

JVS/Panchal

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

WRIT PETITION NO. 2538 OF 2025

Dr. Rashmi Saluja	}	Petitioner
versus		
State of Maharashtra & Anr.	}	Respondents

**WITH
WRIT PETITION NO. 2254 OF 2025**

Dr. Rashmi Saluja	}	Petitioner
versus		
Directorate of Enforcement	}	Respondent

Mr. Amit Anand Tiwari, Senior Advocate (through VC) with Mr. Avinash Tripathi, Mr. Sankalp A. Sharma, Mr. Ameya Vaidya, Advocates for the Petitioner in both petitions.

Mr. Zohaib Hussain (through VC) with Ms. Pranjal Tripathi and Mr. Anil D. Yadav, Advocates for Directorate of Enforcement.

Mr. S. V. Gavand, APP for State in WP/2538/2025.

**CORAM: SHREE CHANDRASHEKHAR, CJ. &
GAUTAM A. ANKHAD, J.**

**Reserved on: 11th December 2025
Pronounced on: 23rd January 2026**

JUDGMENT

Per, Shree Chandrashekhar, CJ.:

These writ petitions have been filed by Dr. Rashmi Saluja who was the Executive Chairman and Key Managerial Person of Religare Enterprises Limited (in short, REL). She is aggrieved by the registration of a First Information Report (in short, FIR) on 6th September 2024 vide FIR No.355 of 2024. This FIR is under challenge in Criminal Writ Petition No. 2538 of 2025. As a sequitur to this, the petitioner is seeking quashing of ECIR/MBZO-I/27/

2024 registered by the Directorate of Enforcement (in short, ED) under the Prevention of Money Laundering Act, 2002 (in short, PMLA) in Criminal Writ Petition No. 2254 of 2025.

2. A crime was registered at the Matunga Police Station on 11th November 2023 on the basis of a complaint filed by Vaibhav Jalinder Gawali. In this First Information Report vide FIR No.483 of 2023, the complainant who is a public shareholder of the REL stated that the former directors of the REL, namely, Malvinder Mohan Singh and Shivender Mohan Singh connived with Burman family and M/s. J. M. Financial to take full control of the REL by increasing their shareholdings upto 51%. He made allegations against the former directors of the REL and directors of M/s. M.B. Fin Mart Pvt. Ltd., M/s. Puran Associate Pvt. Ltd., M/s. VIC Enterprises Pvt. Ltd. and M/s. Milky Investment and Trading Company in which Mohit Burman, Vivekchand Burman, Monica Burman, Abhaykumar Agarawal, Anandchand Burman, Mini Burman etc. were directors. It is stated that several Corporate entities held by the Burman group defrauded the shareholders of REL causing unlawful losses to them and attempted to gain control of the REL. The accused persons in a systematic conspiracy with fraudulent intention hatched a plan to write-off recoverable claims by the REL and engineered the Open Offer for acquisition of 9,00,42,541 fully paid-up equity shares which was equivalent to 26% of the Expanded Voter Share Capital of the REL. He referred to the FIR No.50 of 2019 dated 27th March 2019 which was lodged with the Delhi Police on the allegations of the commission of offence under sections 409, 420 and 34 of the Indian Penal Code against Shivender Mohan Singh, Malvinder Mohan Singh and others who were the directors and promoters of the REL. This is the allegation

against them in that First Information Report that various unsecured loans to the tune of Rs.2397 crores were given by them to the shell companies associated with them which willfully defaulted on repayment of the loan amount. He further stated that a draft Open Offer Letter dated 11th October 2023 was issued by the Acquiring companies making false, fraudulent and dishonest representations and, that, the projections made by the Acquiring Companies in the Open Offer Letter were patently illegal and dishonest.

3. It was on the basis of the materials collected in course of the investigation in the FIR No. 483 of 2023 and the information supplied to the ED that ECIR/MBZO-I/24/2024 was registered by the ED and a search and seizure operation was conducted by the ED at the petitioner's premises and an order under section 17(1A) of the PMLA was issued for freezing the Employee Stock Ownership (in short, "ESOP") shares in the Demat account of the petitioner. The inquiry conducted by the ED in this ECIR revealed that the FIR No.483 of 2023 was lodged at the behest of the petitioner. The petitioner provided Rs.2 lakh in cash to the complainant who purchased 500 shares of the REL and thus became its shareholder and lodged the First Information Report. The ED supplied these informations to the police and a First Information Report vide FIR No.355 of 2024 was lodged against the petitioner.

