IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CRIMINAL APPELLATE JURISDICTION

CRIMINAL WRIT PETITION NO.119 OF 2026

Sitaram Sudama Gupta, Aged 62 years, Occ. Business, R/at Room No.1, Raghunath Colony, Santosh Bhuvan Naka, Nalasopara (East), Vasai, Palghar – 401 209. (At present lodged in Mumbai Central Prison, Arthur Road, Mumbai)	] .. Petitioner
Versus	
1. The Union of India, Through the Enforcement Directorate, Mumbai Zonal Office II, 301 & 302, 3rd Floor, Ceejay House, Dr. A.B. Road, Worli, Mumbai - 400 018.	]
2. The State of Maharashtra	] .. Respondents

Mr. Mithilesh Mishra, i/by Mr. Subash Hulyalkar, Advocates for the Petitioner.

Mr. S.V. Gavand, Additional Public Prosecutor for the Respondent-State of Maharashtra.

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

DATE : 17TH JANUARY 2026.

P.C. :

Laying a challenge to the orders dated 14th August 2025 and 20th August 2025 passed by the learned Additional Sessions Judge, designated as a Special Court under the Prevention of Money Laundering Act, 2002 ("PMLA"), City Civil & Sessions Court, Mumbai in Remand Application No.1136 of 2025 in ECIR No.ECIR/MBZO-II/10/2025, Mr. Sitaram Sudama Gupta who is the accused no.1 in ECIR No.ECIR/MBZO-II/10/2025 has filed this writ petition seeking a declaration that his arrest was illegal and unnecessary in connection to ECIR/MBZO-II/26/2023 dated 24th February 2023 and ECIR/MBZO-II/10/2025 dated 21st February 2025.

2. Mr. Mithilesh Mishra, the learned counsel for the petitioner contends that without any enquiry or investigation and without recording a finding that the petitioner is guilty of the offence under the PMLA, he has been arrested. The reasons of arrest and the grounds of arrest were furnished to the petitioner in English language who is not acquainted with the same. There is no finding recorded by the Investigating Officer that the petitioner has any role to play in the transaction relating to the proceeds of crime or he was benefited from such property. To lay support to his submission that no enquiry or investigation was conducted, the learned counsel for the petitioner has placed reliance on paragraph no.16(i) of the order dated 14th August 2025 which reads as under:

> *"16. It is submitted that the ED custody of the accused is necessary for the investigation on the following grounds that;*
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> *(i) To investigate and ascertain role and involvement of other persons in this huge scam who are actually involved or knowingly assisted in the commission of the offence of money laundering."*

3. In addition, the learned counsel for the petitioner submitted that the ECIR was registered in the year 2023 and the petitioner appeared before the Enforcement Directorate pursuant to several summons issued to him but he was not arrested.

4. Keeping in mind the object behind the PMLA while adjudicating a challenge to the legality of arrest of an accused, the Court is required to bestow its attention to the definition of the expression "property" under clause (v) of sub-section (1) to section

2 of the PMLA which provides that any property or assets of every description, whether corporeal or incorporeal, movable or immovable, tangible or intangible shall be covered by the expression “property”. It shall also include the deeds and instruments evidencing title to or interest in such property or assets wherever located. Besides defining the expression “proceeds of crime” in a wide manner, the Explanation to sub-section (u) to section 2(1) provides that proceeds of crime shall include property not only derived or obtained from scheduled offence but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relating to a scheduled offence. As to the ground that the petitioner appeared pursuant to the summons issued to him when he was not arrested, it needs to be indicated that this was for the Investigating Officer to take a call whether or not and when to arrest the accused. Paragraph no.16 of the order dated 14th August 2025 passed in Remand Application No.1136 of 2025 on which much stress has been laid by the learned counsel for the petitioner is in relation to the police custody and not the judicial custody. It is well recognized in legal parlance that a police custody of an accused is taken for his custodial interrogation and it is not necessary that the enquiry or investigation undertaken in the matter shall be complete. Paragraph no.16(i) of the order records that to investigate and ascertain role and involvement of other persons in the huge scam who were actually involved or knowingly assisted in the commission of offence of money laundering, a request for the remand application seeking police custody of the petitioner and others was made.

