaji Vs.State (2024) 3 SCC***

**51.** The inevitable consequence is that continued incarceration of the applicants would amount to prolonged and indeterminate pre-trial detention.

95. In cases such as the present, where there are multiple accused, voluminous evidence to be appreciated, scores of witnesses to be examined and no reasonable likelihood of early conclusion of trial and where the delay is not attributable to the accused, continued custody by mechanically invoking Section 45 of the PMLA would reduce the



provision to a tool of incarceration rather than a safeguard.

96. As consistently held in a catena of judgments, constitutional courts retain the plenary power to grant bail on the grounds flowing from Part III of the Constitution. Section 45 of the PMLA does not, and cannot, operate as an absolute embargo where continued incarceration would infringe the fundamental right to personal liberty and fair trial. The sacrosanct guarantee under Article 21 must prevail even in the face of stringent provisions contained in special statutes.

97. In the present case, the applicant is in custody since 18.07.2025 and the trial is unlikely to conclude in the foreseeable future, the delay as borne out from the record, cannot be attributed to the applicant. Recently, in a judgment of the Apex Court, directions were issued that Investigation cannot continue endlessly in the matter of ***Robert Lalchungnunga Chongthu @ R.L.Chonthu Vs. State of Bihar, 2025 SCC OnLine SC 2511***, wherein it has been held as under:

“20. On this count, prosecution against the appellant is liable to be quashed. The conclusion is that even though, in the one case that has been consistently highlighted by the State, it cannot be said that the appellant acted within the scope of authority as given by Section 13(2A) of the Arms Act, but given that the administrative authorities have already discharged him, that issue need not be taken further. On the issue of sanction being improper and large delay in filing of chargesheet as also consequent action, we have decided in favour of the appellant.

The appeal is accordingly allowed.

21. Before parting with this matter, we deem it fit to issue the following directions:



(i) In view of Vinay Tyagi v. Irshad Ali<sup>27</sup>, it can be seen that the 'leave of the court' to file a supplementary chargesheet, is a part of Section 173(8) CrPC. That being the position, in our considered view, the Court is not rendered *functus officio* having granted such permission.

Since the further investigation is being made with the leave of the Court, judicial stewardship/control thereof, is a function which the court must perform.

(ii) Reasons are indispensable to the proper functioning of the machinery of criminal law. They form the bedrock of fairness, transparency, and accountability in the justice system. If the Court finds or the accused alleges (obviously with proof and reason to substantiate the allegation) that there is a large gap between the first information report and the culminating chargesheet, it is bound to seek an explanation from the investigating agency and satisfy itself to the propriety of the explanation so furnished.

The direction above does not come based on this case alone. This Court has noticed on many unfortunate occasions that there is massive delay in filing chargesheet/taking cognizance etc. This Court has time and again, in its pronouncements underscored the necessity of speedy investigation and trial as being important for the accused, victim and the society. However, for a variety of reasons there is still a lag in the translation of this recognition into a reality.

(iii) While it is well acknowledged and recognised that the process of investigation has many moving parts and is therefore impractical to have strict timelines in place, at the same time, the discussion made in the earlier part of this judgement, clearly establishes that investigations cannot continue



endlessly. The accused is not out of place to expect, after a certain point in time, certainty-about the charges against him, giving him ample time to preparing plead his defence. If investigation into a particular offence has continued for a period that appears to be unduly long, that too without adequate justification, such as in this case, the accused or the complainant both, shall be at liberty to approach the High Court under Section 528 BNSS/482 [CrPC](#), seeking an update on the investigation or, if the doors of the High Court have been knocked by the accused, quashing. It is clarified that delay in completion of investigation will only function as one of the grounds, and the Court, if in its wisdom, decides to entertain this application, other grounds will also have to be considered.

(iv) Reasons are not only important in the judicial sphere, but they are equally essential in administrative matters particularly in matters such as sanction for they open the gateway to greater consequences. Application of mind by the authorities granting or denying sanction must be easily visible including consideration of the evidence placed before it in arriving at the conclusion.”

98. It is not in dispute that the investigation in the present matter is substantially documentary in nature and that the applicant has remained in custody for a considerable period. The material collected by the Enforcement Directorate including statements recorded under Section 50 of the PMLA and digital/financial records has already been brought on record. At this stage, the evidentiary value of such material is a matter to be tested during trial and not conclusively adjudicated at the stage of bail.



99. The right to a speedy trial, as an inseparable facet of **Article 21 of the Constitution**, cannot be sacrificed at the altar of procedural rigidity. The Apex Court in ***Manish Sisodia Vs. CBI & ED (2024)*** has categorically held that where the trial is unlikely to conclude within a reasonable period, prolonged pre-trial detention under special statute offends Article 21, particularly when the conclusion of trial is not foreseeable, even in cases involving economic offences.

100. The argument of the Enforcement Directorate that the applicant wields political influence, though noted, cannot be accepted as a standalone ground to deny bail in the absence of specific material demonstrating actual attempts at witness intimidation or obstruction of justice. Apprehensions, howsoever grave, **must be founded on tangible material and not on conjecture**. It is also material to note that multiple prosecution complaints have already been filed and the documentary and digital evidence stands secured. In such circumstances, the possibility of tampering with evidence stands significantly diminished.

101. This Court is conscious of the gravity of offences under the PMLA and the deleterious impact of money laundering on the financial health of the nation. However, **severity of allegations cannot, by itself, become a justification for perpetual incarceration**, particularly when the adjudicatory process is bound to take years. The criminal justice system does not countenance a regime where detention becomes the rule and trial the exception. Such an approach would reduce the concept of bail to a mere illusion and render Article 21 a dead letter.