4. The petitioner states that the REL is a listed company registered with the Reserve Bank of India and it has diverse service groups across the financial services, housing finance, retail broking and health insurance. She is a doctor and an entrepreneur and having administrative experience of more than 25 years. She served as a Chairperson-cum-Managing Director of the Religare Finvest

Ltd. (in short, RFL) and as a non-Executive Chairperson of the Care Health Insurance Ltd. (in short, CHIL) and Religare Broking Limited (in short, RBL) which are subsidiaries of the REL. The (CHIL) is a subsidiary of the REL which is a core investment company. According to the petitioner, the REL and its subsidiary companies suffered large-scale fraudulent siphoning of funds prior to 2018 and therefore a strong and independent Board of Directors was constituted which appointed a new professional management. She further states that it was detected in course of the inquiries to ascertain reasons for the drastically poor financial condition of the REL that there were wilful defaults by the entities which were related or controlled or associated with the erstwhile promoters and there were investigations by the SFIO and SEBI. The petitioner claims that she played a vital role in reviving the regulatory and financial compliance by the Religare Group and the RFL which had a negative net worth and was on the verge of bankruptcy and successfully negotiated one-time settlement with the banks and other creditors and the REL and its subsidiaries have now reported profits and secured investments from the leading business houses.

5. The petitioner states that the Religare Health Insurance Employees Stock Option Scheme which governs the terms and conditions for the ESOPs was revised in the year 2014. In terms thereof, on 31st October 2021, an approval for allotment of the ESOPs to her was granted by the Nomination and Remuneration Committee (in short, NRC) of the CHIL based on the valuation by M/s. Finshore Management Services Ltd. which is a merchant banker classified by the SEBI. The Board of CHIL comprised 12 non-Executive Directors, representatives of the Corporate entities and Union Bank which accorded the approval for grant of the

ESOPs in her favor of which was, later on, approved by the shareholders at the Extra-Ordinary General Meeting of the CHIL. However, the Insurance Regulatory and Development Authority of India (in short, IRDAI) declined the request for grant of the ESOPs to her on account of a bar under Guidelines on Remuneration of Directors and Key Managerial Persons of Insurers, 2016. The petitioner further claims that, based on the legal opinion, the Board of CHIL validly approved modification to the resolution dated 1st November 2021 for grant of 2,72,11,327 ESOPs @ Rs.45.32 per share to her. In the “Brief Note” which was tendered in the Court, the petitioner states that the rights issue by the CHIL raised over Rs.250 crores and investment to the tune of Rs.190 crores was made by the REL. She was allotted 75,69,685 CHIL shares from the vested ESOPs and she made payments from her personal account. However, the IRDAI passed an order dated 23rd July 2024 against the CHIL and directed that the ESOPs granted in favor of the petitioner was to be canceled. It is stated that the order passed by the Securities Appellate Tribunal (in short, SAT) on 9th August 2024 staying the order of the IRDAI was conveniently ignored and the ED shared selective materials with the Joint Commissioner of Police (Crime) through letter dated 27th August 2024. The strategic corporate decision of the REL based on the financial conditions was duly authorized, the shares issued to the REL in lieu of investments made by it in CHIL appreciated in value and no loss to the REL or its shareholders has been reported. Moreover, she has purchased the ESOPs from her personal funds and did not derive any benefit from the REL investments in the CHIL. The complainant, namely, Mr. Vaibhav Jalinder Gawali in the FIR No.483 of 2023 did not allege any misconduct on the part of the petitioner, she was not

even named by him and she had no role in the mis-management of the company by its erstwhile promoters and investors. The source materials and the allegations by the complainant can at best disclose the commission of an offence under section 182 of the Indian Penal Code and the ingredients of cheating and criminal conspiracy are completely missing. The learned senior counsel for the petitioner submitted that such background facts clearly reflect a pre-meditated action by the ED and altogether a “new case” has been built-in beyond the source materials.

6. In the affidavit-in-reply, it is stated that Vaibhav Jalinder Gawali made a complaint at Matunga Police Station at the instance of the petitioner and made false allegations against the Burman family. To support its case, the ED has stated that in the statements recorded under section 50 of the PMLA some of the witnesses who are independent directors in the REL and CHIL or directors in M/s. J.M.Financial Ltd. and Burman group have supported the allegations of the commission of predicate offence by the petitioner. This is a specific allegation against the petitioner that it was her own proposal in her capacity as a non-Executive Chairperson of the CHIL and as an Executive Chairperson of the REL that was accepted by the NRC and the Board of CHIL.

