

2025 LiveLaw (SC) 977

**IN THE SUPREME COURT OF INDIA
CRIMINAL APPELLATE JURISDICTION**

DIPANKAR DATTA; J., AUGUSTINE GEORGE MASIH; J.
CRIMINAL APPEAL NOS.4183 – 4184 OF 2025; OCTOBER 07, 2025
(ARISING OUT OF SLP (CRL.) NOS.7828–7829 OF 2022)

JSW STEEL LIMITED ETC.

versus

DEPUTY DIRECTOR, DIRECTORATE OF ENFORCEMENT ETC.

Code of Criminal Procedure, 1973 - Section 482 – Prevention of Money Laundering Act, 2002 - Section 3 - Quashing – Held, the appellants had already availed of the statutory appellate remedy before the Appellate Tribunal under Section 26 of PMLA, which remains pending - The PMLA provides a complete and self-contained adjudicatory framework under Sections 5, 8, and 26 - Judicial interference at this stage would prejudge issues within the Tribunal’s domain - The ECIR did not name JSW-appellant as accused, and the CBI charge sheet also dropped it from prosecution, indicating absence of a live predicate offence - However, the ED’s action was confined to recovery of INR 33.80 crore allegedly arising from the attached bank accounts - When an efficacious statutory remedy under PMLA is being pursued before the Appellate Tribunal, the Supreme Court ordinarily refrains from exercising extraordinary jurisdiction to interfere with ongoing proceedings - Alleged possession or use of attached property constitutes a matter for adjudication under PMLA’s internal mechanism, not for pre-emptive quashing - The Court declined to quash proceedings, observing that the dispute regarding the characterization of attached funds as “proceeds of crime” must first be adjudicated by the Appellate Tribunal - Appeals dismissed. [Relied on *Vijay Madanlal Choudhary v. Union of India*, (2023) 12 SCC 1; *State of Haryana v. Bhajan Lal*, 1992 Supp (1) SCC 335; Paras 21, 24, 33-40].

For Appellant(s) Dr. Abhishek Manu Singhvi, Sr. Adv. Mr. Jaideep Gupta, Sr. Adv. Ms. Nandini Gore, Adv. Ms. Sonia Nigam, Adv. Mr. Ninad Laud, Adv. Mr. Akhil Abraham Roy, Adv. Mr. Mohammad Shahyan Khan, Adv. Mr. Akarsh Sharma, Adv. Mr. Zubin Dash, Adv. Mr. Swarnendu Das, Adv. M/S. Karanjawala & Co., AOR

For Respondent(s) Mr. Tushar Mehta, Solicitor General Mr. Suryaprakash V Raju, A.S.G. Mr. Kanu Agrawal, Adv. Mr. Annam Venkatesh, Adv. Mr. Zoheb Hussain, Adv. Mr. Arvind Kumar Sharma, AOR

J U D G M E N T

AUGUSTINE GEORGE MASIH, J.

1. Two writ petitions were preferred by the Appellants herein before the High Court of Karnataka, with the Appellant No. 1, JSW Steel Limited (hereinafter “JSW”), being common in both the petitions, whereas Appellant No. 2, Mr. Pravin John Sequeira, Deputy General Manager, Compliance, JSW, was the petitioner in one of the writ petitions. Challenge in Writ Petition No. 7499 of 2022 was to the proceedings, including the investigation emanating from ECIR/09/BZ/2012, whereas in Writ Petition No. 11399 of 2022, the order dated 11.04.2022 passed by the Special Court taking cognizance of the offences against Appellants No. 1 and 2 and issuing summons was challenged. As the facts were common, both the writ petitions were taken together and disposed of by a common order dated 13.06.2022. The High Court of Karnataka proceeded to dismiss both the writ petitions, leading to the filing of the present appeals.

