

APPELLATE TRIBUNAL UNDER SAFEMA AT DELHI

1. MP-PMLA-6504/IDR/2019 Misc
FPA-PMLA-1037/IDR/2015
Dr. Jagdeesh Sagar

2. MP-PMLA-364/IDR/2024 Misc
FPA-PMLA-133/IDR/2024
Ms. Sunita Sagar ... Appellant

Versus

The Deputy Director
Directorate of Enforcement, Indore ... Respondent

Advocates/Authorized Representatives who appeared

For the Appellants : Anurag Ojha,
Vipul Kumar,
Priyalam Bhardwaj, Advocates

For the Respondent (ED) : Nidhi Raman, Advocate

CORAM

SHRI V. ANANDARAJAN : MEMBER

FINAL ORDER
07.04.2026

These appeals arise from the order of the Adjudicating Authority (AA) constituted under the Prevention of Money Laundering Act, 2002 (PMLA), dated 04.08.2015 in Original Complaint (OC) No. 482/2015 confirming the Provisional Attachment Order (PAO) No. 07/2014-2015 dated 30.03.2015 in Enforcement Case Information Report No. ECIR/02/2014/AZO/IDR/VYAPAM/ SAGAR, whereby the provisional

attachment of following properties relating to the appellants herein was confirmed:

Summary of attached properties:

S. No	Description of attached properties	Quantum of property attached	Value of the attached properties
1.	Agriculture land and residential plots	6,986.785 sq., ft., or 649.03 sq., mtrs and 8.515 hec., or 21.041 acres	1,59,69,000/-
2	Vehicles	4 Nos.,	73,53,546/-
3	Gold Ornaments/Jewellery	3100 grams	81,65,115/-
4	Cash Seized		18,81,480/-
TOTAL VALUE OF THE ATTACHED PROPERTIES -			3,33,69,141/-

Facts in Brief

2. The relevant facts briefly are that an investigation was conducted by the of Madhya Pradesh State Police which revealed a well-organized network indulging in various kinds of malpractices in conduct of PMT Examination, 2013, including impersonation of candidates, organised cheating, and manipulation of vacancies as well as manipulation of the process of admission. Investigations revealed that Dr. Jagdeeh Sagar (one of the appellants herein), was the main person behind the conspiracy. Charges were framed in the case under section 420, 467, 468, 471 & 120-B of the erstwhile Indian Penal Code, 1860 (IPC) and sections 65 and 66 of the Information Technology Act, 2000.

3. Upon receipt of information regarding the case, the Enforcement Directorate (ED) recorded an ECIR and initiated investigations under the PMLA, during the course of which, statements of the accused persons as

well as various witnesses were recorded, search and seizure operations were carried out at various premises, including the residence of Dr. Sagar, and incriminating evidence was seized. The investigations carried out by the Directorate led to the issue of a Provisional Attachment Order (PAO) dated 30.03.2015, whereby, various immovable and movable properties were provisionally attached.

4. Subsequent to the passing of the above PAO a complaint (O.C.) was filed before the Adjudicating Authority as per the requirement of Section 5(5) of the Act. The adjudication proceedings conducted by the Ld. AA culminated in the passing of order dated 04.08.2015, confirming the attachment of the properties which were provisionally attached by the Directorate. Aggrieved by the said order of the Ld. AA, the appellants herein have filed the present appeals before this Appellate Tribunal. The appellant in the first of these cases, Dr. Jagdeesh Sagar, is the primary accused in the case and the appellant in the second case, Dr. Sunita Sagar, the wife of Dr Jagdeeh Sagar who is not an accused in the scheduled offence case.

Arguments & Consideration

5. Ld. counsel for the **appellant** raised the following arguments in support of the appellant's case

- (i) That no notice was served on the appellant and the opportunity of being heard was denied;
- (ii) That the properties which have been attached were acquired prior to the period of the alleged offence;
- (iii) That there were no allegations against Dr. Sunita Sagar, and yet properties which were jointly owned by her were also attached

The issues raised on behalf of the appellant were strongly contested by the Ld. Counsel for the respondent. The same are discussed and disposed of seriatim in the succeeding paragraphs after considering the submissions made from both sides.

Issue No. 1: Denial of opportunity of being heard

6. It is submitted on behalf of the appellant that the impugned order was passed when the appellant was behind bars. No summonses or notices were served on the appellant. No reply could be filed by the appellant in the absence of any notice to him, and he did not get any legal assistance or chance to defend himself before the Ld. AA. Accordingly, it is contended that principles of natural justice were violated.

