



IN THE HIGH COURT OF MADHYA PRADESH
AT JABALPUR

BEFORE
HON'BLE SHRI JUSTICE B. P. SHARMA

ON THE 18th OF MARCH, 2026

WRIT PETITION No. 9694 of 2025

M/S JAYSHRI GAYTRI FOOD PRODUCTS PVT LTD.

Versus

DIRECTORATE OF ENFORCEMENT

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Appearance:

*Shri Anil Khare - Senior Advocate assisted by Shri Priyankush Jain,
Shri Shantanoo Saxena, and Shri Ashwin Rastogi - Advocate for the
petitioner.*

Shri Vikram Singh - Advocate for the respondent/CBI.

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WITH

WRIT PETITION No. 11472 of 2025

AMIT KUMAR KUKLOD AND OTHERS

Versus

DIRECTORATE OF ENFORCEMENT

.....
Appearance:

*Shri Anil Khare - Senior Advocate assisted by Shri Priyankush
Jain, Shri Shantanoo Saxena, and Shri Ashwin Rastogi - Advocate for
the petitioner.*

Shri Vikram Singh - Advocate for the respondent/CBI.
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ORDER

As the issue involved in both the petitions is common and identical, they are being heard and decided together by this common order. For the shake of convenience the facts are being taken from Writ Petition No.9694/2025.

The present writ petitions have been instituted invoking the extraordinary jurisdiction of this Court under Article 226 of Constitution of India, calling in question the legality, validity and propriety of ECIR bearing No. ECIR/BHZO/13/2024 and all consequential proceedings initiated by the Directorate of Enforcement under the Prevention of Money Laundering Act, 2002 (hereinafter PMLA). The petitioners have, in substance, sought to contend that the very substratum of the proceedings under the PMLA stands extinguished in view of the quashing of FIR No.27/2024 registered by the Economic Offences Wing, Bhopal, and therefore, the continuation of investigation by the Enforcement Directorate is without jurisdiction and amounts to an abuse of the process of law.

2. The facts of the case, as borne out from the record, indicate that allegations of serious economic offences have been made against the petitioner-company and its functionaries, involving manufacture and export of adulterated milk products using forged laboratory reports. Initially, FIR No.0492/2023 was registered at Police Station Habibganj under Sections 420, 406 and 120-B IPC and subsequently, FIR No.27/2024 came to be registered by the Economic Offences Wing, Bhopal under Sections 420, 467,



468, 471 and 120-B of IPC, containing allegations of fabrication of laboratory reports and export of substandard products. On the basis of the said material and other information, the Directorate of Enforcement registered ECIR bearing No. ECIR/BHZO/13/2024 and initiated proceedings under the PMLA against the petitioners and their company.

3. It is not in dispute that FIR No.27/2024 came to be quashed by this Court in Writ Petition No.22979/2024 by order dated 13.02.2025. However, the precise scope and effect of the said order form the central issue in the present case. The core question which arises for consideration is whether, after the quashing of FIR No.27/2024 registered by the EOW, the Enforcement Directorate is left without any valid source or material to continue its investigation under the PMLA, or whether the earlier FIR No.0492/2023 registered at Police Station Habibganj continues to provide the requisite jurisdictional foundation.

4. Learned counsel for the petitioners has vehemently contended that the proceedings under the PMLA are entirely dependent without any existence a valid and subsisting scheduled offence, and that in the present case, the ECIR was admittedly registered on the basis of FIR No.27/2024. It is submitted that once the said FIR has been quashed by this Court, the very foundation of the ECIR stands obliterated and consequently, all proceedings under the PMLA must necessarily fall. Learned counsel further submits that the existence of a scheduled offence is a *sine qua non* for invoking the provisions of the PMLA and in the absence of such an offence, the continuation of proceedings amounts to a jurisdictional error. Reliance has



been placed upon the judgment in *Mahanivesh Oils & Foods Pvt. Ltd. v. Directorate of Enforcement*, (2016 SCC Online Del 475) to contend that there must be a clear nexus between the property and the alleged proceeds of crime, and that in the absence of a valid predicate offence, such nexus cannot exist. Further, reliance has been placed upon the judgment in *Harish Fabiani and others v. Enforcement Directorate* (2022 SCC Online Del 3121) to contend that the proceedings under the PMLA cannot be sustained independently in the absence of a valid scheduled offence. Learned counsel has also relied upon *Jagati Publications Ltd. v. Enforcement Directorate*, (2022 SCC Online TS 1605) and *Manturi Shashi Kumar v. Directorate of Enforcement*, (2023 SCC Online TS 1098) to submit that the proceedings under the PMLA are intrinsically linked to the predicate offence and cannot survive if the predicate offence is rendered non-existent. It has also been argued that the petitioners are not accused/involved in the first FIR No.492/2023 and after the investigation charge-sheet in that case has already been filed in the Court. Therefore, the Enforcement Directorate has acted mechanically and without independent application of mind and that the entire proceedings are vitiated by arbitrariness.

5. *Per contra*, learned counsel appearing for the respondent–Enforcement Directorate has opposed the petitions and has drawn the attention of this Court to the detailed reply filed on behalf of the respondent as well as the additional documents placed on record through the interlocutory application. It has been contended that the argument advanced by the petitioners proceeds on a fundamentally erroneous premise, inasmuch as it assumes that the entire



proceedings under the PMLA are solely dependent upon FIR No.27/2024. Learned counsel submits that such an assumption is factually incorrect and legally untenable. It is contended that FIR No.0492/2023 registered at Police Station Habibganj continues to subsist and contains allegations relating to the same set of transactions and offences, and therefore, the existence of a scheduled offence is not in doubt.

