



**IN THE HIGH COURT OF KARNATAKA AT BENGALURU**  
**DATED THIS THE 2<sup>ND</sup> DAY OF FEBRUARY, 2026**  
**BEFORE**  
**THE HON'BLE MR. JUSTICE B M SHYAM PRASAD**  
**WRIT PETITION NO.962/2026 (GM-RES)**

**BETWEEN:**

ZO PVT. LTD.  
A COMPANY INCORPORATED UNDER  
THE COMPANIES ACT, 2013  
HAVING ITS REGISTERED OFFICE AT  
NO.55, 2<sup>ND</sup> FLOOR, LANE-2,  
WESTEND MARG,  
SAIDULLAJAB, NEAR SAKET  
METRO STATION,  
GADAIPUR, SOUTH-WEST DELHI,  
NEW-DELHI, DELHI, INDIA-110030  
REPRESENTED BY ITS  
AUTHORISED REPRESENTATIVE,  
MS. SAUMYA SINGH RATHORE

...PETITIONER

(BY SRI.SAJAN POOVAYYA, SENIOR ADVOCATE FOR  
SRI.ROHAN KOTHARI., ADVOCATE)

**AND:**

DIRECTORATE OF ENFORCEMENT  
MINISTRY OF FINANCE,  
DEPARTMENT OF REVENUE,  
GOVERNMENT OF INDIA  
BANGALORE ZONAL OFFICE,  
3<sup>RD</sup> FLOOR, BLOCK B,  
BMTC BUILDING,





SHANTINAGAR, TTMC, K. H. ROAD,  
SHANTINAGAR, BANGALORE,  
KARNATAKA - 560 027.

...RESPONDENT

(BY SRI.MADHU N RAO, STANDING COUNSEL)

THIS W.P. IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO (A) DECLARE THAT THE IMPUGNED SEARCH AND SEIZURE CARRIED OUT BY THE RESPONDENT AT THE OFFICE OF M/S FINADVANTAGE CONSULTING (P). LTD.IN FURTHERANCE OF INVESTIGATION OF ECIR/BGZO/25/2025 (AS RECORDED IN PANCHANAMA DATED 30.12.2025 ANNEXED AS ANNEXURE-A) WAS ILLEGAL AND VOID; (B) QUASH AND SET ASIDE THE SEARCH AND SEIZURE CARRIED OUT BY THE RESPONDENT AT THE OFFICE OF M/S FINADVANTAGE CONSULTING (P) LTD. ON 30.12.2025 IN FURTHERANCE OF INVESTIGATION OF ECIR/BGZO/25/2025 (AS RECORDED IN PANCHANAMA DATED 30.12.2025 ANNEXED AS ANNEXURE-A). (C) DECLARE THAT ALL ACTIONS UNDERTAKEN BY THE RESPONDENT AS A CONSEQUENCE OF AND IN FURTHERANCE OF THE



IMPUGNED SEARCH AND SEIZURE CARRIED OUT BY THE RESPONDENT AT THE OFFICE OF M/S FINADVANTAGE CONSULTING (P) LTD. ON 30.12.2025 IN FURTHERANCE OF INVESTIGATION OF ECIR/BGZO/25/2025 (AS RECORDED IN PANCHANAMA DATED 30.12.2025 ANNEXED AS ANNEXURE-A), ARE ALSO ILLEGAL; (D) QUASH AND SET ASIDE ALL ACTIONS TAKEN CONSEQUENT TO AND IN FURTHERANCE OF THE IMPUGNED SEARCH AND SEIZURE INCLUDING THE IMPUGNED FREEZING ORDER DATED 30.12.2025 PASSED BY THE RESPONDENT UNDER SECTION 17(1A) PMLA IN ECIR BEARING NO. ECIR/BGZO/25/2025 (ANNEXURE-B) FOR FREEZING THE PETITIONER'S BANK ACCOUNTS, MUTUAL FUND INVESTMENTS AND FIXED ACCOUNTS, IN THE INTEREST OF JUSTICE AND EQUITY.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:



CORAM: HON'BLE MR. JUSTICE B M SHYAM PRASAD

**ORAL ORDER**

The petitioner, a subsidiary of M/s. Winzo Private Limited [*the Holding Company*], has filed this petition for a declaration that the search and seizure at the office of M/s FinAdvantage Consulting [P] Limited [*the petitioner's outsource accounting firm*] is illegal and void calling in question the panchanama drawn during the search and seizure and the order dated 30.12.2025 [*Annexure-A*] under Section 17[1A] of the Prevention of Money Laundering Act, 2002 [for short, '*the Act*'].

