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W.P.Crl.No.1340 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 22.06.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,  
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

WP Crl. No.1340 of 2026

Avon Solutions and Logistics Pvt Ltd  
Rep by its Director, Ameer Basha,  
1st Floor, Balammal Bilding, No.33,  
Burkit Road, T.Nagar, Chennai – 600 017.

Petitioner(s)

Vs

Directorate of Enforcement  
Rep by its Joint Director,  
Pravaran Bhawan, Dr.APJ Abdul Kalam Road,  
New Delhi.

Respondent(s)

PRAYER: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of mandamus directing the respondent to initiate proceedings under the provisions of Prevention of Money Laundering Act, 2002 based on the representation given by the petitioner dated 02.05.2026 and thus render justice.

For Petitioner(s): Mr. G.Karthikeyan

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For Respondent(s): Mr.P.Sidharthan  
Special Public Prosecutor

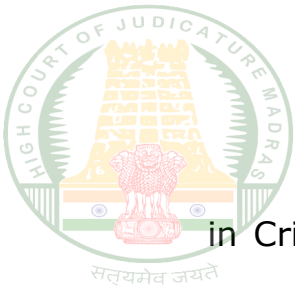
ORDER

(Order of the Court was made by the Hon'ble Chief Justice)

The petitioner has filed this writ petition seeking a writ of mandamus to direct the respondent/Directorate of Enforcement to initiate proceedings under the provisions of the Prevention of Money Laundering Act, 2002 (PMLA) based on the representation given by the petitioner on 02.05.2026.

2.1. The facts in a nutshell are that pursuant to a Forensic Audit dated 28.11.2025, it was confirmed that certain erstwhile officials, namely Deepesh Thangamani (COO), V.Karthick (Project Manager), and Sam Alexander (Manager) dishonestly misappropriated and cheated the petitioner company to the tune of Rs.23,59,70,373/-.

2.2. A criminal complaint was subsequently lodged with the Chennai Crime Branch Police, resulting in the registration of an FIR



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in Crime No. 228 of 2025 under Sections 406, 420, and 34 of the Indian Penal Code, 1860. It is the case of the petitioner that since Section 420 of the IPC is a scheduled offence under Part-A Paragraph 1 of the Schedule to the PMLA, 2002, the respondent is mandated to initiate investigations and register an Enforcement Case Information Report (ECIR). Alleging inaction on the part of the respondent, the petitioner has approached this Court under Article 226 of the Constitution of India.

3. As per the provisions and scheme of the PMLA, the Authorized Officer, based on the predicate case for scheduled offences, can resort to proceedings under the PMLA based on his satisfaction of the involvement of proceeds of crime, and every stage is to be proceeded based on the reasons to believe recorded in writing from the materials in his possession. In this regard, it is useful to refer to a decision of the Supreme Court in the case of *R.Madhavan Pillai v. Rajendran Unnithan.S<sup>1</sup>*, wherein the Supreme Court set aside an order of the High Court directing the ED to

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register an ECIR merely because a predicate offence exists. The

Apex Court held:

**"According to us, the High Court had no reason to pass a drastic order of directing the Enforcement Directorate to register an ECIR only because the High Court prima facie came to a conclusion that a predicate offence exists... We leave it to the Enforcement Directorate to take a call on the question of initiating proceedings under the Prevention of Money-laundering Act, 2002."**

*[emphasis supplied]*

4. In view of the aforesaid decision of the Supreme Court, this Court cannot direct the ED to register the ECIR or initiate statutory enforcement actions merely on the finding that there exists a predicate offence. The registration of an FIR in a predicate offence does not *ipso facto* mandate the ED to register an ECIR, rather, it is purely based on the satisfaction of the Authorized Officer drawn from the materials available. This court cannot substitute the satisfaction of the ED, which is to be arrived at in accordance with the legislative mandates of the PMLA.



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5. Furthermore, the petitioner seeks to place reliance on an internal Technical Circular of the Department dated 22.12.2022, which provides that an investigation should be mandatorily carried out if the amount involved exceeds Rs.10 crores. We are afraid that such a plea is completely misconceived and cannot be accepted to override statutory mandates. It is a well-settled principle of law that administrative or departmental circulars are merely internal guidelines issued for administrative convenience and guidance of the officers; they can neither supplement nor supplant the clear statutory provisions of the parent Act. Under the PMLA, the registration of an ECIR is strictly contingent upon the subjective satisfaction and "reasons to believe" of the Authorized Officer recorded in writing based on the materials in his possession. Therefore, the reliance placed on the said circular fails to carry weight.

6. Beyond the statutory restrictions outlined above, it needs to be noted that the petitioner has explicitly named several individuals as the primary perpetrators of the alleged financial fraud. Any order passed by this Court directing an agency to initiate specific money

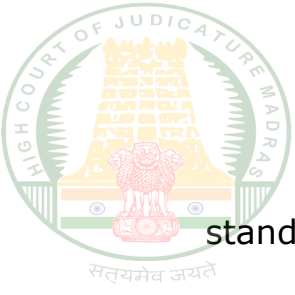


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laundering proceedings targeting transactions connected to them would inherently impact their rights and liberties. Despite being parties likely to be affected by the outcome of these proceedings, they have not been arrayed as respondents in this writ petition. It is a foundational rule of equity and writ jurisprudence that no adverse directions can be issued behind the back of parties who are likely to be directly affected.

7. Moreover, a writ of mandamus can only be issued to compel the performance of a mandatory statutory duty where there is a clear, unguided legal obligation on the authority and a corresponding vested legal right in the petitioner. Under the PMLA, the initiation of statutory inquiries, searches, or enforcement actions is a discretionary, quasi-judicial function dependent on internal administrative satisfaction and "reasons to believe" recorded in writing. A blanket mandamus cannot be sought to bypass the investigative assessment of the statutory authority.

8. In view of the above deliberations, the relief as sought in the writ petition cannot be granted. Accordingly, this writ petition



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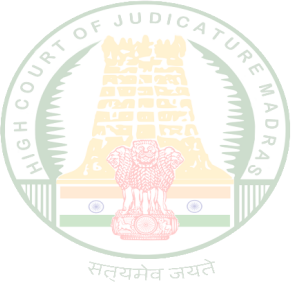
stands dismissed. However, we make it clear that it is entirely for the respondent/ED to decide in respect of initiating any proceedings under the PMLA on the basis of materials available, and we express no opinion on the merits of allegations levelled. There shall be no order as to costs.

(SUSHRUT ARVIND DHARMADHIKARI,CJ) (G.ARUL MURUGAN,J)  
22.06.2026

Index : Yes/No  
Neutral Citation : Yes/No  
sasi

To:

The Joint Director,  
Directorate of Enforcement  
Pravaran Bhawan,  
Dr.APJ Abdul Kalam Road, New Delhi.



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THE HON'BLE CHIEF JUSTICE  
AND  
G.ARUL MURUGAN,J.

(sasi)

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