

WP- 1488-2025.doc

Rohit Ghuge

***IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CRIMINAL APPELLATE JURISDICTION***

CRIMINAL WRIT PETITION NO. 1488 OF 2025

Mukesh Talreja,

Age: 50, Director,

M/s Chellaram Mills Pvt. Ltd.

2901, 26th floor, One Altamount Building,

Altamount Road, Cumballa Hills,

Mumbai – 400026

...Petitioner

Versus

1. The Directorate of Enforcement,

Headquarters Investigation Unit,

Pravartan Bhavan, 03rd Floor,

Block B, Dr. A. P. J. Abdul Kalam Road,

New Delhi.

2. State of Maharashtra,

Through Public Prosecutor,

High Court, Appellate Side, Mumbai

...Respondents

Mr. Ashutosh Singh a/w Mr. Mahesh Reddy for the Petitioner.

Ms. Manisha Jagtap, for Respondent No.1.

CORAM : BHARATI DANGRE &

ASHISH S. CHAVAN, JJ.

DATE : 14th OCTOBER 2026

JUDGMENT [Per Ashish S. Chavan J.]:

1. Rule. Rule is made returnable forthwith with the consent of the parties and is taken up for final disposal.

2. The Petitioner has invoked the Writ jurisdiction of this Court challenging the seizure of documents, digital devices and locker under the provisions of Prevention of Money Laundering Act, 2002 (“PMLA”). It is his case that on 21.02.2022, the Enforcement Directorate (“ED”) conducted a raid at various places including the office premises of Petitioner and seized documents, digital devices and freezed Locker No. 1643 belonging to the Petitioner under Panchnamas. Aggrieved by this action of the ED, the Petitioner has approached this Court.

3. The chronology of events which is germane to decide the issue that falls for our consideration is as follows:-

3.1. On 16.04.2021, the Respondent No.1 – ED recorded ECIR No. ECIR/07/HIU/2021 predicated upon FIR No. 0129 of 2021 registered at Wada Police Station,

wherein, the Petitioner was an accused.

- 3.2. On 17.03.2022, the ED filed OA No. 646 of 2022 before the Adjudicating Authority (PMLA) seeking retention of the seized materials and confirmation of the freezing order dated 21.02.2022.
- 3.3. On 30.03.2022, the Adjudicating Authority issued a Show Cause Notice to the Petitioner directing the submission of a written reply on or before 12.05.2022. The Petitioner submitted a detailed reply to the Show Cause Notice within the stipulated time frame.
- 3.4. On 04.05.2022, this Court quashed FIR No. 0129 of 2021 which formed the predicate offence of the aforesaid ECIR.
- 3.5. On 02.08.2022, the Petitioner appeared before the Adjudicating Authority and informed him that no predicate offence subsisted against the Petitioner.

- 3.6. The ED approached the Hon'ble Supreme Court challenging this Court's order dated 04.05.2022. On 26.09.2022, the Delhi High Court quashed the present ECIR, noting that without a predicate offence, proceedings under PMLA could not be sustained. This decision of the Delhi High Court was carried to the Hon'ble Supreme Court by ED.
- 3.7. In the meanwhile, considering that 180 days had lapsed since the seizure dated 21.02.2022, the Petitioner requested ED to de-freeze the locker and release the documents and digital devices ("**articles**") of the Petitioner.
- 3.8. On 12.02.2024, the Hon'ble Apex Court disposed off the SLPs arising from the challenge to the orders of this Court and that of the Delhi High Court.
- 3.9. On 04.03.2024, a Review Petition was filed by M/s Indiabulls and Ors., seeking recall/modification of the order of the Hon'ble Apex Court dated 12.02.2024.

3.10. On 23.07.2024, the ED filed an Application under Section 175(3) of the BNSS, 2023 before the Judicial Magistrate First Class, Wada. In the meanwhile, the Petitioner kept on requesting ED to release the seized property but to no avail.

3.11. On 29.07.2024 the Hon'ble Supreme Court upon consideration, modified/clarified a part of the order dated 12.02.2024, thereby disposing of the Review Petition.

3.12. On 01.10.2024, JMFC, Wada rejected the Application filed for further investigation by ED.

4. Heard Mr. Singh for the Petitioner, Ms. Jagtap for Respondent No. 1. Perused the Petition and the documents annexed with it.

5. The principal submission advanced on behalf of the Petitioner is that a period of 180 days from the seizure is prescribed by Section 20 of PMLA during which the ED can retain or continue to freeze

any property which has been seized under Section 17 of PMLA. Since, the seizure was conducted on 21.02.2022, the period of 180 days has expired long ago. In the absence of any permission from the Adjudicating Authority to permit retention or continuation of freezing beyond a period of 180 days, the property shall be returned to the person from whom it was seized. In the absence of any confirmation order and the lapse of more than 180 days from the date of the seizure, its continued retention is illegal and hence, must be set aside. The second limb of submission by learned counsel for the Petitioner is that the predicate offence as well as the ECIR have been quashed by Courts of competent jurisdiction and this quashment has now reached finality with the disposal of the review by the Hon'ble Supreme Court. Hence, even otherwise, no prosecution under the provisions of PMLA can continue against the Petitioner.