7. In his response, Ld. Counsel for the respondent admitted that at the relevant time, Dr. Jagdeesh Sagar was in judicial custody. However, his wife Dr. Sunita Sagar was defending her case as well as that of Dr. Jagdeesh Sagar before the Ld. AA. Accordingly, he submitted that the plea that the appellant was in jail and was denied opportunity of being heard is not tenable.

8. After considering the submissions from both sides, a specific clarification was sought by the Bench from the respondent directorate regarding service of notice to Dr. Jagdeesh Sagar. In response, the Directorate, vide its submission dated 07.02.2026 has stated as follows:

16. That it is pertinent to mention that the Appellant Jagdeesh Sagar had duly signed a formal acknowledgment, stating that, through the jail authorities, he has received a Notice to Show Cause dated 30.04.2015 in O.C. No. 482/2015 from the Adjudicating Authority under the Prevention of Money Laundering

Act, 2002, New Delhi, directing him to appear (personally or through a lawyer/representative) on 13.07.2015 at 11:00 AM in New Delhi, and that he has also received the certified original complaint related to Provisional Attachment Order No. 07/2014-15 dated 31.03.2015, along with all supporting documents (indexed and numbered) supplied by the Enforcement Directorate, Indore Sub-Zonal Office, while noting his residential address in Indore and that he is presently lodged in Central Jail, Bhopal.

Copy of the Acknowledgment signed by the Appellant Jagdeesh Sagar is hereby annexed ANNEXURE A-I.

Copy of the Acknowledgment signed by the Appellant Sunita Sagar is hereby annexed as ANNEXURE A-2.

9. In response to the same, the appellant has filed a reply dated 25.03.2026 taking strong objection to allowing the document filed by the respondent to be taken on record. The text of the submission made by the appellant is reproduced below:

“OBJECTION ON THE BEHALF OF THE APPELLANT

6. It is respectfully submitted that there are two documents placed by the respondent claiming to be an acknowledgement receipt of the show cause notice issued by the Adjudicating Authority.

a. The alleged receipt signed by appellant does not bear seal of respondent or any seal of the jail authority. So, the authenticity of these document is highly questionable.

b. The alleged receipt served to the appellant's wife was not received by appellant's wife, same was received by the minor child of the appellant. It is respectfully submitted that the receiving of any documents pertaining to the judicial/quasi-judicial cannot be deemed as an effective service. For the purpose of clarification, the copy of the aadhar card of the appellant's son is annexed herewith as Annexure A-1.

c. It is respectfully submitted that the acknowledgement which is made part of written submission dated 07.02.2026 as Annexure A-1 makes a recital that notice to show cause in OC no. 482/2015 was stated to be served through Jail Authority. Interestingly, the said acknowledgement does not bear any seal of Jail Superintendent. Once a person is in Judicial Custody, unless there is an order of court, no contact in furtherance of legal

proceeding can be made without leave of court. If at all, it is presumed that alleged notice to show cause in OC No. 482/2015 was effected upon appellant while he was in Judicial Custody, there must be corresponding document evincing the service made to jail superintendent under acknowledgement to ED for onward transmission to detenu. More so, there is no record which clearly indicates that along with notice to show cause the OC and document forming part of proceeding which laid to provisional attachment were provided to detenu. In such circumstances, the document proposed to be relied upon belatedly for no valid reason is an afterthought act. What prevented ED for 11 long years to withhold the secret acknowledgment from judicial authorities. Sans any plausible explanation as to who has withheld above crucial information from court, if at all the information existed then and as to whether in absent of these information the adjudicating authority can confirm an attachment, is sufficient to set aside the impugned order, is the submission.

d. Constitutional Court has consistently taken a view that a person supplied with all document forming part of show cause notice there is no compliance of principal of natural justice, any order passed in violation thereof is vitiated. Reference is in connection may be held Natwar Singh v. Directorate of Enforcement & Ors 2010 13 SCC 255.

***31. The concept of fairness may require the adjudicating authority to furnish copies of those documents upon which reliance has been placed by him to issue show-cause notice requiring the notice to explain as to why an inquiry under Section 16 of the Act should not be initiated. To this extent, the principles of natural justice and concept of fairness are required to be read into Rule 4(1) of the Rules. Fair procedure and the principles of natural justice are inbuilt into the Rules. A noticee is always entitled to satisfy the adjudicating authority that those very documents upon which reliance has been placed do not make out even a prima facie case requiring any further inquiry. In such view of the matter, we hold that all such documents relied on by the authority are required to be furnished to the noticee enabling him to show a proper cause as to why an inquiry should not be held against him though the Rules do not provide for the same. Such a fair reading of the provision would not amount to supplanting the procedure laid down and would in no manner frustrate the apparent purpose of the statute. ***