7. Mr. Amit Anand Tiwari, the learned senior counsel contended that a First Information Report against the petitioner cannot be registered on the basis of an allegation of fraud or that she committed breach and acted in violation of the provisions under the Companies Act and the SEBI Act or the Regulations framed thereunder. The explanation to section 447 of the Companies Act defines the offence of fraud and incurs a harsher punishment or even grant of bail prescribes strict conditions. A complaint alleging

violations under the Companies Act can be entertained provided it is made by the Registrar of Companies or a shareholder or a member of the company or a person authorized by the Central government. It is submitted that the reason behind authorizing the inquiry or investigation by the specified person is that the alleged or probable violations would require a specific and specialized action. Therefore, there is a specific bar in law operating against the power of the Court to take cognizance in the matters relating to special laws and any violation or breach of the provisions under the Companies Act or SEBI Act has to be dealt with as per the procedure laid down thereunder and not otherwise. In view thereof, the violations under the Companies Act and, in particular, section 447 must be dealt with under the procedure prescribed thereunder and not by lodging an FIR against the petitioner.

8. Mr. Amit Anand Tiwari, the learned senior counsel for the petitioner further submitted that if there is a necessity to investigate into the affairs of a company by the SFIO then the Central government assigns the investigation under section 212(1) of the Companies Act to the SFIO and no other investigating agency shall investigate any offence thereto. Section 212(2) further provides that if any investigation has been initiated by any other agency that shall not proceed further and all relevant documents and records in respect of the offences under the Companies Act under investigation shall stand transferred to the SFIO. The Investigating Officer (SFIO) shall investigate into the affairs of the company having the powers of an Inspector under section 217. Furthermore, section 212(6) of the Companies Act provides that the offence covered under section 447 shall be cognizable and no Special Court shall take cognizance of any offence except on a complaint in

writing made by either the SFIO or any authorised officer of the Central government, notwithstanding anything contained in the Code of Criminal Procedure. Section 436 of the Companies Act deals with the offences triable by a Special Court irrespective of what is provided under the Code of Criminal Procedure. Section 436(1) provides that all the offences specified in section 435(1) shall be triable by the Special Court notwithstanding anything contained in the Code of Criminal Procedure. The learned senior counsel further contended that the special law shall take precedence and prevail over the general laws if there is any kind of conflict between the special law and the general laws. The learned senior counsel referred to “*Jeevan Kumar Raut*”¹ to fortify his submission that the FIR No. 355 of 2024 and all proceedings arising therefrom are liable to be quashed in view of the well settled principle of law that the proceedings under the general statute shall not be valid if the imputations against the accused person and the offending act or omissions are covered under a special statute.

9. On the other hand, Mr. Zohaib Hussain, the learned counsel for the ED submitted that the petitioner suppressed a vital fact in the present proceedings and did not inform this Court that this writ petition was filed by her within a week after she withdrew Writ Petition (Civil) No. 5287 of 2025 on the ground that she intends to pursue the statutory remedy of appeal to challenge the provisional attachment order. The learned counsel referred to the decisions in “*Jai Singh*”², “*Arunima Baruah*”³, the decisions of Delhi High Court in “*Abhay Sapru*”⁴ and Jammu & Kashmir High Court in “*Tanzeem*

1. “*Jeevan Kumar Raut v. Central Bureau of Investigation*” (2009) 7 SCC 526.

2. “*Jai Singh v. Union of India*” (1977) 1 SCC 1.

3. “*Arunima Baruah v. Union of India*” (2007) 6 SCC 120.

4. “*Abhay Sapru & Anr. v. State Delhi & Anr.*” Writ Petition (Criminal) No.2754 of 2023.

Khursheed Zargar”⁵ to support his submissions. It is submitted that the ECIR is not created under any statutory provision and a writ petition under Article 226 simpliciter and/or read with Article 227 of the Constitution of India shall not lie to question the ECIR which is an internal document created by the department for initiating an investigation under the PMLA. The learned counsel contended that section 32 of the SEBI Act, which provides that the applicability of other laws is not barred, is a complete answer to the argument raised on behalf of the petitioner that no FIR can be lodged for violation of the provisions thereunder. The learned counsel for the ED further submitted that the arguments based on violation of the special statutes contemplate an implied repeal of the PMLA and Indian Penal Code and would result in an unfathomable position where the petitioner would enjoy complete immunity from her prosecution under the PMLA or the Indian Penal Code. The learned counsel referred to the decision in “*Venkateshan S*”⁶ and contended that the violations under the SEBI Act and the provisions under the PMLA or the Indian Penal Code can be separately inquired into and investigated. The learned counsel seeks to draw support from the decision in “*Ishwarlal Girdharilal Parekh*”⁷ wherein the Hon’ble Supreme Court held that if the act of the accused resulted in inducing the Income Tax Officer to make wrong assessment order, the order of assessment would fall within the meaning of “valuable security” under explanation to section 420 of the Indian Penal Code.

