



WEB COPY



CrI.R.C.No.1631 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 30.10.2025

Pronounced on : 28.01.2026

CORAM

**THE HONOURABLE MR.JUSTICE S.M.SUBRAMANIAM
AND
THE HONOURABLE MR.JUSTICE MOHAMMED SHAFFIQ**

**CrI.R.C.No.1631 of 2025
and
CrI.M.P.No.16711 of 2025**

R.Kannan

... Petitioner/Accused No.5

v.

The Assistant Director,
Directorate of Enforcement,
Government of India,
Ministry of Finance, Department of Revenue,
II & III Floor, "C" Block,
Murugesu Naicker Office Complex,
#84, Greaves Road,
Chennai – 600 006.

... Respondent/Complainant

Prayer: Criminal Revision Petition filed under Section 438 of BNSS, 2023 and 397 of Criminal Procedure Code, 1973, to call for the records and set aside the order dated 06.06.2025 in CrI.M.P.No.4447 of 2023 and prosecute P.W.No.1 – Parvathy Ramakrishnan as an Accused in C.C.No.14 of 2018 pending on the file of the Hon'ble Principal Sessions Judge at Chennai (Special Court, Chennai constituted u/s. 43(1) of the Prevention of Money Laundering Act, 2002 (Hon'ble Principal Sessions Judge at Chennai)).



WEB COPY



CrI.R.C.No.1631 of 2025

For Petitioner : Mr.A.V.Somasundharam
Senior Counsel
for Mrs.S.Uma Nachiar

For Respondent : Mr.P.Sidharthan
Special Public Prosecutor

ORDER

(Order of the Court was made by MOHAMMED SHAFFIQ,J.)

The present Criminal Revision Case is filed challenging the dismissal of petition under Section 319 of Cr.P.C, whereby, the petitioner prayed to add Mrs.Parvathy Ramakrishnan, who has been listed as witness in the complaint, as accused in C.C.No.14 of 2018.

2.Brief Facts:

(i) Petitioner worked as a Chief Manager with Union Bank of India, Mount Road Branch, Chennai. Petitioner retired on 05.07.2010.

(ii) Petitioner is arraigned as 5th Accused in a complaint filed by the respondent herein under Section 3 and 4 of Prevention of Money Laundering Act, 2002 (hereinafter referred to as 'PMLA Act').

(iii) National Medicines Private Limited (hereinafter referred to as "Company"), a Company incorporated under the Companies Act, was sanctioned with Cash Credit Facility of Rs.6 Crores and 25 Lakhs of Letter of Guarantee by Standard Chartered Bank, SME Branch, Haddows Road, Chennai.



CrI.R.C.No.1631 of 2025

WEB COPY

(iv) Petitioner in his capacity as Chief Manager of Union Bank of India along with Senior Manager Credit, P.Narashima Rao, jointly prepared and forwarded proposal for credit facilities sought by Company, arraigned as A3, which comprised of taking over of account of Company with Standard Chartered Bank by Union Bank of India, by paying Rs.4.25 Crores to Standard Chartered Bank along with credit enhancement of Rs.2 Crores, in all Rs.6.25 Crores by Union Bank of India.

(v) Proposal was accepted and a Pay Order of Rs.4.25 Crores was made in the name of Standard Chartered Bank and accepted by Mrs.Parvathy Ramakrishnan, Portfolio Manager, SME Banking in Standard Chartered Bank, at the relevant point of time.

(vi) In terms of the proposal, account of the Company ought to have been handed over/assigned/transferred to Union Bank of India, which Mrs.Parvathy Ramakrishnan was allegedly obligated to carry out/perform. However, even after Union Bank had performed its part, Company was permitted to continue to operate the account by Standard Chartered Bank, nor was payment of Rs.4.25 crores paid by Union Bank of India for the purpose of taking over of Company's account transferred back to petitioner.

(vii) It is alleged that Mrs.Parvathy Ramakrishnan had a duty/obligation to zeroise the account of A3 on realising/receiving the amount of Rs.4.25 Crores issued by Union Bank of India. Failure to



CrI.R.C.No.1631 of 2025

discharge its part by Standard Chartered Bank would constitute violation of Banking norms and relevant rules.

(viii) Petitioner would submit that to protect the interest of the Union Bank, property owned by the Company at Vijayaragavachari Road, T.Nagar, Chennai was obtained as collateral security for covering the entire loan amount sanctioned by Regional Office, Chennai and an equitable mortgage was created and registered with SRO, Chennai. The above property was taken as collateral security after scrutiny of the title deeds.

(ix) It has been submitted that petitioner initiated proceedings before the Debts Recovery Tribunal for recovery of the dues, the dispute was resolved by way of One Time Settlement of Rs.3.7 Crores.

(x) Petitioner would submit that petitioner along with Mrs.Parvathy Ramakrishnan was tried for offences punishable under Section 120B read with 420, 468, 471 of IPC and Section 13(2) read with 13(1)(d) of the Prevention of Corruption Act, 1988 in C.C.No.45 of 2009 by CBI, BS and FC before the XI Additional CBI Court, Chennai. Petitioner and Mrs.Parvathy Ramakrishnan were convicted and sentenced to undergo three years rigorous imprisonment for the said offences vide judgment dated 29.09.2020.