33. In this regard, the learned Senior Counsel for the appellant pressed into service the doctrine of duty of adequate disclosure which according to him is an essential part of the principles of natural justice and doctrine of fairness. A bare reading of the provisions of the Act and the Rules do not support the plea taken

by the appellants in this regard. Even the principles of natural justice do not require supply of documents upon which no reliance has been placed by the authority to set the law into motion. Supply of relied on documents based on which the law has been set into motion would meet the requirements of the principles of natural justice. No court can compel the authority to deviate from the statute and exercise the power in altogether a different manner than the prescribed one.

*34. As noticed, a reasonable opportunity of being heard is to be provided by the adjudicating authority in the manner prescribed for the purpose of imposing any penalty as provided for in the Act and not at the stage where the adjudicating authority is required merely to decide as to whether an inquiry at all be held into the matter. Imposing of penalty after the adjudication is fraught with grave and serious consequences and therefore. the requirement of providing a reasonable opportunity of being heard before imposition of any such penalty is to be met. In contradistinction, the opinion formed by the adjudicating authority whether an inquiry should be held into the allegations made in the complaint are not fraught with such grave consequences and therefore the minimum requirement of a show-cause notice and consideration of cause shown would meet the ends of justice. A proper hearing always include, no doubt, a fair opportunity to those who are parties in the controversy for correcting or contradicting anything prejudicial to their view****"*

e. Furthermore, if the documents relied upon by the ED as a discovery at the fag-end of the present proceeding is excluded, nothing turns on to sustain the impugned order.

f. So is the case, where in respect of Ms. Sunita Sagar v. Directorate of Enforcement [PMLA Appeal No. 133 of 2024] where the service is stated to be effected to the Minor son of Appellant. it is surprising to note that the said acknowledgement does not indicate as to who has chosen to served through Dasti. Also, the fact that the person effecting service, in ordinary course, would be requiring a Major person to receive the same. if at all, an exception is carved out, it must bear a recital in the acknowledgment receipt itself. The justification of delay and ostensibly, the pretext attempted to be supplied at the fag-end of hearing is a red herring.

In view of fact and circumstance of the Appeal No. 1037 OF 2015 [Jagdeesh Sagar v. Directorate of Enforcement] and Appeal No. 133 of 2024 [Ms. Sunita Sagar v. Directorate of Enforcement] is liable to be set aside.

10. Having considered the submissions from both sides, I do not find any substance in the contention of the appellant that no notices or summonses were served upon the appellant. It is quite evident from the Acknowledgment signed personally by Dr. Jagdeeh Sagar that he had received the Show Cause Notice (SCN) dated 30.04.2015 along with certified copy of the OC and two spiral bound books containing certified copies of all the relied upon documents listed in the index serially numbered from 1 to 834 on 03.06.2015.

11. No doubt, the appellant has challenged the authenticity of the Acknowledgment. However, significantly, the appellant has not categorically disowned his signatures on the document. It is also submitted on behalf of the appellant that the document cannot be placed on record as a matter of right after the initial filing of reply by the respondent. In this regard, it is to be noted that the document filed by the respondent Directorate was in compliance of the specific directions of this Appellate Tribunal and not filed as a matter of right by the appellant. In accordance with the provisions of Section 35 (1) of the PMLA, 2002, the principles of natural justice were strictly adhered to by allowing the appellant time to file his objections, if any, to the document. As already noted, though the appellant has taken various technical objections, he has failed to categorically deny receipt of the documents referred to in the Acknowledgment or disown his signatures on the said document. Under the circumstances, I am of the view that in trying to allege denial of opportunity of being heard, the appellant is trying to take advantage of his own wrong in not appointing a representative to represent him in the

adjudication proceedings before the Ld. AA for which he was given due opportunity.

12. As regards the case of Smt. Sunita Sagar, notice was duly served as evidenced by the acknowledgment. Ld. AA has noted that Sh. K.K. Tiwari, Advocate appeared and filed written submissions. Even though no Vakalatnama was filed in favour of the Advocate, the written submission filed was duly considered and it was found that the same did not provided no replies to the issues raised in the show cause notice.

13. Under the circumstances, I find no merit in the appellants' contention regarding denial of opportunity and violation of the principles of natural justice in this regard.