10. In our opinion, the legal conundrum regarding primacy to the

5. “*Tanzeem Khursheed Zargar v. J & K Special Tribunal & Ors.*” Writ Petition (C) No.1197 of 2022.

6. “*Union of India v. Venkateshan S*” (2002) 5 SCC 285.

7. “*Ishwarlal Girdharilal Parekh v. State of Maharashtra*” 1968 SCC OnLine SC 47.

special statute is not very difficult to resolve. The decision thereto shall depend on a purposeful reading of the statement of reasons and object, dictionary clauses and incorporation of exclusionary clauses, if any, in the statute. Simply put, a judgment has to be read in its entirety with the context in mind as to what was set out in the judgment. It is well settled that a judgment is required to be read and understood in the context of the facts and statutory provisions referred thereunder. The *ratio decidendi* in a judgment cannot be inferred just by reading selectively a portion of the judgment. In “*Ambika Quarry Works*”⁸, the Hon’ble Supreme Court observed that a decision has to be understood in the background of the facts of that case. The decision in “*Sharat Babu*”⁹ has to be read in the context of the statutory provisions under the Information Technology Act, 2000 (in short, “IT Act”). The expression “electronic record” is defined under section 2(1)(t) of the IT Act. Section 67 provides for the punishment for publishing or transmitting obscene material in “electronic form” and section 67-B gives the punishment for publishing or transmitting the material depicting children in sexually explicit act in “electronic form”. Most importantly, section 81 of the IT Act lays down that the provisions thereunder shall have the effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force. In paragraph no.28 of the reported judgment, the Hon’ble Supreme Court observed that the words “electronic form” are deliberately used in the IT Act. Observing that the provisions under sections 67, 67-A and 67-B constitute a complete Code insofar as the offences under the IT Act are covered, the Hon’ble Supreme Court held that any person who is said to have committed the offence of publishing or

8. “*Ambika Quarry Works v. State of Gujarat & Ors*” (1987) 1 SCC 213.

9. “*Sharat Babu Digumarti v. Government of NCT of Delhi*” (2017) 2 SCC 18.

transmitting obscene materials in general and the materials depicting children in sexually explicit act etc. in “electronic form” is exclusively punishable under section 67 of the IT Act and not under section 292 of the Indian Penal Code. The decision in “*Ram Nath*”¹⁰ deals with the offence of food adulteration and sale of noxious food and the overriding effect of the Food Safety and Standards Act, 2006 (in short, “FSSA”). The Hon’ble Supreme Court held that after coming into force of the FSSA simultaneous prosecution for the offences punishable under sections 272 and 273 of the Indian Penal Code was not permissible. The Hon’ble Supreme Court held that section 59 of the FSSA which provides punishment for unsafe food shall override the provisions under sections 272 and 273 of the Indian Penal Code having regard to the effect of section 89 of the FSSA which gives overriding effect to the provisions under the FSSA over all other food-related laws. The decisions in “*Sharat Babu*” and “*Ram Nath*” are rendered in the light of the statutory provisions thereunder and do not lay support to the submission made on behalf of the petitioner that the FIR No.355 of 2024 is illegal and the police has no jurisdiction to investigate the offences alleged against her. The other judgments referred by the learned senior counsel for the petitioner are also quite distinguishable. We therefore do not propose to deal with all of them separately. There is an allegation of conspiracy to falsely implicate the Burman family and this is not a standalone offence alleged against her. After the investigation, a charge-sheet was laid on 18th August 2025 and by an order dated 18th August 2025 the cognizance of the offence has been taken by the Court concerned.

11. Mr. Amit Anand Tiwari, the learned senior counsel criticized the registration of FIR No.355 of 2024 on the ground that the ED

10. “*Ram Nath v. State of U. P.*” (2024) 3 SCC 502.