6. Learned counsel for the respondent has further invited the attention of this Court to the order dated 13.02.2025 passed in Writ Petition No.22979/2024; particularly paragraphs 16 and 17 thereof, wherein this Court has categorically observed that the second FIR registered by the EOW was in continuation of the same offence and that the allegations therein were part of the same transaction which formed the subject matter of the earlier FIR registered at Police Station Habibganj. It is submitted that a co-ordinate Bench of this Court, while quashing the second FIR, did not hold that no offence existed, but merely held that two FIRs cannot be registered for the same cause of action and that the investigation should proceed in the earlier FIR. It is thus contended that the quashing of FIR No.27/2024 was on a limited technical ground to avoid multiplicity of proceedings and to prevent double jeopardy and not on the merits of the allegations.

7. Learned counsel for the respondent has further submitted that in view of the findings recorded by this Court in the order dated 13.02.2025 in W.P. No.22979/2024, the contents and allegations of FIR No.27/2024 stand merged into FIR No.0492/2023, and therefore, the earlier FIR continues to



be a valid and subsisting source of investigation. It is contended that the Enforcement Directorate is entitled to proceed on the basis of the material disclosed in the earlier FIR, which now encompasses the allegations contained in the quashed FIR. It is further submitted that the offence of money laundering under Section 3 of the PMLA is an independent offence and the proceedings under the PMLA are not automatically extinguished upon quashing of one FIR, particularly when the underlying criminal activity continues to subsist.

8. Heard the arguments advanced by learned counsel for the parties and perused the material available on record.

9. Having considered the rival submissions and examined the entire record, this Court finds that the core issue which requires determination is whether the quashing of FIR No.27/2024 has the effect of extinguishing the very foundation of the proceedings under the PMLA, or whether the earlier FIR No.0492/2023 continues to sustain the jurisdiction of the Enforcement Directorate.

10. A careful reading of the order dated 13.02.2025 passed in Writ Petition No.22979/2024 makes it abundantly clear that this Court, while quashing the second FIR, has categorically observed that the allegations contained therein were not distinct or independent, but were in continuation of the same set of facts and transactions forming the subject matter of the earlier FIR. This Court has further observed that the preparation of forged laboratory reports and the acts alleged in the second FIR were part of the same transaction and



could be investigated within the framework of the earlier FIR. The relevant findings recorded by this Court clearly indicate that the quashing of the second FIR was not on the ground that no offence was made out, but on the ground that registration of a second FIR on the same set of facts was impermissible in law.

11. In that view of the matter, the contention of the petitioners that the quashing of FIR No.27/2024 results in the obliteration of the scheduled offence cannot be accepted. The legal effect of the order dated 13.02.2025 passed in W.P. No.22979/2024 is not to extinguish the allegations, but to consolidate them within FIR No.0492/2023. Therefore, the earlier FIR continues to subsist and remains a valid source of investigation. The allegations of preparation of forged laboratory reports, manufacture and export of adulterated products, and generation of unlawful gains continue to be under investigation in the earlier FIR.

12. In the context of the PMLA, what is required is the existence of a scheduled offence and the generation of proceeds of crime therefrom. In the present case, the offences alleged under Sections 420, 467, 468, 471 and 120-B of IPC fall within the Schedule to the PMLA. The material placed on record indicates that the petitioner-company is alleged to have generated unlawful gains through fraudulent activities. These allegations, which form the basis of the proceedings under the PMLA, continue to subsist notwithstanding the quashing of the second FIR.

13. The judgments relied upon by the petitioners do not advance their case



in the factual context of the present matter. In *Mahanivesh Oils & Foods Pvt. Ltd. (Supra)*, the Court was dealing with a situation where the nexus between the property and the proceeds of crime was not established. In *Harish Fabiani(Supra)* and *Jagati Publications (Supra)*, the Courts were dealing with different factual situations where the predicate offence itself was either absent or had been conclusively nullified. In the present case, however, the predicate offence continues to subsist in the form of FIR No.0492/2023, and therefore, the ratio of the said judgments is not applicable in this case.

14. On the contrary, the legal position, as emerging from judgments such as *Nik Nish Retail Ltd. (2022 SCC Online Cal 4044)*, is that the proceedings under the PMLA are not automatically vitiated upon quashing of the predicate offence in all circumstances, and that the matter must be examined on its own facts. In the present case, the factual foundation for the proceedings under the PMLA continues to exist.

15. This Court is also of the considered view that the ECIR is not an FIR in the strict sense and is merely an internal document of the Enforcement Directorate for initiating investigation. The validity of the ECIR cannot be tested on the same parameters as an FIR. The Enforcement Directorate is entitled to act on the basis of material available to it, including information derived from multiple sources.

16. In view of the foregoing analysis, this Court holds that the quashing of FIR No.27/2024 does not extinguish the existence of the scheduled offence and that FIR No.0492/2023 registered at Police Station Habibganj continues



to provide a valid source and jurisdictional foundation for the proceedings under the PMLA. The investigation initiated by the Enforcement Directorate is, therefore, legal and valid.

17. Accordingly, the petitions being devoid of merit stand **dismissed**.

18. All interim orders, if any, stand vacated.

19. The Enforcement Directorate shall be at liberty to proceed further in accordance with law.

No order as to costs.

(B. P. SHARMA)
JUDGE

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