6. Ms. Jagtap, learned retainer counsel for ED has fairly submitted that it is factually correct that a period of 180 days has elapsed since the date of seizure, however, she invited our attention to a proceeding before the Hon'ble Supreme Court in the case of

Citizens Whistle Blower Forum Vs. Union of India and ors¹ and has placed before us copies of several orders passed by Hon'ble Supreme Court dated 08.10.2025 and 09.11.2025. She would urge that by various orders, the Hon'ble Supreme Court had given certain directions to ED pursuant to which the ED filed a Status Report before the Hon'ble Supreme Court. In the said Status Report which is placed before us, retainer Counsel for ED has invited our attention to a reference whereby, it is averred that, one Jasol Investments and Trading Company Private Limited which had received funds from Indiabulls Housing Finance Private Limited, indirectly had made huge profits which has been siphoned of. In this context, the Status Report mentions that Jasol had borrowed funds of Rs. 125 Crores from the Petitioner.

7. Although, learned counsel for the Petitioner has pressed into service the argument that since the predicate offence against the Petitioner was extinguished, the articles of the Petitioner retained by the ED may be returned back to him and the frozen locker of the Petitioner may be de-frozen, we do not find necessary to examine this argument for the simple reason that the ED has not contested

1. SLP (C) NO(S) 2993/2025

the fact that a period of 180 days has elapsed from the date of the seizure and by operation of law the ED has lost its authority to retain or freeze the said articles.

8. Setting out the provisions dealing with the aforesaid aspect, we note that Section 17 of PMLA deals with **search and seizure**. It authorizes the Director or any other officer not below the rank of Deputy Director authorized by him for the purposes of this section to enter and search any building, place, vessel, vehicle or aircraft where he has reason to suspect that such records or proceeds of crime are kept, seize the said records or property found as a result of such search, make a note or an inventory of such record or property and in case it is not practicable to seize such record or property, he may make an order to freeze such property. Immediately upon such seizure, search or freezing order, he is required to forward a copy of the same along with the reasons assigned by him to the Adjudicating Authority in a sealed envelope and within a period of thirty days from such seizure or freezing as the case may be file an application, requesting for retention of such record or property or continuation of such freezing order before the Adjudicating Authority.

In the facts of the present case, on 21.02.2022 the ED has conducted search in terms of Section 17 of PMLA and under Panchnamas, seized the record and properties namely documents and digital devices found at the relevant places and frozen the locker in terms of Section 17 of the PMLA. In terms of Sub Section 4 of Section 17, the ED has filed OA No. 646 of 2022 before the Adjudicating Authority seeking retention of the seized material and confirmation of freezing order dated 21.02.2022.

9. A perusal of the record indicates that the Petitioner had submitted a detailed reply to the Show Cause Notice on 12.05.2022 followed by a hearing on 02.08.2022 during which the Petitioner informed the Adjudicating Authority that no predicate offence subsisted against the Petitioner.

Here it would be apposite to advert to Sub Section 1 of Section 20 of PMLA which sets out that the property which is seized under Section 17 can continue to remain frozen or retained for a period of 180 days from the date on which such property was seized or frozen, as the case may be and Sub Section 3 provides that on the expiry of 180 days, 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.

10. As mentioned hereinabove, the ED has not disputed the fact that the period of 180 days has lapsed from the date of seizure of articles and freezing of locker. It is also not in dispute that there is no order of the Adjudicating Authority permitting retention of the articles or continuation of the freezing of the locker beyond such period. The learned counsel for the Petitioner has pointed out that there is no confirmation of the order in terms of Section 8 of PMLA, although the Petitioner had responded to the show cause notice of ED and participated in the hearing conducted by the Adjudicating Authority. Thus, we find substance in the argument of the learned counsel for the Petitioner that by operation of law and efflux of time, the ED has lost the authority to continue to retain the articles or permit the continuation of the freezing of the locker. In such circumstances, the prayer of the Petitioner deserves to be answered in the affirmative. Consequently, the Petition succeeds and hence the following order.

ORDER

- A. The Writ Petition is allowed in terms of prayer Clause (A) of the Petition.
- B. The Respondent No. 1-ED is directed to release and hand over possession of Locker No. 1643 at M/s. India Safety Vaults Pvt. Ltd., Mumbai to the Petitioner and to return all documents and digital devices seized from the Petitioner during the search conducted on 21.02.2022 within a week from the date of this order.
- C. Rule is made absolute.

ASHISH S. CHAVAN, J.

BHARATI DANGRE, J.