(xi) During the pendency of the above case before CBI Court, a complaint was lodged in C.C.No.14 of 2018 on 16.07.2018, wherein, petitioner was arraigned as A5. Mrs.Parvathy Ramakrishnan was not



CrI.R.C.No.1631 of 2025

arraigned as an accused, but was directly cited as a witness, despite the fact that her involvement in unauthorised transactions of the Company without the knowledge of Union Bank of India would attract Section 3 and 4 of PMLA Act.

(xii) Charges were framed against the petitioner on 18.08.2022 for alleged offences under Section 3 and 4 of PMLA Act. On 25.11.2022, Mrs.Parvathy Ramakrishnan was examined as L.W.2/P.W.1.

3. It is in such circumstances, the petitioner filed a petition under Section 319 of Cr.P.C to add P.W.1, Mrs.Parvathy Ramakrishnan as an accused on 23.01.2023. The same was dismissed by the Principal Sessions Judge, Chennai vide impugned order dated 06.06.2025, wherein, after recording the facts and also the oral testimony of Parvathy Ramakrishnan, Maheswariah and Venkateshwara Rao, it was found that mere acquisition of proceeds of crime or abetting of such acquisition by itself would not amount to money laundering unless it is coupled with the act of projecting or claiming such proceeds to be untainted. The relevant portion of the impugned order is extracted hereunder:

"13. On careful perusal of the above evidences deposed by the prosecutions witnesses examined so far including the cross examination of P.W.1 and P.W.2, it is found that nothing was brought on record by the petitioner herein to show that PW1 Mrs. Parvathy Ramakrishnan is also



WEB COPY

involved in the offence of money laundering as defined u/s.3 and punishable u/s. 4 of PMLA. Merely because, P.W.1 has made an Accused in the scheduled offence and convicted for the offence alleged thereon, it does not automatically make her an Accused in the present complaint also. It is now settled by the Apex Court in Vijay Madanlal Choudhary vs. Union of India that the scheduled offence and money laundering offences are two distinct offences and the offences of money laundering is a stand alone offence.

Sec. 3 of PMLA makes it clear that whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the (proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming) it as untainted property shall be guilty of offence of money-laundering.

From the above definition it is clear that there shall be a direct or indirect attempt to indulge in or knowingly assist or knowingly is a party or its actual involvement in process or actively connected with the proceeds of crime shall be guilty of the offence of money laundering. In other words, to constitute the offence of money laundering, there shall be a direct or indirect involvement in connection with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property. Therefore, mere acquisition of proceeds of crime or abetting such an acquisition by itself would not amount to money laundering unless it is coupled with the act of projecting or claiming it to be untainted. Nothing was brought on record in the evidence produced so far before this court materials to



CrI.R.C.No.1631 of 2025

WEB COPY

show that the said witness P.W.1 Parvathy Ramakrishnan was also involved in the offence of money laundering as defined u/s 3 of PMLA The present petition is nothing but an attempt by the petitioner/A5 to delay the process of trial further. Therefore, this court is not inclined to issue summons to her to stand trial along with other Accused and this point is answered accordingly.”

(emphasis supplied)

4. On perusal of the above impugned Order, we find that it suffers from a gross misunderstanding of the law laid down by the Supreme Court in the case of **Vijay Madanlal Chaudhary Vs. Union of India** reported in **(2023) 12 SCC 1**, wherein, the contention urged by the petitioners therein that only upon projecting or claiming the property/proceeds in crime in question as untainted, that the offence of Section 3 of PMLA Act would be complete stood rejected by Supreme Court. This would be clear from the following portions of the judgment:

“122. Coming to Section 3 of the 2002 Act, the same defines the offence of money laundering. The expression “money laundering”, ordinarily, means the process or activity of placement, layering and finally integrating the tainted property in the formal economy of the country. However, Section 3 has a wider reach. The offence, as defined, captures every process and activity in dealing with the proceeds of crime, directly or indirectly, and not limited to the happening of the final act of integration of tainted property in the formal economy to constitute an act of money laundering.



WEB COPY

This is amply clear from the original provision, which has been further clarified by insertion of the Explanation vide Finance (No. 2) Act, 2019.

123. Section 3, as amended, reads thus:

“3. Offence of money laundering.—Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the [Substituted by Act 2 of 2013, Section 3, for “proceeds of crime and projecting” [w.e.f. 15-2-2013, vide S.O. 343(E), dated 8-2-2013].] [proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming] it as untainted property shall be guilty of offence of money laundering.