Issue No. 2: Properties were acquired prior to period of offence

14. The next contention raised on behalf of the appellants is that the properties attached were purchased between 2007 and 2010, whereas the allegations in the scheduled offence case pertain to 2013. No nexus or link between the alleged proceeds of crime and the subject properties has been brought out. He also submitted that the properties have been attached as direct proceeds of crime and not as 'value of such property'.

15. Ld. Counsel for the Respondent pointed out that in Para 5 on Page 9 of the impugned order it has been mentioned by the Ld. AA that an FIR was registered by the police in Gwalior for alleged malpractices in conduct of PMT 2008-09. Similarly, as per Page 8 of the impugned order wherein the statement of Dr. Jagdeesh Sagar is discussed, it is mentioned that he had confessed that he had been undertaking fraudulent activities since 2008.

Therefore, firstly, it cannot be said that the properties which were acquired upto 2010 were acquired prior to the period of offence. She further submitted that the property was attached as 'value of such property' and, therefore, the period of acquisition thereof was not relevant.

16. I have considered the rival submissions of parties. This Tribunal has consistently held the view, based on a careful analysis of authoritative judgements of higher judicial authorities, that where the property is attached as value, the period of acquisition thereof is not material. The issue was discussed in detail in the judgement of this Appellate Tribunal in *Sadananda Nayak v. Deputy Director Directorate of Enforcement, Bhubaneswar FPA-PMLA-5612/BBS/2023 (order dated 14.10.2024)*. The view expressed in the said case has since been reiterated and followed in various other judgements of the Appellate Tribunal. A question, therefore, arises whether the properties in the present case have been attached as direct proceeds of crime or the value thereof. In this regard, I find that on Page 32 of the impugned order, under the heading "Discussions", it has been mentioned under sub-para no. 10 as below:

"10. Properties have been attached as proceeds of crime/value thereof." [Emphasis Supplied]

Next, coming to Page 36 of the impugned order, the Ld. AA has recorded as below:

"25. It is held that the property which has been attached under Section 5 is involved in Money Laundering. The defendant are in possession of "Proceeds of Crime" within the meaning of provisions of Prevention of Money Laundering Act, 2002 and

accordingly it is ordered that the attachment of the property shall continue during the pendency of the proceedings relating to any offence under this Act before a court or under corresponding law of any other country, before the competent court of criminal jurisdiction outside India, as the case may be; and become final after an order of jurisdiction is passed under Sub-Section (5) to Sub-Section (7) of Section 8 or Section 58B or Sub-Section (2A) of Section 60.” [Emphasis Supplied]

17. Going further, the last paragraph of the impugned order reads as below:

“*Conclusion:*

*On a thorough perusal of the PAO, Complaint, relied upon documents, the investigations conducted by the ED and the statements recorded u/s 50 of the PMLA and on careful consideration of the arguments advanced on behalf of the Complainant and he defendants undersigned comes to the prima facie conclusion that the defendant have committed the Scheduled offences, generated proceeds of crime and laundered them. **No doubt the properties attached are proceeds of crime or value thereof** and are involved in money laundering.. Undersigned therefore orders confirmation of the above Provisional Attachment Order. This order shall continue during the pendency of the proceedings relating to any offence under this Act before court or under the corresponding law of any other country, before the competent court of criminal jurisdiction outside India as the case may be and become final after an order of confiscation is*

passed under Sub-Section (5) to Sub-Section (7) of Section 8 or Section 58B B or Sub-Section 2A or Section 60.” [Emphasis Supplied]

18. From a mere reading of the above paragraphs of the impugned order, it is evident that the properties have been attached as ‘proceeds of crime or the value thereof’. It may be mentioned here that Section 2(u) of the PMLA, which defines proceeds of crime, does not distinguish between the “direct” proceeds of crime and the “value” thereof and both equally qualify under law as “proceeds of crime” which can be attached and confiscated.

Issue No. 3: Properties of Dr. Sunita Sagar have been attached without there being any allegations against her

19. It is contended on behalf of the appellant that many of the attached properties were jointly owned by the Dr. Jagdeesh Sagar and his wife, Dr. Sunita Sagar. Dr. Sunita Sagar was not accused of any offence and moreover, as a doctor, she had her own sources of income. None of the statements of witnesses implicated her. Therefore, attachment of her property cannot stand legal scrutiny. Her property has been attached merely because she is the wife of the accused. It is also contended that some of the properties were financed by taking loans.