5. In the order dated 14th August 2025, the learned Additional Sessions Judge, designated as a Special Court under the PMLA

referred to the rival submissions and the decisions referred to on behalf of the petitioner in *"Pankaj Bansal v. Union of India & Ors."*[1], *"Prabir Purkaystha v. State"*[2] and *"Arvind Kejriwal v. Directorate of Enforcement"*[3]. The learned Additional Sessions Judge also referred to the decisions in *"Vijay Madanlal Choudhary & Ors. v. Union of India & Ors."*[4] and *"Arvind Kejriwal v. Directorate of Enforcement"*[5] and allowed Remand Application No.1136 of 2025 by observing as under:-

> *"25. In the light of the rival submissions of both the parties, I have carefully gone through the remand application and the record of the case. The offence is serious economic offence affecting the socio economic condition of the society having transnational impact on the financial systems including sovereignty and integrity of the country. The PMLA is a sui generis legislation having different mechanism in respect of investigation, arrest, seizure etc. The investigation in case of money laundering requires a systematic approach. The offence under section 3 of the PMLA is a different and standalone offence. The ECIR cannot be equated with an FIR which is mandatorily required to be recorded and supplied to the accused. In Vijay Madanlal Choudhary and Others v. Directorate of Enforcement and Others, the Hon'ble Apex Court has held that supply of copy of ECIR is not mandatory and it is enough if ED at the time of arrest discloses the grounds of arrest. It is held that non-supply of ECIR cannot be cited as violation of the Constitutional right.*
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> *26. There are specific allegations that accused nos.1 and 2 constructed 41 illegal buildings without permission on Government premises/private land and sold units to the public and the said illegal construction has been demolished by the orders of the Hon'ble Bombay High Court. Admittedly, since the Hon'ble Bombay High Court ordered to demolish the 41 buildings, the construction of those buildings was illegal. There are specific allegations that the alleged 60 acres Government/private land was sold illegally based on forged Agreement/Power of Attorney tolocal builders who from 2013-2021 constructed 41 buildings with close connivance of VVCMC officials/officers. There are specific allegations that*

1 *2024(7) SCC 576*
2 *(2024) 8 SCC 254*
3 *2025(2) SCC 248*
4 *(2023) 12 SCC 1*
5 *Criminal Appeal No.2493 of 2024 dated 12th July 2024*

the accused nos.1 and 2 have received substantial amount of money in cash for the sale of the alleged 60 acres Government/private land illegally to local builders and they have actually involved in generation, acquisition and possession of the POC which has been derived from selling the land illegally through forged Agreement/Power of Attorney. An amount of Rs.45 lakhs has been seized from the house of accused no.1 during the search. There are specific allegations that the officers of VVCMC were bribed to permit illegal constructions and evade demolition. The specific role of accused nos.1 and 2 has been mentioned in the remand application and in the reasons to believe and grounds of arrest. There are specific allegations that accused no.3 has received substantial amount of bribe. The huge cash amounting to Rs.8.23 crores and Diamond Studded Jewellery worth Rs.23.25 crore has been seized from the premises of accused no.3 and there are specific allegations that he has organized a cartel of VVCMC officers, Junior Engineers, Architects, CAs and Liasoners and was involved in an organized action plan to acquire the POC by committing illegal omission to perform his public duty and thereafter granting development permissions at fixed rate. The whatsapp chats are also recovered wherein it was revealed that code words were used for collecting commission/bribe amount for accused nos.3 and 4. There are specific allegations that accused no.4 has not taken any action in respect of illegal construction and he has flourished the already existing cartel comprising of senior VVCMC officers for taking commission/bribe amount at the total rate of Rs.150 per sq.ft. There are specific allegations that accused no.4 has charged huge commission/bribe for granting various development permissions required from VVCMC for starting different residential/commercial/other projects and code words were used for receiving the commission. According to ED, accused no.4 is actually involved in the commission of offence and offence of money laundering by way of acquisition, possession and concealment of the POC and transferring the said POC to his relative. The said fact has been confirmed in the statements of witnesses and whatsapp chats.