- 2.** The facts in brief can be summed up by ascertaining that Appellant No. 1 is a public limited company registered under the Companies Act, 1956, involved in the business of manufacturing steel and has plants in various locations. JSW entered into an agreement/contract with Obulapuram Mining Company Private Limited (hereinafter “OMC”) for the supply of 1.5 Million Metric Tons (MT) of iron ore, fines, and lumps to its plant at Vijayanagar on 16.11.2009. From November 2009 to December 2009, partial supplies were made by OMC from its mines and thereafter till March 2010 from its group companies/concerns, including Ananthpur Mining Corporation and Associate Mining Company (hereinafter “AMC”). As OMC thereafter failed to supply iron ore despite assurances that supply would recommence upon reopening of the mines, JSW sought adjustment of the remaining amount from the advance amount of INR 130 Crore.
- 3.** Meanwhile, this Court on 23.09.2011 in SLP (C) No. 7366-7367 of 2010 directed an investigation into the matter of illegal mining and export of iron ore by AMC, a partnership firm of G. Janardhan Reddy. Pursuant to this direction, RC 18(A)/2011/CBI/ACB/BLR was registered by the Central Bureau of Investigation (CBI) against the accused, AMC, its partners G. Janardhan Reddy and G. Lakshmi Aruna along with others. On 30.05.2012, CBI filed a chargesheet, and cognizance was taken on the same. Though JSW was named as an accused but subsequently, on 06.09.2013, a supplementary final report was filed, dropping charges, thereby exonerating it in the CBI case.
- 4.** On 25.09.2012, Enforcement Directorate (ED) registered ECIR/09/BZ/2012 under the Prevention of Money Laundering Act, 2002 (PMLA) against G. Janardhan Reddy and G. Lakshmi Aruna.
- 5.** Because of the non-supply of the iron ore and there being an outstanding amount against OMC, arbitration proceedings were initiated by JSW-Appellant No. 1 by filing an application before the High Court of Bombay. Sole arbitrator was appointed on 05.04.2013. The Arbitrator, by award dated 09.05.2014, directed refund of the principal outstanding balance after adjusting the sums payable to AMC along with interest and damages.
- 6.** On 01.04.2019, the application filed by OMC against the arbitral award was dismissed by the High Court of Bombay. The said order was not challenged and therefore had attained finality.
- 7.** Execution Application No. 3 of 2017 was filed by Appellant No. 1 on 04.05.2016 against OMC for the enforcement of the arbitral award dated 09.05.2014 in the High Court of Bombay.
- 8.** On 27.03.2015, ED issued the first Provisional Attachment Order (PAO) No. 08 of 2015 in ECIR/09/BZ/2012 for INR 24,37,00,733.50 (TwentyFour Crore Thirty-Seven Lakh Seven Hundred ThirtyThree Rupees and Fifty Paisa) attaching bank accounts of Appellant No.1. Original Complaint No. 457/2015 was filed by ED before the Adjudicating Authority, PMLA, on 21.04.2015. JSW challenged the PAO by filing Writ Petition No. 17894 of 2015 before the High Court of Karnataka. On 11.06.2015, JSW filed Writ Petition No. 24444 of 2015 seeking quashing of Original Complaint No. 457 of 2015 and the show cause notice dated 27.04.2015.
- 9.** Another PAO No. 11 of 2016 for INR 9,43,86,883.50/- (Nine Crore Fourty Three Lakh Eighty-Six Thousand Eight Hundred Eighty-Three Rupees and Fifty Paisa) was issued on 30.03.2016, which JSW challenged by filing Writ Petition No. 19313 of 2016 on 04.04.2016. Consequently, Original Complaint No. 587 of 2016 was filed by ED on 25.04.2016 issued therein.