cannot be a complainant. He submitted that section 66 of the PMLA has a different purpose and the ED which is required thereunder to share the materials collected by it with the other government agencies could not have lodged the First Information Report. More specifically, section 66(2) of the PMLA creates a bar and incorporates an exception to the general rule that the Court machinery under the criminal laws can be put in motion by any person. On the question of place of occurrence and registration of the crime at Matunga Police Station, it is submitted that the decision in respect of the ESOPs and the investment by the REL were taken at Delhi and Gurgaon. The decision taken by the Board of CHIL at Delhi and NCR and the conspiracy at Delhi for lodging an FIR against the Burman family to obstruct the take over of the REL are relevant factors to decide the place of occurrence which were ignored and the FIR No.355 of 2024 was registered against the petitioner at Matunga Police Station only on the ground that Vaibhav Jalinder Gawali is a resident of Matunga, Mumbai. There is in place a defined statutory and regulatory regime under the Companies Act, Companies (Share Capital and Debentures) Rules and SEBI (SBEB and Sweat Equity) Regulations and the ESOPs were granted in favor of the petitioner on the basis of the opinion of the reputed legal experts and were approved by the NRC and the Board of CHIL. The learned senior counsel further submitted that the allegations in the FIR are based on the flawed assumptions and the established practice for grant of the ESOPs was purposely ignored. The petitioner had no role to play in the entire exercise and there is no material to indicate that she offered any inducement. Moreover, the decision taken by the Board and the NRC cannot be said to be fraudulent in exercise of their statutory duties and the

petitioner was not involved in her personal capacity in making the representations to the Regulatory Authority regarding shareholders' fitness propriety. The imputations against the petitioner are baseless and putting the whole blame on the petitioner demonstrates the *mala-fide* actions on the part of the ED.

12. In our opinion, there is no substance in the contention that the Matunga Police Station has no jurisdiction to register the FIR No.355 of 2024. The registration of the FIR No.355 of 2024 is not barred by any law. The involvement of the petitioner in the crime was detected in course of the investigation in ECIR/ MBZO-I/ 24/2024. There is no illegality in registration of the FIR No.355 of 2024 on the basis of the information supplied by the ED. It shall not make any difference and the registration of the FIR No.355 of 2024 would not become illegal whether the officer in-charge of the police station mentions the ED as informant or simply writes "source information". A crime can be registered and tried in any Court if the act or omission on the part of the accused person is spilled over the jurisdiction of two Courts. Vaibhav Jalinder Gawali is a permanent resident of Matunga. He purchased 500 shares of the REL through Dhani App @ Rs.239 per share on 13th October 2023 and invested Rs.1,20,930/- in the said Company. He stated that he gathered information from the public domain and financial marketing news channel that the assets and properties of the REL were misused and misappropriated through financial mismanagement and large-scale diversion of public funds. This is the case of the prosecution that the petitioner conspired with Nitin Aggarwal and Nishant Singhal and others to implicate the Burman family in a false criminal case with a view to stop them from taking control of the REL. This is also found that the petitioner derived

illegal financial benefits in the form of ESOPs of the CHIL and committed the offence of cheating. The Investigating Officer collected materials against the accused persons and filed a charge-sheet on conclusion of the investigation in FIR No.355 of 2024. The learned counsel for the ED rightly submitted that there is no legal bar in lodging a second FIR where the allegations are distinct and reveal different conspiracy and the scope of inquiry is entirely different. A petition seeking quashing of an FIR or the charge-sheet must be examined on the basis of the allegations of commission of a cognizable offence. There cannot be a roving inquiry into the matter and the merits of such allegations cannot be examined in a writ proceeding. The probative or evidentiary value of the materials collected in course of the investigation cannot be examined by the writ Court except in cases where it is demonstrable that the allegations assuming to be true and on its face value do not constitute a cognizable offence or the allegations disclose a purely civil dispute or the criminal proceeding is found manifestly attended with *mala fide*, malicious or instituted with an ulterior motive.

13. The allegation of arbitrary and illegal exercise of its powers by the ED must be supported by the extraneous considerations or, that, the ED exercised its powers for unauthorized purposes. Such allegations must be supported and demonstrated either by admitted or proved facts. According to the learned senior counsel for the petitioner, the complainant made contradictory statements and the ED targeted the petitioner with selective materials. This submission is essentially based on vague assertions and raises a question of fact into which the writ Court shall not embark upon a fishing inquiry. The foundation built by the petitioner on *mala fide* action by the ED is based on selective reading of the statement of the

complainant and the attempt by the learned senior counsel for the petitioner to demonstrate that the complainant made different statements at different stages cannot be scrutinized at this stage. The credibility of a complainant can be put to test when he comes in the witness box. At this stage, any opinion formed against him by the Court shall be against natural justice and the complainant would stand castigated without an opportunity to offer his explanation for making two statements. There may arise a situation where the complainant may offer an explanation in his cross-examination when the previous statements made by him in the course of investigation are brought to his notice. The allegation of *mala fide* requires full particulars and requisite materials on record and the *mala fide* of the informant is rendered of secondary importance where the materials collected by the police passes through the judicial scrutiny and the Special Court takes cognizance of the offence. The criminal prosecution if otherwise justified is not vitiated on account of *mala fides* or vendetta. The position held by the petitioner was of a high responsibility, imputations against her are grave in nature and this Court should, therefore, be loath in drawing any inference from the incomplete facts brought on record. In “*M. Sankarnarayanan*”¹¹, the Hon’ble Supreme Court observed that an inference of *mala fide* must not be based on a factual matrix which is in the realm of insinuation, surmises or conjecture. An inference of *mala fide* must be drawn after taking into account the attending circumstances. The presumption under law is in favor of the *bona fide* action and mere allegation is not enough to prove *mala fide*.

