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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ CRL.REV.P. 484/2025, CRL.M.A. 35199-35200/2025

SIRAJUDDIN QURESHI .....Petitioner

Through: Mr. Uzmi Jameel Husain and Mr. Syed Ahmed Saud, Advocates.

versus

DIRECTORATE OF ENFORCEMENT & ANR. .....Respondents

Through: Mr. Ripudaman Bhardwaj, SPP with Mr. Kushagra Kumar and Mr. Amit Kumar Rana, Advocates for CBI.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

O R D E R

% **27.11.2025**

1. The present petition under Section 438 read with Section 442 of the Bharatiya Nagarik Suraksha Sanhita, 2023[1] is directed against the order dated 18th October, 2025, passed by the Special Judge, PC Act, CBI-04, Rouse Avenue District Courts in I.A. No. 10/2025 in CT Case No. 5/2023, whereby the Respondent's application seeking a stay of the proceedings was rejected.

2. The Petitioner is a director of HAIL, a company engaged in manufacturing and trading agro-products, which availed credit facilities of Rs. 221.72 crores from a consortium of banks led by PNB. Their account became irregular in late 2014 and was classified as NPA by the consortium banks in March-May 2016, and subsequently declared "Fraud" between

[1] "BNSS"

January 2019 and July 2019. A forensic audit conducted by M/s Prakash Ved & Co. allegedly found fudged balance sheets, diversion of funds and related-party transactions, leading to the CBI registering FIR No. RC0502020500011/2020 against HAIL, its Directors including the Petitioner, and unknown bank officials. Based on the said FIR, the Directorate of Enforcement registered ECIR No. DLZO-I/25/2020 alleging that proceeds of crime generated through the fraudulent loan transactions were laundered through bogus transactions and fund diversion.

3. Following the investigation into the predicate offence, the CBI submitted a closure report before the Trial Court. However, by order dated 24th February, 2023, the CBI Court, upon examining the material placed on record, declined to accept the same and directed further investigation. The relevant portion of the order reads as follows:

> *"The complainant Sh. K. M. Sahay, retired Chief Manager, PNB, International Banking Branch, New Delhi is present and submits that he has retired two years before and has no concern now with the bank and this complaint was lodged by him in his official capacity and not in his personal capacity and as such, notice should be issued to the bank of this closure report.*
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> *I have perused the closure report. The present complaint was initiated on the allegations that the accused in conspiracy with unknown bank officials caused wrongful loss to the consortium of banks on the basis of misrepresentation /concealment of facts and false documents and caused a loss of Rs.221.72 crores to the consortium of banks. After investigation, the IO filed the closure report on the ground that the accounts turned NPA due to genuine business failure and not because of fraud. A perusal of the closure report shows that IO has mentioned that as far as the allegations qua diversion of sanctioned funds is concerned, due to non availability of complete documents, diversion of LC funds could not be established. Further for diversion of funds for Chennai branch, it is stated that due to non availability of complete documents, it could not be conclusively established that the fraud was committed. The entire closure report shows that for all the allegations raised in the complaint, the IO has stated that the same could not be established for want of documents. There appears to be lack of proper investigation on these aspects. IO did not investigate on the*

aspect that Hindo Agro Industries Ltd. (HAIL) transferred funds only to its sister concerns only on papers and there was no real business dealing between HAIL and the sister concerns. There was no actual sales by HAIL and only on papers sales were shown to the sister concerns. There is no investigation in respect to bogus sale purchase by HAIL with sister concerns. HAIL continued to project its sales to avoid bankers attention on the actual falling sales and HAIL in connivance with its Directors diverted bank funds to sister concerns.

In view of the same, I am of the considered view that the closure report can not be accepted and it requires for further investigation on the aspects mentioned hereinabove. Let the file be returned to the IO alongwith the copy of the order for compliance and for filing fresh final report as and when the investigation is complete on this aspect."