- 10.** On 29.02.2016, G. Janardhan Reddy and G. Lakshmi Aruna filed Writ Petitions No. 11440-11441 of 2016 seeking quashing of ECIR/09/BZ/2012 proceedings. In the Writ Petitions which were preferred by G. Janardhan Reddy and G. Lakshmi Aruna and the other petitioners therein including the ECIR's, attachment orders etc. were quashed by the Division Bench of High Court of Karnataka vide order dated 13.03.2017 by holding that the ED could not have invoked the provisions of the PMLA with retrospective effect for the offences which were not included in the schedule at the time when the said offences were alleged to have been committed.
- 11.** Pursuant to the decision of the Division Bench of the High Court of Karnataka, the Appellate Tribunal under the PMLA disposed of the appeals filed by G. Janardhan Reddy on 05.05.2017.
- 12.** SLPs were preferred, i.e., SLP (CrI.) No. 4472-4473 of 2017 by the ED on 25.05.2017, which came up for consideration on 24.07.2017, when this Court, although did not grant any stay of the impugned Judgment but ordered that the same would not be treated as a precedent. The leave was granted, and appeals were admitted.
- 13.** It needs mention here that Writ Petitions as preferred by Appellant No. 1 and No. 2 were dismissed by the Single Judge vide common order dated 11.12.2020, against which writ appeals were preferred, which were disposed of ultimately on 04.05.2021 by relegating the Appellant to the remedy of preferring an appeal before the Appellate Tribunal against the orders of attachment and confirmation by the Adjudicating Authority as provided under the PMLA. It was further observed that the ED would not take any precipitative action against Appellant No. 1 pending disposal of the appeals. The said appeals are still pending before the Appellate Tribunal, PMLA.
- 14.** On 27.10.2021, Bank of Baroda was sent an email by the ED seeking to transfer INR 33,80,87,670/- (ThirtyThree Crore Eighty Lakh Eighty-Seven Thousand Six Hundred Seventy Rupees) from the account of Appellant No. 1 to that of the ED. Summons were thereafter issued to Appellant No. 2 on 29.11.2021.
- 15.** Writ Petition No. 22238 of 2021 was preferred by the Appellant No. 1, challenging the correctness and legality of the e-mail dated 27.10.2021. Bank of Baroda confirmed remittance on 09.12.2021 of INR 17,25,14,941.76 (Seventeen Crore Twenty-Five Lakh Fourteen Thousand Nine Hundred Fourty-One Rupees and Seventy-Six Paisa) and lien marking on 10.12.2021.
- 16.** On 14.12.2021, when the aspect with regard to the summoning of Appellant No. 2 and the other officials of the Appellant No. 1 by the ED was brought to the notice of the Court, the High Court of Karnataka restrained the arrest and detention of JSW's officials.
- 17.** When further summons were issued, JSW moved an IA, which was partly allowed, continuing interim protection till the disposal of the Writ Petition. The writ petition was eventually dismissed on 08.03.2022.
- 18.** JSW then filed WP No. 7499 of 2022, challenging all proceedings emanating from ECIR/09/BZ/2012. Meanwhile, ED filed a complaint dated 08.04.2022 before the Special Court under Section 44 and Section 45(1) of the PMLA against Appellant No. 1, which was registered as Private Complaint (PCR) No. 21 of 2022. On 11.04.2022, the Special Court took cognizance and issued a summons to JSW and its officials. An additional affidavit bringing this aspect to the notice of the High Court in Writ Petition No. 7499 of 2022 was filed on 16.04.2022. ED filed its reply on 19.04.2022, which came to be considered and decided against the appellants. The said Writ Petition was heard on 20.04.2022 and judgment was reserved.

19. In the meantime, JSW received a fresh summons dated 30.05.2022 served on 03.06.2022 for appearance of its representatives on 30.06.2022. JSW filed Writ Petition No. 11399 of 2022 on 06.06.2022, challenging the cognizance order dated 11.04.2022 on grounds of noncompliance with Sections 202 & 204 CrPC. Both Writ Petitions 7499 of 2022 & 11399 of 2022 were decided together and dismissed on 13.06.2022

20. The common order is under challenge in the present appeals.

21. Learned Senior Advocate, for the Appellant, has submitted that the entire prosecution is founded on mere apprehension. He emphasised that JSW was although charge-sheeted initially but subsequently the charges have been dropped by CBI and is not named in ECIR. In the absence of a live scheduled offence, there can be no proceeds of crime and consequently no offence under Section 3 PMLA. Reliance was placed on the decision of this court in **Vijay Madanlal Choudhary and Others v. Union of India and Others**¹, to contend that quashing or discharge in predicate offence nullifies PMLA proceedings.

22. He elaborated that the withdrawals to the tune of INR 21.45 Crore were made prior to the communication of PAO 08 of 2015 and thus could not have constituted as wilful frustration of the said order. The withdrawals which were made during the period of the stay granted by the High Court was lawful. The ED in its complaint admits that account balances increased subsequently, demonstrating the absence of *mens rea* to project the property as untainted.

