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WP-1527-2026

IN THE HIGH COURT OF MADHYA PRADESH  
AT INDORE

BEFORE

HON'BLE SHRI JUSTICE VIJAY KUMAR SHUKLA

&amp;

HON'BLE SHRI JUSTICE ALOK AWASTHI

ON THE 28<sup>th</sup> OF JANUARY, 2026WRIT PETITION No. 1527 of 2026*NITIN SHAMBHUKUMAR KASLIWAL**Versus**UNION OF INDIA AND OTHERS*

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Appearance:

*Shri Piyush Mathur and Shri Sumit Nema - Learned Senior Advocates with  
Piyush Parashar and Shri Arun Dwivedi - Advocates for the petitioner.*

*Shri Sunil Kumar Jain - Additional Solicitor General appeared through V.C.  
assisted by Shri Romesh Dave - Dy. Solicitor General for the respondents / Union  
of India.*

*Shri Shan Ali Khan - Advocate for the respondent No.3.*

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ORDER

*Per. Justice Vijay Kumar Shukla*

Petitioner has filed the present petition under Article 226 of the  
Constitution of India seeking following reliefs:

*"i. To issue a writ in the nature of 'certiorari' to quash the impugned  
Search Authorization no. 31/2025 dated 22.12.2025 and Satisfaction  
Note issued by Respondent no. 2 and the consequent search and seizure  
actions dated 23.12.2025 by Respondent no. 3 [never served upon the  
petitioner.*

*ii. To issue a writ in the nature of 'mandamus' to direct the Respondent-  
Directorate of Enforcement to return to the petitioner, all the assets and  
goods seized during the course of search and seizure actions dated  
23.12.2025, as also recorded in the Panchnama.*

*iii. To hold that all actions taken by the respondent No.2-3 in*



*consequence to the impugned search authorization dated 22.12.2025 and the search operations dated 23.12.2025 are void ab initio and bad in law.*

*iv. To grant any other relief, as may be deemed fit in the interest of justice and fairness."*

02. Facts of the case in a nutshell are that the petitioner is a citizen of India and resides at Neerja Villa, Chhoti Khajrani, AB Road, Indore, Madhya Pradesh and also has a residential premises at Flat No.14, New Usha Kiran Cooperative Housing Society Building, 7th Floor, 15 ML Dahanukar Marg, Mumbai 400026, along with his wife Smt. Jyoti Kasliwal. The petitioner has earlier served in the capacity of Chairman and Managing Director of respondent No.4 company / M/s S. Kumar's Nationwide Limited (in short "M/s SKNL"), before such company was subjected to liquidation.

03. The petitioner had earlier served as Chairman and Managing Director of respondent No.4-M/s SKNL, which was a company incorporated under the provisions of the Companies Act, 1956 having its registered address at B-2, 501 & C-501, 5th Floor, Marathan Nextgen, Off-G.K. Marg, Lower Parel, Mumbai-400013, Maharashtra and engaged in the business of manufacturing and sale of textile products running into several product categories i.e. blended suiting, high value fine cotton ("HVFC"), uniform fabrics, work-wear, home textiles and furnishings and ready-to-wear garments and in all fibre categories. In 2010, M/s SKNL had resolved to raise funds/investments in the form of debt from the various financial institutions with a *bona fide* intent of enhancing/expanding its business affairs across the globe through its diverse manufacturing units. In order to expand and modernise the business operations of M/s SKNL, it had availed various credit facilities from various lenders, which unfortunately remained unpaid because the said projects did not yield the manifested returns/income



resulting in non-payment of the said outstanding liabilities.

04. Thereafter, in order to realign the business of M/s SKNL which was then operating under fiscal distress due to its outstanding commitments and obligations and in order to infuse liquidity into business operations to keep it afloat, M/s SKNL approached various banks including M/s IDBI Bank and M/s Union Bank of India, availing the Corporate Debt Restructuring Scheme, which was consequently allowed. After the aforesaid restructuring of the corporate debts, M/s SKNL had availed term loan facility from the lenders including the aforesaid banks under the Technology Up-gradation Fund Scheme with intent of modernising the manufacturing process of High Value Fine Cotton and Home Textile. The said credit facility was availed on account of implementing overseas acquisition and to cure the working capital exigencies during the period of 2008-2010. However, after obtaining the credit facilities as stated above, the company was subjected to humongous commercial challenges in operating its business activities around the year 2011-12, which led to great financial stress.