20. With regard to this argument of the appellants, it would be relevant to quote Para 16 of Prosecution Complaint which reads as below:

“Investigation revealed that Dr. Jagdeesh Sagar had amassed properties in the name of his wife Smt. Sunita Sagar, accordingly, she was summoned, and her statement was recorded under Section 50(2) & (3) of PMLA, 2002. She stated that she is the wife of Dr. Jagdeesh Sagar and got married to him the year 1994. She

is a Doctor by profession and is presently working as Assistant Professor in Index Medical College, Indore. When asked about the cash deposits made in her IDBI Bank Account No. 015510400007107, she stated that she is not aware of the cash deposits and only her husband Dr. Jagdeesh Sagar would be in a position to explain the same. She further stated that she never deposited or withdrawn cash in any bank account. When she was asked to explain the source of income for purchase of the properties in her name and in the joint name along with her husband Dr. Jagdeesh Sagar, as per the list shown to her, she stated that she is not aware of the source of income and only her husband Dr. Jagdeesh Sagar can explain the same (annexure G-3, Page No. 810-817)."

21. In light of the above, it is evident that the property jointly standing in the name of Dr. Sunita Sagar were also purchased out of the proceeds of crime provided by Dr. Jagdeesh Sagar. The legal position is very clear that under the PMLA that the sweep of Section 5(1) is not limited to the accused named in the scheduled offence. It would apply to any person (not necessarily being accused in the scheduled offence), if he is involved in any process or activity connected with the proceeds of crime. It has been so held by the Hon'ble Supreme Court in its landmark judgment in the case of *Vijay Madanlal Choudhary, Special Leave Petition (Criminal) No. 4634 of 2014*). In the said case, it was further held by the Apex Court that the objective of enacting the Act was the attachment and confiscation of proceeds of crime which is the quintessence, so as to combat the evil of money-laundering, by reaching the proceeds of crime in whosoever's name they are kept or by whosoever they are held.

22. The above position has since been reiterated and followed in numerous cases decided by the by various High Courts and the Hon'ble Supreme Court. For instance, in *Union of India v. J.P.Singh Criminal Appeal No.1102 of 2025 (Order dtd 05.03.2025)* the Hon'ble Supreme Court has held that for attracting clause (a) of Section 8, it is enough if a complaint

alleging commission of offence under Section 3 of the PMLA is pending. It is not necessary for the applicability of clause (a) that the person affected by the order under Section 8(3) must be shown as an accused in the complaint. The complaint under Section 44 will always relate to the offence under Section 3 punishable under Section 4 of the PMLA. The order of cognizance is of the offence and not of the accused or the offender.

23. In light of the above legal position which has also consistently being followed by this Appellate Tribunal, the legal issue raised by Ld. Counsel for the Appellant that the properties of Dr. (Smt.) Sunita Sagar could not be attached in the absence of any allegations of wrong doing against her is hereby decided against the appellant.

24. In light of the detailed discussions as above, no substance is found in any of the arguments put forward on behalf of the appellants. No other issues were raised on behalf of the appellants at the stage of final hearing. On the other hand, Ld. Counsel for the Respondent has drawn attention to the facts mentioned in bullet points no. 7 & 8 of para 3 (Page 8 of the impugned order) wherein it is recorded that during the course of investigation Dr. Sagar confessed that he was collecting money from prospective students who were aspiring for selection for MBBS and, thereafter, got bright students from UP State and adopted various methods which have been discussed in the impugned order, to ensure selection of the students. He also confessed that he carried on the activity with the help of Mr. Nitin Mohindra, Principal System Analysis of VYAPAM and Mr. Ajay Sain, Assistant of Mr. Nitin Mohindra for pairing up of students.

25. Ld. Counsel for the Respondent next referred to Page 12 of the impugned order which summarises the statements of two witnesses, namely, Shri Raju Sharma and Shri Babbu Bhatia @ Vijay Bhatia wherein the witnesses stated that Dr. Sagar took loan from them on various occasions ranging from Rs. 2 to 15 lakhs (Raju Sharma) and 1.5 to 2 lakh (Babbu Bhatia) stating that he wanted to purchase properties with the loan and subsequently he repaid the loan. He also referred to Para 15 on Page 13 wherein it is mentioned that Dr. Jagdeeh Sagar had admitted in his statement that he had acquired properties from the money collected from candidates appearing for Pre-Medical Test and further admitted that the money was utilized for clearing loans availed from various individuals which in turn, were used for purchase of properties. This was the modus operandi adopted by the appellant, namely, borrowing loans and then repaying the same out of proceeds of crime.

26. In light of detailed discussions as above, I do not find any reason to interfere with the order of the Ld. AA, and, accordingly, these appeals are hereby dismissed. Pending applications, if any, shall also stand disposed if.

27. No order as to costs.

(V. Anandarajan)
Member

Delhi,
07th April, 2026
'ASH'