102. The contention of the ED that parity is wholly inapplicable has been duly considered. While it is correct that bail orders passed on peculiar facts do not constitute binding precedent, parity is not the sole determinative factor in the present case. The grant of bail herein is founded on the cumulative assessment of the period of custody already undergone, the stage of the proceedings, the nature of evidence and the overarching constitutional mandate that bail is the rule and jail an exception.

103. This court finds it significant to note that in respect of one of the co-accused namely, Anil Tuteja, the Apex Court while dealing ***Special Leave Petition (Criminal) No. 11790 of 2024 (Anil Tuteja and Another Vs. Union of India and Others***, has issued a categorical and time bound direction to the Investigating Agencies including the enforcement Directorate and the concerned State authorities to conclude the investigation and file the complaint/additional charge sheet within a period of three months from the date of receipt of copy of the said order. It is pertinent to mention here that at the time when the further investigation was set in motion, the Apex Court had not accorded permission to proceed further. Nevertheless, the controversy before the Apex Court did not pertain to the legal requirement of obtain permission for investigation. Rather, the limited issue was confined to the expeditious completion of the investigation and in that context alone, the Apex court was pleased to grant a period of three months for concluding the same.



104. The applicant's alleged role is significantly lesser than that of several superior accused who have already been enlarged on bail. Denying bail to the applicant would therefore offend the well-recognized principle of parity, a cornerstone of bail jurisprudence. It is evident from the record that several co-accused, including **Anil Tuteja, Arun Pati Tripathi, Trilok Singh Dhillon, Anwar Dhebar, and Arvind Singh**—who are the kingpins and key conspirators forming the syndicate have already been granted bail by the Apex Court and the role attributed to the present applicant is neither severe nor qualitatively distinct from theirs.

105. On the Apex Court itself deemed it appropriate to confine the investigation against a co-accused within a fixed time frame and to preserve the right to seek bail thereafter, continued or prolonged pre-trial incarceration of the present applicant, in the absence of any demonstrable necessity or fresh incriminating material, would run contrary to the settled principles governing bail jurisprudence.

106. The principle of parity which is a facet of Article 14 of the Constitution and a well recognized canon of bail jurisprudence, mandates that similarly situated accused persons ought not to be subjected to disparate standards of treatment in matters affecting personal liberty. Once the Apex court has delineated the contours within which investigation against a co-accused must be concluded and has envisaged consideration of bail on merits thereafter this Court would be failing in its constitutional duty if the present applicant- standing on lesser footing is denied the same normative protection.



107. It is trite law that parity does not demand mechanical replication of orders; however, it does require the Court to ensure consistency in judicial approach, unless distinguishing circumstances of a compelling nature are demonstrated. No such distinguishing material has been placed on record by the respondent to justify a harsher or more restrictive treatment of the present applicant *vis-a-vis* the said co-accused Anil Tuteja. As per the prosecution case, the alleged kingpins, principal conspirators and major beneficiaries of the transactions are stated to be **Anwar Dhebar, Anil Tuteja, Arvind Singh, Arunpati Tripathi and Trilok Singh Dhillon** who are the main architects and beneficiaries of the alleged offence are already enlarged on bail by the Apex Court.

108. The material relied upon by the Enforcement Directorate does not disclose any document, official communication, financial instrument, bank account, or property standing in the name of the applicant which would, by itself, demonstrate direct involvement in the generation of proceeds of crime. The allegations, as they stand, are premised primarily on statements recorded under Section 50 of the PMLA and broad assertions regarding influence and proximity, rather than concrete acts of commission. While it is alleged that the applicant stood “at the apex” of the syndicate, no contemporaneous documentary evidence has been placed on record to establish that the applicant exercised control over procurement decisions, fixation of commission rates, award of tenders, movement of liquor, or handling of cash collections. The prosecution has not pointed to any minutes of meetings, written



instructions, digital communications, or financial trails originating from the applicant that would *prima facie* substantiate such a role.

109. The prosecution narrative proceeds on the premise that the alleged syndicate was managed operationally by public servants and private intermediaries, with day-to-day execution allegedly handled by certain named officials and associates. The applicant is not shown to have held any statutory position in the Excise Department, CSMCL, CSBCL, or any licensing authority, nor is he alleged to have issued any administrative direction, policy decision, or official order forming part of the scheduled offences.

110. On a cumulative consideration of the facts and circumstances and on a holistic appreciation of the factual matrix and legal position, this Court is of the considered opinion that the applicant has made out a case for grant of bail. The statutory rigour of Section 45 of the PMLA, when tested against the touchstone of constitutional proportionality, **stands sufficiently satisfied at this stage**. Continued incarceration of the applicant, in the facts of the present case, would amount to pre-trial punishment, which is alien to the settled principles of criminal jurisprudence.

111. This Court is satisfied that the ends of justice can be adequately secured by imposing stringent conditions to ensure the presence of the applicant during trial and to prevent any misuse of liberty. Accordingly, the bail application deserves to be allowed and it is hereby allowed. The concerned trial court shall enlarge the applicant on bail subject to



stringent terms and conditions as may be fixed after hearing the ED/respondent. The condition shall include (a) surrender of passport if any (b) furnishing an undertaking on oath to the concerned court that he will regularly and punctually attend the trial court and shall cooperate with the trial court for early disposal of the case and (c) in the event it is found that the applicant is not cooperating with the concerned court for early disposal of the case or commits a breach of any of the conditions of bail, it will be open for the respondent to apply for cancellation of bail before the concerned court.

112. It is made clear that the observations made herein are strictly confined to the adjudication of the present bail application and shall not be construed as an expression on the merits of the case during trial.

Sd/-

(Arvind Kumar Verma)  
Judge