27. *The arrest order, arrest memo, grounds of arrest and reasons to believe has been already furnished to the accused in compliance of section 19 of the PMLA and the decision in Pankaj Bansal v. Union of India. According to ED, the remand report as well as reasons to believe and grounds of arrest clearly indicate that accused are involved in the offence of money laundering. Considering the material on record, the ED Officer has reasons to believe that the accused have*

committed an offence punishable under section 4 of PMLA. Considering the record of the predicate offence and ECIR and the reasons to believe and grounds of arrest, it shows that there is prima-facie material in the possession of the officer of ED to believe that the accused are guilty of the offence punishable under the PMLA. From the record, it shows that there is sufficient compliance of section 19 of PMLA. It is also submitted that accused no.4 has not been cooperated at the time of search and he has deleted the whatsapp chats and data found in his mobile. The grounds of arrest clearly indicates that there is necessity to arrest the accused for the purpose of proper and effective investigation. Therefore, considering the material on record it cannot be said that the arrest of the accused is illegal and there is no necessity of the arrest of accused.

28. The investigation is at primary stage. The Investigating Officer wanted to investigate and ascertain role and involvement of other persons in this huge scam; to identify the other beneficiaries of the POC, to trave the end utilization of the POC; to identify the properties acquired through the POC and to investigate and identify the ultimate use of the cash so collected from the various builders/Architects/Liasoners. According to ED, there is possibility of cross-border implications leading to utilziation of crime proceeds not only in India but outside India. The grounds for ED custody are sufficient and cogent. According to ED, there is no concern in respect of Crime No.II-54/2016 in which accused no.3 is discharged. Crime No.330/2025 has been registered against accused no.3 under section 13(1)(b) and 13(2) of the PC Act which is a scheduled offence. According to ED, the accused no.4 has received huge amount of cash from accused no.3. He has incorporated various firms in order to channelize and utilize the POC. The investigation in respect of the POC is in progress, therefore, the exact POC amount can be quantified after the investigation. According to ED, crores of rupees were generated as POC. Therefore, merely because the exact amount of POC is not mentioned, it cannot be said that the offence under section 3 is not attracted.

29. Considering the nature, seriousness and gravity of the offence, the larger interest of the society and the grounds for ED custody, the custodial interrogation of the accused is necessary for the proper and effective investigation of the crime. Unless the accused are remanded in the custody of ED, the investigation will not be conducted in a proper and effective manner. The huge amount of public money are involved in the scam. 2500 families become homeless due to the demolition of the illegal 41 buildings. If the ED custody of *accused in not granted, there is high possibility of frustration of the investigation. Therefore, the custodial interrogation of the accused is necessary for proper and effective investigation of the economic offence. Hence, I proceed to pass the following order:-*

ORDER

1. *The accused no.1 – Sitaram Sudama Gupta, No.2 – Arun Sadanand Gupta, No.3 – Y. Shiva Reddy and No.4 – Anil Kumar Khanderao Pawar are remanded in the custody of ED till 20th August 2025.*
2. *All original papers are returned back to the officer of Directorate of Enforcement."*

6. The above order is well reasoned and the investigation is ongoing. No case is made out to interfere with the impugned order. The submission made by the learned counsel for the petitioner that the furnishing of arrest order, grounds of arrest and reasons of arrest in English language shall infringe the rights of the petitioner is not corroborated by the materials on record. In the grounds of arrest which was furnished to the petitioner on 13th August 2025 at 5:55 p.m., it has been stated that the petitioner was intimated about the grounds for arrest and reasons to believe at the time of his arrest. Such expression shall simply indicate that the grounds of arrest and reasons of arrest have been explained to the petitioner.

7. Writ Petition No.119 of 2026 is dismissed.

[GAUTAM A. ANKHAD, J.] **[CHIEF JUSTICE]**

SNEHA ABHAY DIXIT Digitally signed by SNEHA ABHAY DIXIT Date: 2026.02.04 14:55:12 +0530