



2026:DHC:628-DB



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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
Date of decision: 23.01.2026

+ **MISC. APPEAL(PMLA) 28/2025 & CM APPL. 33462/2025**

RAVI AGGARWALAppellant
Through: Mr. Naveen Malhotra and Mr.
Ritvik Malhotra, Advocates.

versus

DEPUTY DIRECTOR ENFORCEMENT DIRECTORATE
.....Respondent
Through: Mr. Anurag Jain, Advocate.

CORAM:
HON'BLE MR. JUSTICE NAVIN CHAWLA
HON'BLE MR. JUSTICE RAVINDER DUDEJA

NAVIN CHAWLA, J. (ORAL)

1. This appeal has been filed under Section 42 of the Prevention of Money Laundering Act, 2017 [hereinafter, “**PMLA Act**”], challenging the order dated 17th March, 2025 passed by the learned Appellate Tribunal for Foreign Exchange Management Act/SAFEMA/NDPS/PMLA, New Delhi in FPA PMLA 1908/DLI/2017.

2. One of the contentions raised by the learned counsel for the appellant is that there was no order passed under Section 20(1) of the PMLA Act, and therefore, the entire proceedings were without jurisdiction. He submits that this legal position has been accepted by this Court *vide* its judgment in *Anirudh Pratap Agarwal vs. Enforcement of Directorate* [Neutral Citation No. 2025:DHC:8652-



DB], observing as under:-

“34. Section 20 is the crucial link between search and seizure under Section 17 and adjudication under Section 8 of the PMLA. Under Section 20(1), once property has been seized or frozen, an officer authorised by the Director may, on the basis of available material and after recording a “reason to believe” that such property is required for adjudication, can pass an order retaining or continuing the freezing of such property for up to 180 days. The provisions of Section 20 are the immediate next step upon the act of seizure under Section 17 of the PMLA.

35. Section 20(2) of the PMLA requires that a copy of the retention order, along with supporting material, be forwarded to the learned AA. Section 20(3) stipulates that unless the learned AA permits continuation beyond 180 days, the property must be returned to the concerned person. Section 20(4) further mandates that before such adjudication under Section 8(3), the learned AA must be satisfied that the property is “prima facie” involved in money laundering and is required for adjudication under Section 8 of the PMLA.

36. We are of the considered opinion that Section 20 is substantive and mandatory in nature. It ensures that seizure under Section 17 does not result in indefinite deprivation of property without independent scrutiny. Section 20(1) requires a fresh and independent “reason to believe”, duly recorded in writing, by an authorised officer, who may not necessarily be the same officer who conducted the search under Section 17. Without such a retention order, the learned AA, under Section 8(3), while exercising its confirmatory adjudicatory power, has nothing before it to confirm. Therefore, Section 20 acts as a vital safeguard against arbitrary executive action and ensures that property rights are protected until a full adjudication takes place under



Section 8 of the PMLA.

37. The ED's contention that Section 17(4) alone suffices for retention of the property is untenable. Section 17(4) merely empowers the ED to approach the learned AA requesting for retention of the property, but the legal foundation for retention during the initial 180 days rests exclusively on Section 20 of the PMLA

38. Section 8 governs the process of adjudication by the learned AA. Sub-section (1) thereof empowers the learned AA to issue a notice to the concerned person, calling upon them to indicate the source of the property in question. Sub-section (2) requires the learned AA to consider the reply, hear both parties, and evaluate the material on record. Sub-section (3) authorises the learned AA to pass a written order confirming the retention of the seized property if satisfied that the property is indeed involved in money laundering. Such confirmation permits continuation of the seized property beyond 180 days, up to 365 days during investigation, or until the learned Special Court concludes proceedings under the PMLA.

39. We are of the firm opinion that Section 8(3) of the PMLA only governs confirmation; it does not, of itself, authorize the retention of property, and therefore, a valid order under Section 20 is a necessary precondition before Section 8(3) of the PMLA can be invoked.

40. The procedural safeguards contained in Section 20 are substantive in character and cannot be bypassed. We cannot be oblivious to the settled principle of statutory interpretation, which mandates that where a statute prescribes a particular manner of performing an act, it must be performed in that manner alone. Accordingly, resorting to Section 8 of the PMLA, without: (i) recording independent reasons under Section 20(1), (ii) forwarding the retention order to the learned AA under Section 20(2), (iii) adhering to the 180-day limit under Section 20(3), and (iv) the learned



AA's satisfaction under Section 20(4) as to "prima facie" involvement, is invalid and void ab initio.

41. The statutory scheme of the PMLA thus embeds multiple layers of oversight as Section 17 authorises search and seizure; Section 20 provides for retention based on a reasoned and independent order for up to 180 days; and Section 8 sets the adjudicatory framework for confirmation and continuation. Any attempt to directly invoke Section 8(3) without compliance with Section 20 is impermissible.

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44. In the present case, it is undisputed, and as admitted by the learned counsel for the ED during the arguments, that no order under Section 20 was ever passed by the ED in relation to the initial 180-day retention of the Appellant's property, nor was any such order communicated to the learned AA, as mandatorily required. Despite this non-compliance, the Appellant's property continued to remain under retention until the conclusion of adjudication proceedings under Section 8 of the PMLA. Such conduct is not only procedurally flawed but also a clear violation of the safeguards enshrined in the PMLA.

45. Examined in the light of the binding precedent in *Rajesh Kumar Agarwal (supra)*, the present factual matrix reveals that the ED's action in retaining the Appellant's property without adherence to Section 20 is contrary to the statutory framework and constitutes an infringement of the Appellant's constitutional right to property under Article 300A of the Constitution, and therefore, the ED's retention, being unsustainable in law, cannot be permitted to stand."

3. The above judgment has also been followed by this Court in ***Directorate of Enforcement Through Deputy Director vs. Poonam***