2. This Court, on 19.01.2026, has heard Sri.Sajan Poovayya, the learned Senior Counsel for the petitioner, on the petitioner's limited request for an order to operate the accounts under the impugned order dated 30.12.2025 to disburse the salaries and contractual/statutory dues. This Court has permitted the petitioner to file, with the respondent, the details



of the employees to whom the petitioner proposes to defray the salaries observing, on 27.01.2026, that the respondent must have an opportunity. The petitioner has filed those details, but the respondent has not considered them as it would rather invite the decision of this Court on merits.

3. The petitioner's grievance is examined in the light of the scheme under the Act on freezing under Section 17[1A] thereof. The order to freeze an account must be when the officer, who is authorized to conduct the search and seize the records or property, is of the opinion that it is not practical to seize the property<sup>1</sup>. The authorized officer who directs freezing will have to apply, as contemplated under Section 17[4] of the Act, with the Adjudicating

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<sup>1</sup> *Where it is not practicable to seize such order or property, the officer authorized under sub-section (1), may make an order to freeze such property whereupon the property shall not be transferred or otherwise dealt with, except with the prior permission of the officer making such order, and a copy of such order shall be served on the person concerned.*



Authority under Section 8 of the Act and for the continuation of the freezing, the officer authorized by the Director must, in exercise of power under Section 20 of the Act<sup>2</sup>, record reasons to believe why there must be continuance and after recording the reasons for belief may continue the freezing for a period not exceeding 180 days. On the expiry of the continuation of freezing, the person concerned must be at liberty to operate their account as envisaged under Section 20[3]<sup>3</sup> of the Act unless the Adjudicating Authority permits further continuation.

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<sup>2</sup> *Where any property has been seized under section 17 or section 18 or frozen under sub-section (1A) of Section 17 and the officer authorized by the Director in this behalf, has, on the basis of material in his possession, reason to believe (the reason for such belief to be recorded by him in writing) that such property is required to be retained for the purposes of adjudication under section 8, such property may, if seized, be retained or if frozen, may continue to remain frozen, for a period of not exceeding one hundred and eighty days from the day on which such property was seized or frozen, as the case may be.*

<sup>3</sup> *On the expiry of the period specified in sub-section(1), the property shall be returned to the person from whom such property was seized or whose property was ordered to be frozen unless the Adjudicating Authority permits retention or continuation of freezing of such property beyond the said period.*



4. During the pendency of this petition, the Officer who is authorized has passed an order for continuance on 22.01.2026, and the petitioner has not called in question this order. However, Sri Sajan Poovayya canvasses that if the impugned order dated 30.12.2025 freezing the account under Section 17[1A] of the Act is impermissible, the Order dated 22.01.2026 for continuance of such freezing must also be impermissible and therefore it would be open to the petitioner to successfully contend that, notwithstanding the order dated 22.01.2026, this Court must intervene in exercise of jurisdiction under Article 226 of the Constitution of India.

5. On merits of the petitioner's grievance with the impugned order dated 30.12.2025 under Section 17[1A] of the Act, Sri Sajan Poovayya submits that the records show beyond doubt that the respondent was aware that Holding Company had extended an unsecured loan of Rs.231 Crores to the



petitioner much prior to the date of the search and if the respondent had known about this transaction, it could not have been the basis for an order under Section 17[1A] of the Act during the search and seizure proceedings and at the most there could be a cause to invoke jurisdiction under Section 5 of the Act. The learned Senior Counsel, relying upon these, emphasizes that the impugned order dated 30.12.2025 is without jurisdiction.