14. Mr. Amit Anand Tiwari, the learned senior counsel for the

11. “*M. Sankarnarayanan, IAS v. State of Karnataka & Ors.*” (1993) 1 SCC 54.

petitioner contended that the order taking cognizance dated 18th August 2025 is cryptic and does not disclose any application of mind by the Court. The expression “cognizance” is not defined in the Code of Criminal Procedure. This expression has not been defined also in the Bharatiya Nagarik Suraksha Sanhita, 2023. In broad sense, the expression “taking cognizance” refers to taking notice of the commission of an offence. This is the stage of taking cognizance which indicates that the Court has taken judicial notice of the materials brought before it and decided to initiate the judicial proceedings against the offender. There is no requirement in law that the Magistrate must explicitly state the reasons for taking cognizance of the offence or for issuing summons to the accused person. There are *prima-facie* materials on record to connect the petitioner with commission of the crime.

15. There is no fetters on the powers of the Magistrate to take cognizance of any offence upon receiving a complaint of fact which constitutes such offence or upon a police report of such facts, or upon information received from any person other than police officer. Section 190 of the Code of Criminal Procedure provides that the Magistrate may take cognizance of offence even upon his own knowledge that such offence has been committed. This is not correct to say that the Magistrate taking cognizance of the offence is required to write a detailed order. A challenge to the order taking cognizance cannot be examined without looking at the materials collected during the investigation. This is so necessary because any interference with the order taking cognizance on technical grounds would further delay the trial and such an approach by the High Court shall not further the cause of justice. A criminal Court or the High Court exercising powers of the appellate Court shall refrain from remanding the matter for a fresh adjudication where the

appellate Court itself can come to a conclusion and record the finding on the basis of the materials available on record. An order of remand to the trial Court should, therefore, be in very exceptional kind of cases and not made routinely by interfering with the order under challenge on technicality.

16. In "*Pramila Devi & Ors.*"¹² the Court concerned formed an opinion that a *prima-facie* case was made out upon perusal of "the case diary and case record". The Hon'ble Supreme Court held that the Court concerned had applied its mind while taking cognizance of the offence. In paragraph nos.15 to 17 of the reported judgment, the Hon'ble Supreme Court has briefly indicated as under :-

"15. Coming to the first issue, we have no hesitation to record that the approach of the High Court was totally erroneous. Perusal of the Order taking cognizance dated 13.06.2019 discloses that the Additional Judicial Commissioner has stated that the 'case diary and case record' have been perused, which disclosed a prima facie case made out under Sections 498(A), 406 and 420 of the IPC and Section 3 (1)(g) of the SC/ST Act against the accused including appellants. Further, we find the approach of the Additional Judicial Commissioner correct inasmuch as while taking cognizance, it firstly applied its mind to the materials before it to form an opinion as to whether any offence has been committed and thereafter went into the aspect of identifying the persons who appeared to have committed the offence. Accordingly, the process moves to the next stage; of issuance of summons or warrant, as the case may be, against such persons."

16. In the present case, we find that the Additional Judicial Commissioner has taken cognizance while recording a finding that - from a perusal of the case diary and case record, a prima facie case was made out against the accused, including the Appellants. In Bhushan Kumar v. State (NCT of Delhi), (2012) 5 SCC 424, this Court held that an order of the Magistrate taking cognizance cannot be faulted only because it was not a reasoned order; relevant paragraphs being as under:

'14. Time and again it has been stated by this Court that the summoning order under Section 204 of the Code requires no explicit reasons to be stated because it is imperative that the Magistrate must have taken notice of the accusations and applied his mind to the

12. "*Pramila Devi & Ors. v. State of Jharkhand & Anr.*" 2025 SCC OnLine SC 886.

allegations made in the police report and the materials filed therewith.