4. In this background, the Petitioner approached the PMLA Court seeking a stay of proceedings, urging that since even in the predicate offence a closure report had been filed and no chargesheet existed, the PMLA proceedings could not continue. The PMLA Court, vide the impugned order, rejected the application with the following observations:

"9. It has been rightly argued on behalf of E.D that even if for the sake of arguments, it is believed that the CBI will again file the closure report consequent to the further investigation, the Court is not bound to accept the same. As on date, it has to be held that the scheduled offence is in existence which as per the allegations generated proceeds of crime and is under further investigation. The said issue has been authoritatively dealt with by the Constitutional Bench of the Hon'ble Supreme Court in case titled Vijay ***Madanlal Choudhary V. UOI*** *(supra) case. The para-253 is reproduced here for the sake of convenience:*

"253. Tersely put, it is only such property which is derived or obtained, directly or indirectly as a result of criminal activity relating to a scheduled offence can be regarded as proceeds of crime as the authorities under the 2002 Act cannot resort to action against any person for money-laundering on an assumption that the property recovered by them must be proceeds of crime and that a scheduled offence has been committed, unless the same is registered with the jurisdictional police or pending inquiry by way of complaint before the competent forum. For, the expression — derived or obtained is indicative of criminal activity relating to a scheduled offence already accomplished. Similarly, in the event the person named in the criminal activity relating to

a scheduled offence is finally absolved by a Court of competent jurisdiction owing to an order of discharge, acquittal or because of quashing of the criminal case (scheduled offence) against him/her, there can be no action for money-laundering against such a person or person claiming through him in relation to the property linked to the stated scheduled offence. This interpretation alone can be commended on the basis of the provisions of the 2002 Act, in particular Section 2(1)(u) read with Section 3. Taking any other view would be rewriting of these provisions and disregarding the express language of definition clause — proceeds of crime, as it obtains as of now."

9.1 It is, thus, apparent that the prosecution under Prevention of Money Laundering Act, can come to end only if there is final discharge or acquittal of the accused persons in the scheduled offences or it being quashed by the Court of competent jurisdiction. None of the said three eventualities have occurred in the present case as on moving of the present application or as of today. Rather, the report filed by the Investigating Officer of CBI reflects that the matter is still under investigation and they are yet to finalise the conclusion.

9.2 The judgments relied upon by the Ld. Counsel for applicant/accused in support of the application are not applicable herein being distinguishable on facts. None of the said judgments, the issue with respect to the scheduled offence being under further investigation was there before the court, which is the case herein. The judgment of Hon'ble Supreme Court relied upon by the E.D in ***Sidhant Gupta V. Assistant Directorate of Enforcement, SLP No. 14392/2024*** *dated 22.10.2024 envisages the similar situation wherein investigation in the predicate offence by the CBI was not concluded and despite that the trial in the PMLA was allowed. The only rider put was the final judgment may not be pronounced till the charges are framed in the predicate offence. The said judgment squarely covers the case in hand.*

10. Accordingly, in view of the above findings and observations, it has to be held that at this stage, no conclusive finding has been given by any Competent Court qua conclusion of the scheduled offence either in acquittal, discharge or quashing. Therefore, the application in hand moved on behalf of A-2 Sirajuddin Qureshi seeking stay of proceedings in the present case is dismissed."

5. In the opinion of this Court, the view taken by the Trial Court in rejecting the application for stay warrants no interference. The closure report filed by the CBI has not been accepted, and the CBI Court has directed to carry out further investigation. Consequently, the predicate offence remains under investigation and is still at large; there is, therefore, no basis to stay

the PMLA proceedings. The Supreme Court in ***Sidhant Gupta v. Assistant Director, Directorate of Enforcement***,[2] which has also been relied upon in the impugned order, dealt with an identical situation where the investigation in the predicate offence was still pending, yet the PMLA trial was permitted to continue, subject only to the rider that no final judgment shall be pronounced until charges are framed in the predicate offence.

6. In view of the foregoing discussion, and the fact that the investigation in the predicate offence remains pending pursuant to the CBI Court's order directing further investigation, no ground is made out for grant of relief under Section 438 BNSS. The continuation of the PMLA proceedings cannot be faulted at this stage, and the view taken by the Trial Court calls for no interference.

7. The petition is accordingly dismissed, along with all pending applications.

SANJEEV NARULA, J

NOVEMBER 27, 2025
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[2] SLP No. 14392/2024