

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. _____ OF 2026
(@ SLP(C) No.12671/2026)

DIRECTORATE OF ENFORCEMENT

APPELLANT(S)

VERSUS

M/S ZO PRIVATE LIMITED

RESPONDENT(S)

O R D E R

1. Leave granted.
2. The short question arising for consideration is as to whether the High Court was right in exercising its discretion by permitting the withdrawal of funds from the frozen bank accounts for payment of the respondent's employees' salaries while relegating the respondent to contest the proceedings against the continuance of the order of freezing passed under Section 17(1A) of the Prevention of Money Laundering Act, 2002 before the Adjudicating Authority.
3. The learned ASG appearing for the appellant states that such a practice should not be approved, particularly, in light of the law laid down by this Court.
4. Mr. Rohatgi, learned Senior counsel appearing for the respondent submitted that one has to see the offence as alleged against the parent company and we are only dealing with the subsidiary company here. The High Court

has rightly taken note of the relevant facts while exercising such discretion which is to permit the withdrawal of funds for the purpose of payment of salaries to the employees alone.

5. In our considered view, after relegating the respondent to exercise the statutory remedy before the Adjudicating Authority, the High Court ought not to have exercised such a discretion and the said discretion cannot be countenanced.
6. In such view of the matter, we are inclined to set aside the impugned order to the extent of such discretion exercised by the High Court and hold that all issues are left open to be decided by the Adjudicating Authority and therefore, any observations made by the High Court shall not stand in the way.
7. Thus, the impugned order stands set aside to the aforesaid extent. We do take note of the grievance expressed by the learned Senior counsel appearing for the respondent that the discretion has been exercised for the welfare of the employees alone.
8. Without expressing anything on merits, we direct the Adjudicating Authority to conclude the proceedings one way or another, in accordance with law and as per the mandate of the statute.
9. The appeal stands disposed of with the aforesaid observations.

10. Pending application(s), if any, shall also stand disposed of.

.....J.
[M.M. SUNDRESH]

.....J.
[NONGMEIKAPAM KOTISWAR SINGH]

NEW DELHI;
15th MAY, 2026

ITEM NO.42

COURT NO.5

SECTION IV-A

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Petition(s) for Special Leave to Appeal (C) No(s). 12671/2026

[Arising out of impugned final judgment and order dated 09-03-2026 in WA No. 492/2026 passed by the High Court of Karnataka at Bengaluru]

DIRECTORATE OF ENFORCEMENT

Petitioner(s)

VERSUS

M/S ZO PRIVATE LIMITED

Respondent(s)

IA No. 104770/2026 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT

Date : 15-05-2026 This matter was called on for hearing today.

CORAM : HON'BLE MR. JUSTICE M.M. SUNDRESH
HON'BLE MR. JUSTICE NONGMEIKAPAM KOTISWAR SINGH

For Petitioner(s) Mr. Suryaprakash V. Raju, A.S.G.
Mr. Zoheb Hussain, Adv.
Mr. Annam Venkatesh, Adv.
Mr. Vivek Gurnani, Adv.
Ms. Sairica Raju, Adv.
Mr. Arvind Kumar Sharma, AOR

For Respondent(s) Mr. Mukul Rohtagi, Sr. Adv.
Mr. Abhishek Malhotra, Sr. Adv.
Ms. Stuti Gujral, Adv.
Ms. Shubhangni Jain, Adv.
Ms. Mitali Umat, Adv.
Mr. Abhay Pratap Singh, AOR
Mr. Ayush Kaushik, Adv.

UPON hearing the counsel the Court made the following
O R D E R

Leave granted.

The appeal is disposed of in terms of the signed order.

Pending application(s), if any, shall stand disposed of.

(SWETA BALODI)

ASTT. REGISTRAR-cum-PS

(POONAM VAID)

ASSISTANT REGISTRAR

(Signed order is placed on the file)