15. In *Kanti Bhadra Shah v. State of W.B.* [(2000) 1 SCC 722 : 2000 SCC (Cri) 303] the following passage will be apposite in this context : (SCC p. 726, para 12)

“12. If there is no legal requirement that the trial court should write an order showing the reasons for framing a charge, why should the already burdened trial courts be further burdened with such an extra work. The time has reached to adopt all possible measures to expedite the court procedures and to chalk out measures to avert all roadblocks causing avoidable delays. If a Magistrate is to write detailed orders at different stages merely because the counsel would address arguments at all stages, the snail-paced progress of proceedings in trial courts would further be slowed down. We are coming across interlocutory orders of Magistrates and Sessions Judges running into several pages. We can appreciate if such a detailed order has been passed for culminating the proceedings before them. But it is quite unnecessary to write detailed orders at other stages, such as issuing process, remanding the accused to custody, framing of charges, passing over to next stages in the trial.”

(emphasis supplied)

16. In *Nagawwa v. Veeranna Shivalingappa Konjalgi* [(1976) 3 SCC 736 : 1976 SCC (Cri) 507] this Court held that it is not the province of the Magistrate to enter into a detailed discussion on the merits or demerits of the case. It was further held that in deciding whether a process should be issued, the Magistrate can take into consideration improbabilities appearing on the face of the complaint or in the evidence led by the complainant in support of the allegations. The Magistrate has been given an undoubted discretion in the matter and the discretion has to be judicially exercised by him. It was further held that : (SCC p. 741, para 5)

“5. ... Once the Magistrate has exercised his discretion it is not for the High Court, or even this Court, to substitute its own discretion for that of the Magistrate or to examine the case on merits with a view to find out whether or not the allegations in the complaint, if proved, would ultimately end in conviction of the accused.”

17. In *Chief Controller of Imports & Exports v. Roshanlal Agarwal* [(2003) 4 SCC 139 : 2003 SCC (Cri) 788] this Court, in para 9, held as under : (SCC pp. 145-46)

“9. In determining the question whether any process is to be issued or not, what the Magistrate has to be satisfied is whether there is sufficient ground for proceeding and not whether there is sufficient ground for conviction. Whether the evidence is adequate for supporting the conviction, can be determined only at the trial and not at the stage of

inquiry. At the stage of issuing the process to the accused, the Magistrate is not required to record reasons. This question was considered recently in U.P. Pollution Control Board v. Mohan Meakins Ltd. [(2000) 3 SCC 745] and after noticing the law laid down in Kanti Bhadra Shah v. State of W.B. [(2000) 1 SCC 722 : 2000 SCC (Cri) 303] it was held as follows: (U.P. Pollution case [(2000) 3 SCC 745], SCC p. 749, para 6)

‘6. The legislature has stressed the need to record reasons in certain situations such as dismissal of a complaint without issuing process. There is no such legal requirement imposed on a Magistrate for passing detailed order while issuing summons. The process issued to the accused cannot be quashed merely on the ground that the Magistrate had not passed a speaking order.’

17. There is no error in the order dated 18th August 2025 taking cognizance of the offence under sections 420, 120-B, 511 and 144 of the Indian Penal Code passed by the Metropolitan Magistrate.

18. The PMLA has been enacted to prevent money-laundering and to provide for confiscation of the property derived from or involved in money-laundering and for the matters connected therewith or incidental thereto. The PMLA is a piece of special legislation which contains a *non-obstante* clause under section 65. The applicability of the provisions under the Code of Criminal Procedure which are incorporated under sections 44 to 46 of the PMLA clearly establishes that the PMLA shall have precedence over other laws relating to crime and the general laws shall be applied when there is no inconsistency between the two statutes. There are procedural safeguards and the authorized officers have duty to ensure fairness, objectivity and accountability. The authorities appointed under Chapter V of the PMLA perform a dual role of conducting an inquiry and collecting the evidence to facilitate adjudication proceedings. The materials so collected are used to bolster the case against the accused person by filing a complaint under the PMLA before the Special Court. In “*V. Senthil*”¹³, the Hon’ble Supreme Court held

13. “*V. Senthil v. State*” (2024) 3 SCC 51.

that the PMLA is an amalgam of several facets of the regulatory as well as penal legislation which are essential to address the scourge of money-laundering. The economic offences involving huge loss of public funds are affecting the economy of the country and poses serious threat to the financial stability and health of the country.