23. He argued that cash-credit accounts cannot be subjected to attachment as they represent drawing limits and not specific property. He further argued that ED has misunderstood the nature of a cash credit account. Such accounts is in the nature of an overdraft facility where the account holder is entitled to withdraw funds, for this reliance has been placed upon the decision of the High Court of Bombay in **Skytech Rolling Mill Pvt. Ltd. v. Joint Commissioner of State Tax Nodal 1 Raigad Division**².

24. He further relies on the decisions of this court in **R.P. Kapur v. State of Punjab**³ and **State of Haryana and Others v. Bhajan Lal and Others**⁴, to argue that prosecution should be quashed when allegations, taken at face value, do not constitute an offence.

25. It was submitted that ED's attempt to proceed with prosecution despite the pendency of statutory appeals before the Appellate Tribunal under Section 26 PMLA amounts to parallel adjudication. Learned senior advocate prayed for the quashing of the prosecution complaint and the cognizance order.

26. The learned Senior Advocate appearing for the ED vehemently opposed the appeals and submitted that the present case discloses a clear and continuing offence under Section 3 of the PMLA. Submission has been made that in pursuance of this Court's Order dated 23.09.2011 passed in **Govt. of A.P. & Ors. v. M/s Obulapuram Minig. Co. P. Ltd. & Ors. Etc.**⁵, CBI registered FIR RC 18(A)/2011/CBI/ACB/BLR on 01.10.2011 for serious offences under IPC, PC Act, MMDR Act, and Forest Act against the partners of AMC. After investigation, a charge sheet dated 30.05.2012 was filed depicting extractions and sale of illegally mined iron ore to the extent of 24 Lakh MT valued at approximately

¹ (2023) 12 SCC 1

² 2025:BHC-OS:8549-DB; Judgment dated 10.06.2025 in WP No.1928 of 2025

³ 1960 SCC OnLine SC 21 : AIR 1960 SC 866

⁴ 1992 Supp (1) SCC 335

⁵ Special Leave to Appeal (Civil) Nos. 7366-7367 of 2010

INR 480 Crore including supply of 4,31,491.27 MT to JSW Steel Ltd. during FY 2010–11 valued at INR 118.13 Crore.

27. It is submitted that the Directorate of Enforcement recorded ECIR/09/BZ/2012 on 25.09.2012 and after investigation found that INR 33,80,87,617/- (ThirtyThree Crore Eighty Lakh Eighty-Seven Thousand Six Hundred Seventeen Rupees) remained payable by JSW to AMC which constituted “proceeds of crime” under Section 2(1)(u) of PMLA. To secure this amount, PAO No. 08 of 2015 dated 27.03.2015 for INR 24,37,00,733.50 (Twenty-Four Crore Thirty-Seven Lakh Seven Hundred Thirty-Three Rupees and Fifty Paise Only) and PAO No. 11 of 2016 dated 30.03.2016 for INR 9,43,86,883.50 (Nine Crore Forty-Three Lakh Eighty-Six Thousand Eight Hundred Eighty-Three Rupees and Fifty Paise Only) were issued under Section 5(1) of PMLA, attaching specific amounts in three JSW bank accounts. The PAOs were duly confirmed by the Adjudicating Authority on 09.04.2021.

28. It is argued that despite a clear statutory bar, JSW, in collusion with bank officials, frustrated the attachment by withdrawing funds immediately after the issuance of PAO 08 of 2015 on 27.03.2015. He placed reliance on contemporaneous emails and letters from Vijaya Bank/Bank of Baroda, particularly communications dated 29.03.2016 and 25.05.2016, to submit that the lien on account no. 139500301000053 was wrongfully lifted despite written directions from the ED not to do so. The withdrawals left only INR 7.81 Crore available out of the attached sum, causing a shortfall of INR 16.55 Crore, which continues to be in the possession of JSW.

29. It is stated that possession of confirmed attached property by the accused, in defiance of lawful attachment, squarely falls within Section 8(4) of PMLA and constitutes “concealment, possession, acquisition and use” of proceeds of crime punishable under Section 3 of PMLA. The High Court had dismissed writ petitions of the Appellants challenging the PAOs on 11.12.2020 and the two Writ Appeals Nos. 68 of 2021 and 97 of 2021 were also dismissed on 04.05.2021. Hence, the attachment has attained finality.

