

**IN THE HIGH COURT FOR THE STATE OF TELANGANA AT
HYDERABAD**

THE HONOURABLE SMT. JUSTICE K. SUJANA

CRIMINAL PETITION No.4857 of 2026

DATE: 05.05.2026

Between:

The Directorate of Enforcement,
Rep. by its Deputy Director,
Department of Revenue, 3rd floor,
Shakar Bhavan, Basheerbagh,
Hyderabad-500004

.... Petitioner/Complainant

AND

Sharad Chandra Toshniwal

.... Respondent/Accused

ORDER

This Criminal Petition is filed by the Directorate of Enforcement seeking cancellation of the bail granted to the respondent/accused by order dated 29.08.2025 in CrI.M.P. No.1818 of 2025.

2. The petitioner filed CrI.M.P. No.1818 of 2025 seeking regular bail before the trial Court in connection with the alleged

offence under the Prevention of Money-Laundering Act, 2002. After hearing both sides, the trial Court granted bail to the respondent-accused primarily on the ground of parity, that anticipatory bail had been granted by this Court to one Neelima, the successor auditor to the respondent, in CrI.P. No.2962 of 2025. The trial Court also took into account that the respondent was in judicial custody and, notwithstanding the stringent conditions under Section 45 of the PMLA, extended the benefit of bail on the premise that the respondent was cooperating with the investigating officer.

3. Heard Sri V.T. Kalyan, learned Standing Counsel for Central Government representing the petitioner and Sri Aditya Mandhani, learned counsel for the respondent.

4. Learned Standing Counsel for the petitioner contended that the trial Court committed a grave error in granting bail by misdirecting itself with reference to Section 65 of the Prevention of Money-Laundering Act (PMLA), 2002 (PMLA), which is only procedural, instead of considering that the respondent is accused of an offences under Sections 3 punishable under Section 4 of the PMLA and that the trial Court failed to consider the mandatory twin conditions under Section 45 of the PMLA

and did not record any satisfaction that the respondent is not guilty of the offence or that he is not likely to commit any offence while on bail. He further submitted that the material on record clearly establishes the respondent's involvement in the offence of money laundering, including his role in managing financial transactions, facilitating diversion of funds, and participating in activities connected with proceeds of crime, even after his alleged resignation. Hence, he seeks cancellation of the bail granted to the respondent.

5. On the other hand, the learned counsel for the respondent submitted that the trial Court committed no illegality in granting bail and that the respondent had resigned as statutory auditor on 28.03.2022 and had no role thereafter in the affairs of the company and that during his tenure, he had in fact pointed out statutory irregularities and that subsequent auditors were appointed, including one Neelima Shettyguttha, who was granted anticipatory bail by this Court, and on the principle of parity, the respondent was granted bail and that the respondent has cooperated with the investigation and there are no grounds warranting cancellation of bail, therefore, he prayed the Court to dismiss the Criminal Petition.

6. Having considered the rival submissions and upon perusal of the material available on record, it appears that the trial Court granted bail primarily on the ground of parity with the said Neelima Shettyguttha and on the premise that the respondent was cooperating with the investigation. However, admittedly, the anticipatory bail granted to the said Neelima was in respect of offences under the BNS and TSPDFE Act and not under the PMLA. The respondent herein is charged with an offence under Section 3 of the PMLA, and therefore the rigours of Section 45 of the Act are attracted. A perusal of the impugned order reveals that the trial Court has not adverted to or recorded satisfaction with regard to the mandatory twin conditions under Section 45 of the PMLA and granted bail merely on the ground that the respondent was cooperating with the investigating officer, which, by itself, is insufficient in the context of the stringent statutory requirements under Section 45 of the PMLA.

7. Accordingly, this Criminal Petition is allowed. The order dated 29.08.2025 passed in CrI.M.P. No.1818 of 2025 by the trial Court granting bail to the respondent/accused is hereby set aside. Consequently, the bail granted to the respondent stands cancelled, and the respondent is directed to surrender

before the trial Court within a period of fifteen (15) days from the date of receipt of a copy of this order.

8. Accordingly, the Criminal Petition is allowed.

Miscellaneous applications, if any pending, shall stand closed.

K. SUJANA, J

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SS

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