05. Thus, it is in the backdrop of the aforesaid difficulties which resulted in substantial embargo in the smooth business operation of the M/s SKNL, the said company unfortunately became squarely incapable in paying off its debts as raised earlier from the financial institutions and other lenders situated within the country and overseas. Thus, owing to examine commercial/financial hardships, the said company was declared a Non-Performing Asset (NPA) by the aforesaid banks, due to non-payment of the debts secured by it.

06. In pursuance of the order for winding up, a petition was filed by lender-IDBI Bank in the capacity of lending financial institution of the M/s SKNL, under Section 7 of the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal, Mumbai (NCLT) which was admitted vide order dated



24/04/2018 whereby moratorium was declared and an Interim Resolution Professional was appointed, leading to an order under Section 33(2) of the Insolvency and Bankruptcy Code, 2016 for its Liquidation. The most of the assets of the company have since then been sold and the HVFC businesses have been sold as running businesses by the liquidation, the proceeds have also been distributed to the lenders.

07. After having declared the respondent No. 4's loan account as Non-performing asset (NPA), the same was also unilaterally declared as Fraudulent by the lender-IDBI Bank under the provisions of the "Reserve Bank of India (Frauds classification and reporting by commercial banks and select FIs) Directions 2016" issued on 01.07.2016 by the Reserve Bank of India. An identical declaration/decision that of holding the respondent No. 4's loan account as being fraudulent was also taken by another lender i.e. Union Bank of India. In accordance to the Clause 8.12.1 of the RBI's Master Circular, the penal provisions would not only affect the borrower, i.e. M/s SKNL, but would also adversely affect the Promoter, Directors and other Whole Time Directors of the said Company, including the petitioner by way of debaring him from availing the bank finance from Scheduled Commercial Banks, Development Financial Institutions, Government owned NBFCs. Investment Institutions, etc., for a period of five years from the date of full payment of the defrauded amount and effectively being denied the fundamental right to carry on a trade or a business. Such adverse actions/declarations directly affecting the petitioner as above, were arrived without affording any opportunity of hearing including non-issuance of any notices to the petitioner / directors / promoters of the respondent No.4 borrower company to award them a chance of rebuttal against such allegations.

08. Based upon complaints filed by the aforementioned lender banks against



M/s SKNL, the CBI-Police station at Bhopal registered the following FIRs against the aforementioned company along with its ex-Directors including the petitioner, which are as under:

i. FIR dated 14.07.2021 was registered by the PS: SPE/CBI, AC-IV, Bhopal on the complaint instituted on 30/04/2021 by Union Bank of India under section 420 & 120 B of the Indian Penal Code, 1860 and under Section 13(2) r/w 13(1)(d) of the Prevention of Corruption Act, 1988 bearing Crime No.RC2222021A0005.

ii. FIR dated 10.04.2022 at Crime No.RC2222021A0003 was registered by the Police Station: SPE/CBI, AC-IV, Bhopal on a complaint instituted by M/s IDBI Bank.

09. This Court was pleased to take cognizance of the grievances of the petitioner and was pleased to grant a stay on all coercive actions against the petitioner (in both the connected petitions i.e. Writ Petition Nos.14535/2023 & 14287/2023) based upon the aforesaid FIRs as well as the actions / proceedings pending before the Ld. Special CBI Magistrate, Indore. Upon being administratively transferred to the Principal Seat at Jabalpur, both the petitions of the petitioner are still pending and in-fact have been admitted for final hearing in due course by continuing the interim relief till further orders.

10. Further, the timing of the impugned actions dated 23.12.2025 reveal that they have been conducted just after a few days of grant of major relief to the petitioner in W.P. No.45301/2025 by this Court at Indore Bench on 18.12.2025, wherein this Court was pleased to set aside/quash all travel restrictions against the petitioner, which were originally imposed on the basis of the same FIRs, as stated above and the operation of which have been stayed by the same Court. Thus, the



timing of the impugned actions is clearly indicative of it being an exercise taken as a colorable exercise of powers, in gross malice and as counterblast with vendetta against the petitioner.

11. Learned senior counsel for the petitioner submits that the search and seizure conducted by the Respondent-ED on 23.12.2025, pursuant to a search authorization dated 22.12.2025 under Section 17 of the PMLA, 2002 is illegal, arbitrary, and without jurisdiction as the mandatory requirement of recording a valid “reason to believe” under Section 17(1) has not been satisfied and the alleged belief is not based on any credible or tangible material but merely on suspicion. He submits that invocation of Section 17 of PMLA, 2002 is permissible only upon satisfaction of the essential ingredients of money laundering and proceeds of crime under Sections 2(1)(u) and 3 of the PMLA, 2002, which are conspicuously absent in the present case.