6. Sri Madhu N Rao, the learned standing counsel for the respondent, submits that the Officer is authorized under Section 17[1] of the Act, recording reasons, to conduct search and seizure; and the authorized Officer during the search, based on the information gathered during the proceedings and the information furnished earlier, has directed freezing of the petitioner's account because it was the only practical recourse to ensure that the proceeds are not dissipated. The learned counsel contends that



the petitioner is essentially invoking the jurisdiction of this Court under Article 226 of the Constitution of India to examine the merits of the decision based on the *subjective satisfaction of the officer/s* and that cannot be in law.

7. These submissions are examined to decide the following question.

*Whether this Court must intervene when the Authority under Section 20 of the Act has already passed an order for the continuance of freezing of the account which will not be beyond 180 days unless the Adjudicating Authority decides on further continuing the freezing.*

This Court must observe that the petitioner's case hinges not just against the *subjective satisfaction* that could be, but also on the specific assertion that there was no material permissible under Section 17[1A] of the Act to record the *subjective satisfaction*. The



petitioner contends that the decision to freeze the account is based on the information which is furnished even before the date of search, but whether any further information was gathered during the search is a question of fact which can be examined by the Adjudicating Authority to decide whether the freezing of the petitioner's account must continue beyond 180 days. The question is answered accordingly.

8. The next question presented for consideration is whether this Court, while relegating the petitioner to work out its remedy as against the continuance of freezing of its account, must permit operation of the account for defraying the salary expenses of the employees on the rolls of the Petitioner and the Holding Company in exercise of jurisdiction under Article 226 of the Constitution of India. A crucial fact, apart from the allegation that the petitioner is extended an unsecured loan from out



of the proceeds of crime, will be that the Holding Company has resolved, much before the date of search and seizure, to entrust to the petitioner the day-to-day operations of its business with the responsibility of paying salaries.

9. The petitioner contends that if its employees are engaged in generating *Micro-drama content*, the Holding Company's employees are on the rolls for the conduct of the *Non-Real Money Games* segment of the business. These employees have been on the rolls prior to the proceedings. The crime alleged as against the petitioner [and its Holding Company] is that it has engaged in *Real Money Games* which would be impermissible. If the amount frozen in the petitioner's account is about Rs.230 Crores, [the respondent contends that amount frozen is Rs.193 Crores], the petitioner seeks to incur/defray a sum of Rs.8 Crores to Rs.11 Crores per month.



10. When there is an initiation of initial freezing under Section 17[1A] of the Act, the prohibition on the operation of the account is subject to prior permission of the Officer, and this would mean that in a given case, it would be open to the concerned Officer to permit the operation of the account. Further, Sri Sajan Poovayya, relying upon the orders of the High Court of Delhi in ***M/s Art Housing Finance [India] Limited v. Directorate of Enforcement and Ors***, submits that the respondent has agreed even when there is an attachment under Section 5 of the Act to permit the concerned to pay the salaries of the employees and that the respondent has also reported compliance with the directions issued in exercise of jurisdiction under Article 226 of the Constitution of India.

11. This Court, when it is not in dispute that the petitioner and the Holding Company are engaged



in the business which is permissible in law and they are seeking permission to use the account frozen for payment of salary, is of the view that there must be a direction to the respondent to communicate to the concerned bank for authorization to pay salaries to the employees after due verification. The continuation of the prohibition against the use of the account, because of the order under Section 20 of the Act which is dated 31.12.2025, will be until 31.03.2026. Therefore, this Court's direction is for the present month [January 2026] and the next two months, subject to the Adjudicating Authority's decision. As such, the following:

**ORDER**

**[A]** The petition stands disposed of with liberty to the petitioner to contest in the proceedings with the Adjudicating Authority against the continuance of the order to freeze its account beyond the period of 180 days.



**[B]** The petitioner is reserved with liberty to file with the respondent, within a week from today, the list of employees to whom the salaries have to be paid for the month of January 2026.

**[C]** The respondent is directed to verify the list within three [3] days from the date of receipt thereof and communicate to the Bank forthwith to enable the petitioner to pay salaries to the employees for the month of January 2026.

**[D]** The petitioner for February/March 2026 shall be at liberty to file the details of the employees before 15<sup>th</sup> of these months. The respondent shall also verify the same and communicate to the Bank/s permitting the petitioner to operate the account to defray the salary expenses.

Sd/-  
[B M SHYAM PRASAD]  
JUDGE

SA  
List No.: 3 Sl No.: 1