30. The further contention is that, in pursuance to multiple summons issued under Section 50(2) of the PMLA to Shri M.V.S. Seshagiri Rao and Appellant No.2, the officials of JSW Steel Ltd., on 10.12.2021, 15.12.2021, 04.02.2022, and 25.02.2022, there was no cooperation extended, and no authorised representative appeared to depose which shows the *mens rea* of the Appellants.

31. The learned ASG submitted that bank accounts are considered “property” within the meaning of Section 2(1)(v) of the PMLA, as established by this Court in **State of Maharashtra v. Tapas D. Neogy**⁶. He further argued that the attachment of a specified quantum from these accounts is therefore valid. Additionally, he contended that the withdrawal of funds, even during the pendency of a stay order, does not absolve JSW of liability. This is because the stay order was prospective in nature and did not annul the lien that had already been marked on the accounts.

32. In the light of the deliberate conduct of the appellants in dissipating attached amounts and their continued possession of INR 16.55 Crore of proceeds of crime, this Court ought not to exercise extraordinary jurisdiction to quash the cognizance order and prayed for dismissal of the appeals.

⁶ (1999) 7 SCC 685

33. Having heard learned Counsel for both the parties and on perusal of the records, we note that the Appellants have already invoked their statutory remedy before the Appellate Tribunal under Section 26 of the PMLA, which remains pending.

34. It is important to note that the PMLA provides a comprehensive and self-contained adjudicatory mechanism. Section 5 enables Provisional Attachment, Section 8 contemplates confirmation by the Adjudicating Authority, and Section 26 provides an appellate remedy before the Appellate Tribunal. The appellants, in the present case, have already invoked their statutory remedy of Appeal, which remains pending.

35. This Court has consistently held that constitutional or appellate jurisdiction should ordinarily not be exercised where an efficacious alternate remedy is available and is actively being pursued. Reference may be made to ***Union of India and Another v. Guwahati Carbon Limited***⁷, which cautions against bypassing statutory forums except in cases of patent illegality or jurisdictional error.

36. We further note that it is undisputed that the ECIR registered by the ED does not name the appellants as accused persons. The charge-sheet filed by the CBI under RC 18(A)/2011/CBI/ACB/BLR also does not array them as accused, having dropped them in the supplementary report after finding no material to proceed. The complaint filed by the ED is predicated not on any independent act of laundering but on the allegation that the appellants withdrew certain sums from the attached bank accounts in violation of the PAOs, thereby frustrating the recovery of INR 33.80 Crore, alleged to be “proceeds of crime.”

37. The core issue before us is not whether the appellants’ entire banking operations are tainted, but whether the specific sum of INR 33,80,87,617/- (Thirty-Three Crore Eighty Lakh Eighty-Seven Thousand Six Hundred Seventeen Rupees), representing unpaid consideration for iron ore supplied by AMC, can be treated as “proceeds of crime” and whether its withdrawal postPAO constitutes an offence under Section 3 PMLA. The apprehension that the entire account balance constitutes proceeds of crime is misplaced, particularly when the admitted position is that payments were made and received through regular banking channels and are duly reflected in the books of account.

38. Viewed thus, the appropriate course would be to permit the statutory process to run its route to reach its logical conclusion. Interference at this stage would prejudice issues that are squarely within the domain of the Appellate Tribunal, including whether the attached property represents “proceeds of crime” within the meaning of Section 2(1)(u) PMLA and whether the withdrawals were in violation of law.

39. In light of these findings, we are unable to hold that the case for quashing the cognizance order or interdicting proceedings is made out. The allegations, at this stage, are confined to the recovery of the quantified amount of INR 33.80 Crore and do not extend to fastening criminal liability upon the appellants beyond that process. The apprehension of arbitrary prosecution is, therefore, misplaced.

40. Accordingly, we decline to interfere with the proceedings at this stage. The appellants shall be at liberty to pursue their statutory appeals before the Appellate Tribunal, which shall decide the same on their own merits and in accordance with law, uninfluenced by any observations contained herein above.

41. The criminal appeals are disposed of accordingly.

⁷ (2012) 11 SCC 651

- 42.** There shall be no order as to costs.
- 43.** Pending applications, if any, shall be disposed of.

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