12. Learned senior counsel has placed reliance on the judgment passed by the High Court of Calcutta in the case of *Rashmi Metaliks Ltd. V/s Enforcement Directorate in WPA No.17454/2022*, wherein it has been held that the authorized officer must form an informed conclusion, based on material in possession, justifying the necessity of search. No such satisfaction exists in the present case. Strong reliance is placed on the judgment passed by the Karnataka High Court in the case of *Dr. Natesha D.B. V/s Directorate of Enforcement in W.P. No.32956/2022, decided on 27.01.2025*, affirmed by the Hon’ble Supreme Court on 21.07.2025, holding that searches under Section 17 without material showing involvement in money laundering or possession of proceeds of crime are vitiated. Reliance is placed on the judgments passed by the Apex Court in the cases of *Pavana Dibbur V/s Enforcement Directorate, (2023) 15 SCC 91, Vijay*



*Madanlal Choudhary V/s Union of India, (2022) SCC OnLine SC 929* and *V. Senthil Balaji V/s Deputy Director, Directorate of Enforcement, (2024) INSC 739* to submit that the existence of a scheduled offence and proceeds of crime is a condition precedent for invoking Sections 3 and 17 of the PMLA, 2002.

13. It is further submitted that mere possession of property or chance recovery does not constitute money laundering in the absence of evidence of control, intent, or concealment of proceeds of crime. Learned senior counsel further submits that the FIRs forming the sole basis of ED action have been stayed by this Court and, therefore, the foundation for proceedings under the PMLA, 2002 does not survive. The timing of the impugned search, conducted immediately after the petitioner was granted substantial relief by this Court on 18.12.2025 in W.P. No. 45301/2025, clearly indicates *mala fides* and a counterblast action. It is submitted that the search authorization dated 22.12.2025, the search conducted on 23.12.2025, and all consequential proceedings are illegal and liable to be quashed.

14. Combating the aforesaid submission, learned counsel for the respondent raised the preliminary objection regarding the maintainability of the petition and submitted that the petition is premature. He argued that "reasons to believe" and "satisfaction note" was undisputedly shown to the petitioner. He further argued that the "reasons to believe" were duly recorded in writing by the competent authority and have been forwarded to the adjudicating authority in terms of Section 17(2) of the PMLA, 2002 on 24.12.2025. The respondent / ED has already filed an original application under Section 17(4) of PMLA, 2002 on 15.01.2026 before adjudicating authority in relation to said search and seizure action dated 23.12.2025 and as per the provisions of Section 17 of PMLA, 2002, the petitioner will have full opportunity to raise all his objections including legality and validity



of the search and seizure proceedings before the competent statutory forum. ED has also filed original application under Section 5(5) of the PMLA, 2002 on 22.01.2026 before the adjudicating authority PMLA, New Delhi in respect of the provisional attachment of immovable property situated in London vide PAO 09/25 dated 30.12.2025.

15. Thus, we find that the petitioner can very well raise all his objections including legality and validity of the search and seizure proceedings before the competent authority under Section 17(4) of the PMLA, 2002.

16. In regard to the submission of counsel for the petitioner regarding question of provisional attachment or the proceedings arising therefrom, cannot be considered as upon a perusal of the relief, it is clear that there is no challenge to the provisional attachment or the proceedings therefrom. Even otherwise, we find that the respondent / ED has already filed original application under Section 5(5) of the PMLA, 2002 on 22.01.2026 and the petitioner has been impleaded party in the said proceedings and he has full opportunity to raise all permissible objections and submissions therein.

17. So far as the contention of the petitioner as the proceedings have been drawn contrary to the orders passed by this Court, we are of the view that the aforesaid orders were passed in respect of the scheduled offences and not in respect of money laundering offence, therefore, the contention cannot be accepted that the authorities have acted contrary to the orders passed by this Court. In the case of *Vijay Madanlal Choudhary & Ors. V/s Union of India, (2022) SCC OnLine SC 929*, the Apex Court held that an offence under Section 3 of the PMLA, 2002 constitutes a distinct from scheduled offences. A reference may be made to Para 269 and 270 of the judgment.

18. The allegations of *mala fide* as argued by learned counsel for the



petitioner cannot be accepted as there is no specific allegation of *mala fide* against any official of the respondents in the petition.

19. In view of the aforesaid discussion and as we held that the respondents have already filed application under Section 17(4) of the PMLA, 2002 and the petitioner can raise all his objections including the legality and validity of the search and seizure proceedings before the competent authority, we are not inclined to entertain this petition.

20. The Writ Petition is **dismissed**. No order as to costs.

(VIJAY KUMAR SHUKLA)  
JUDGE

(ALOK AWASTHI)  
JUDGE

Divyansh