19. The offence of money-laundering is attracted where the Court finds *prima facie* evidence that the accused person indulged himself in any manner whatsoever with the proceeds of crime and it is not necessary that on such date the criminal activity was notified as a scheduled offence. Section 2(1)(u) of the PMLA defines the expression “proceeds of crime” to mean any property derived or obtained, directly or indirectly, as a result of criminal activity relating to a scheduled offence, including its value. The offence of money-laundering as defined under section 3 of the PMLA requires the involvement of the accused persons in any process or activity connected with the proceeds of crime derived or obtained as a result of the criminal activity relating to or in relation to a scheduled offence. The definition of money-laundering encompasses every possible manner of involvement of the person with the proceeds of crime derived or obtained as a result of that crime. The expression “criminal activity” covers all activities of an accused person concerning the predicate offence and the use of the expression “every attempt” in section 3 signifies its wide scope and ambit.

20. In course of the investigation in ECIR/MBZO-I/24/2024, the statements of Vaibhav Jalinder Gawali, Nikhil Panjwani, Mohit Burman, Hamid Ahmed, Asha Nair, S. L. Mohan and Anuj Gulati were recorded under section 50 of the PMLA. In their statements, these witnesses stated about the dispute with the Burman group

and a possible control of REL by Burman group. In the money laundering investigation in ECIR/MBZO-I/27/ 2024 registered on the basis of the FIR No.355 of 2024, the ED makes allegation of unlawful gain by the petitioner to the tune of Rs.179.54 crores by acquiring the ESOPs at a much lower price and diversion of Rs.192 crores of the REL to subscribe the rights issue of CHIL at much higher price. The Demat accounts held by the petitioner, Mr. Nishant Singhal, Mr. Nitin Aggarwal and his wife Mrs. Prachi Aggarwal have been attached as the proceeds of crime. The ED has recorded the statement of the petitioner, Nitin Aggarwal, Nishant Singhal and Chirag Jain in course of the search conducted on 21st August 2024. The ED collected sufficient materials and has submitted the Prosecution Complaint against the petitioner.

21. As Executive Chairperson, the petitioner received a total number of 2,27,11,327 ESOPs. The petitioner held 75,69,685 ESOPs in Demat with ICICI Securities and Nitin Aggarwal transferred about half of 10,61,614 ESOPs to his wife and the balance was retained in Demat with Religare Broking. The proposal was moved by the petitioner in her capacity as non-Executive Chairperson of the CHIL and as Executive Chairperson of REL. In relation thereto, there is adverse finding by the IRDA, advice by the SEBI to the REL and show cause notice by the SEBI for non-compliance with its advice. The ESOP shares are treated as proceeds of crime and a provisional attachment order was issued on 23rd September 2024. The said order has been confirmed by the adjudicating Authority vide order dated 3rd March 2025. In Writ Petition (Criminal) No.2638 of 2024, the petitioner made multiple prayers before the Delhi High Court challenging the search operation and unfreezing of the ESOPs. She filed another petition

vide Writ Petition (Civil) No.5287 of 2025 wherein she laid a challenge to ECIR/MBZO-I/24/2024 and all proceedings emanating therefrom. She also made a specific challenge to the provisional attachment order dated 23rd September 2024 but the said writ petition was withdrawn by her to avail of statutory appellate remedy. In “*Vijay Madanlal Choudhary*”, the Hon’ble Supreme Court held that the offence of money-laundering is attracted if the accused person indulges in or assists or became a party to the process or activity connected with the proceeds of crime. Section 23 of the IPC defines the term “wrongful gain” to mean any gain by unlawful means of the property to which the person gaining is not legally entitled. The ESOP shares allotted to and held by the petitioner is a valuable security and the petitioner stands to gain by unlawful means by acquiring such valuable security. The Prosecution Complaint refers to the letter dated 10th May 2022 by IRDAI rejecting the proposed grant of ESOPs to the petitioner. Notwithstanding that, a second grant of the ESOPs to the petitioner was approved on the ground that the IRDA approval was not necessary in her capacity as an employee of the REL. The ED alleges that there was no further valuation of the shares and the ESOPs were valued at Rs.45.32 per share which was the valuation in December 2021. The proposal to raise Rs.300 crores through the rights issue @ Rs.110 per share was made by the petitioner on behalf of the REL and the price was decided by the CHIL in which REL held 64% stakes and it was controlled by the petitioner. It is alleged that Rs.192 crores out of Rs.250 crores were invested by the REL where the petitioner and Nitin Aggarwal were key decision makers. The funds of REL were diverted to subscribe to the rights issue of CHIL @ Rs.110/- per share whereas the ESOPs of the same

company were given to the petitioner and others at substantially low price of Rs.45.32 per share. Quite apparently, there is abundance of incriminating materials collected by the ED to file a Prosecution Complaint against the petitioner.

22. Having regard to the aforesaid discussions, we do not find any substance in these writ petitions which are, accordingly, dismissed.

[GAUTAM A. ANKHAD, J.]

[CHIEF JUSTICE]

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