[Inserted by the Finance (No. 2) Act, 2019, Section 193 (w.e.f. 1-8-2019).] [Explanation.—For the removal of doubts, it is hereby clarified that—

(i) a person shall be guilty of offence of money laundering if such person is found to have directly or indirectly attempted to indulge or knowingly assisted or knowingly is a party or is actually involved in one or more of the following processes or activities connected with proceeds of crime, namely—

- (a) concealment; or*
 - (b) possession; or*
 - (c) acquisition; or*
 - (d) use; or*
 - (e) projecting as untainted property; or*
 - (f) claiming as untainted property,*
- in any manner whatsoever;*



WEB COPY

(ii) the process or activity connected with proceeds of crime is a continuing activity and continues till such time a person is directly or indirectly enjoying the proceeds of crime by its concealment or possession or acquisition or use or projecting it as untainted property or claiming it as untainted property in any manner whatsoever.]”

124. *This section was first amended vide Act 2 of 2013. The expression “proceeds of crime and projecting” was substituted by the expression “proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming”. We are not so much concerned with this change introduced vide Act 2 of 2013. In other words, the provision as it stood prior to amendment vide Finance (No. 2) Act, 2019 remained as it is. Upon breaking-up of this provision, it would clearly indicate that—it is an offence of money laundering, in the event of direct or indirect attempt to indulge or knowingly assist or being knowingly party or being actually involved in “any process or activity” connected with the proceeds of crime. The latter part of the provision is only an elaboration of the different process or activity connected with the proceeds of crime, such as its concealment, possession, acquisition, use, or projecting it as untainted property or claiming it to be as untainted property. This position stands clarified by way of Explanation inserted in 2019.*

125. *If the argument of the petitioners is to be accepted, that projecting or claiming the property as untainted property is the quintessential ingredient of the offence of money laundering, that would whittle down the sweep of Section 3. ...*



WEB COPY

...

128. *...If the interpretation set forth by the petitioners was to be accepted, it would follow that it is only upon projecting or claiming the property in question as untainted property, the offence would be complete. This would undermine the efficacy of the legislative intent behind Section 3 PMLA and also will be in disregard of the view expressed by FATF in connection with the occurrence of the word “and” preceding the expression “projecting or claiming” therein.*

...

133. *Independent of the above, we have no hesitation in construing the expression “and” in Section 3 as “or”, to give full play to the said provision so as to include “every” process or activity indulged into by anyone, including projecting or claiming the property as untainted property to constitute an offence of money laundering on its own. The act of projecting or claiming proceeds of crime to be untainted property presupposes that the person is in possession of or is using the same (proceeds of crime), also an independent activity constituting offence of money laundering. In other words, it is not open to read the different activities conjunctively because of the word “and”. If that interpretation is accepted, the effectiveness of Section 3 of the 2002 Act can be easily frustrated by the simple device of one person possessing proceeds of crime and his accomplice would indulge in projecting or claiming it to be untainted property so that neither is covered under Section 3 of the 2002 Act.*



WEB COPY

382. *In light of the above analysis, we now proceed to summarise our conclusion on seminal points in issue in the following terms:*

...

382.5. *Section 3 of the 2002 Act has a wider reach and captures every process and activity, direct or indirect, in dealing with the proceeds of crime and is not limited to the happening of the final act of integration of tainted property in the formal economy. The Explanation inserted to Section 3 by way of amendment of 2019 does not expand the purport of Section 3 but is only clarificatory in nature. It clarifies the word “and” preceding the expression projecting or claiming as “or”; and being a clarificatory amendment, it would make no difference even if it is introduced by way of the Finance Act or otherwise.*

382.6. *Independent of the above, we are clearly of the view that the expression “and” occurring in Section 3 has to be construed as “or”, to give full play to the said provision so as to include “every” process or activity indulged into by anyone. Projecting or claiming the property as untainted property would constitute an offence of money laundering on its own, being an independent process or activity.*

382.7. *The interpretation suggested by the petitioners, that only upon projecting or claiming the property in question as untainted property that the offence of Section 3 would be complete, stands rejected.*

(emphasis supplied)



CrI.R.C.No.1631 of 2025

WEB COPY

5. In the light of the observations made in the aforementioned paragraphs, case requires re-examination. In that view of the matter, we are inclined to set aside the impugned order and remit the matter back to the Principal Sessions Judge at Chennai (Special Court, Chennai constituted u/s. 43(1) of the Prevention of Money Laundering Act, 2002) for fresh consideration keeping in view the above observations and decide the petition in accordance with law.

6. Accordingly, the Criminal Revision Case stands disposed of. Consequently, connected miscellaneous petition is closed.

[S.M.S.,J.]

[M.S.Q,J.]

28.01.2026

Speaking (or) Non Speaking Order

Index : Yes/ No

Neutral Citation : Yes/ No

Lm



CrI.R.C.No.1631 of 2025

WEB COPY

To:

- 1.The Principal Sessions Court,
Chennai.
- 2.The Assistant Director,
Directorate of Enforcement,
Government of India,
Ministry of Finance, Department of Revenue,
II & III Floor, "C" Block,
Murugesu Naicker Office Complex,
#84, Greaves Road, Chennai – 600 006.
- 3.The Public Prosecutor,
Madras High Court.



WEB COPY



CrI.R.C.No.1631 of 2025

S.M.SUBRAMAIAM, J.
AND
MOHAMMED SHAFFIQ, J.
Lm/spp

CrI.R.C.No.1631 of 2025

28.01.2026