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CRL OP No. 26721 of 2



Order QR

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 06-10-2026

CORAM

THE HON'BLE MR.JUSTICE N.RAMESH

CRL OP No. 26721 of 2026



CNR: {HCMA012232642026}

Ala Alagappan
S/o.C.Alagappan,
No.F2, Omm Builders,
No.133, Gandhi Road,
Velacherry, Chennai-42

..Petitioner(s)

Vs

The Additional Director
Directorate of Enforcement,
Chennai zonal Officer-I,
No.2, 5th and 6th Floor,
BSNL Administrative Building,
Kush Kumar Road,
Nungambakkam
Chennai-600 034.
ECIR No.CEZO-1/14/2025.

..Respondent(s)

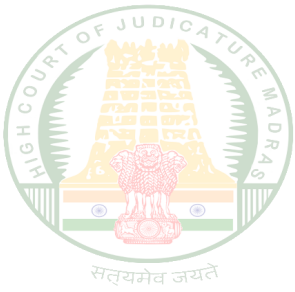
PRAYER: Criminal Original Petition filed under Section 483 of Bharatiya
Nagarik Suraksha Sanhita, 2023, To enlarge the petitioner on Bail in connection
with ECIR No.CEZO-1/14/2025 pending investigation on the file of respondent
police

For Petitioner(s):

Mr.T. Mohan Sr.Counsel
for M/s.G.Uma Maheswari

For Respondent(s):

MR.P.Sidharthan, Spl. P.P. FOR E.D.,



ORDER

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This is a petition for bail in a case under the Prevention of Money-Laundering Act, 2002, filed under Section 483 of the BNSS read with Section 45 of the Act. The petitioner, Ala Alagappan, described by the Directorate as Alagappan Alagappan @ Siva, is the third accused in ECIR No.CEZO-I/14/2025 dated 31.03.2025 on the file of the Directorate of Enforcement, Chennai Zonal Office-I. He is accused of the offence of money-laundering under Section 3 of the Act, punishable under Section 4.

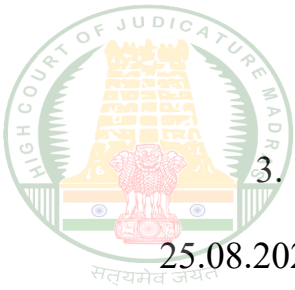
2. The scheduled offence arises from Crime No.232 of 2023 of the Central Crime Branch-I, Chennai, registered on 29.09.2023 under Sections 409, 420, 506(1), 120B and 34 IPC. The final report was filed on 21.03.2025 against ten accused and has been taken on file as **C.C.No.996 of 2025** by the learned Chief Metropolitan Magistrate, Egmore. The first accused, the petitioner's father, held powers of attorney from the de facto complainant to deal with her properties. He is said to have misused them, to have diverted her funds into the accounts of himself and his family, and to have had his wife, the second accused, entered as co-purchaser of a property at Neelankarai paid for by the complainant. Other first information reports by the same complainant, including Crime No.17 of 2023 of the District Crime Branch, Kancheepuram, and Crime



No.7 of 2024 of the District Crime Branch, Ramanathapuram, make allied allegations.

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Against the petitioner himself, the grounds of arrest and the reasons to believe attribute four things. *First*, a credit of Rs.4,50,000/- into his KVB account on 23.03.2020 from A.N. Builders, being part of the Rs.50,00,000/- which the complainant had placed with A.N. Builders at the first accused's request and which A.N. Builders repaid, at the first accused's instance, into the accounts of the first accused and his family. *Secondly*, a flat at Prakasam Flats, T.Nagar, purchased in his name under Document No.2862 of 2016 dated 25.11.2016 for Rs.32,75,100/-, paid by a demand draft of Rs.32,75,000/- taken by the first accused on 24.11.2016 from his KVB account, into which the complainant had transferred Rs.49,00,000/- on 09.11.2015. *Thirdly*, 2.36 acres of agricultural land at Mela Ramanathi Village, conveyed to him by the complainant under Document No.179 of 2021 dated 10.02.2021 for a stated consideration of Rs.2,24,000/-, which he says he paid in cash and which she says she never received. *Fourthly*, a transfer of Rs.52,00,000/- on 28.09.2020 from the first accused's KVB account to M/s IVAP Apps, a concern managed by him.



3. The petitioner was arrested and remanded to judicial custody on 25.08.2026. He was in the custody of the Directorate for two days from 08.09.2026 to 10.09.2026. He is in judicial custody since then. Investigation is pending, and no complaint under Section 45 of the Act is shown to have been filed. By its order of 10.09.2026, First and second accused were released on bail by the Special Court the under the first proviso to Section 45(1). The fourth accused, the petitioner's wife, was arrested and produced along with the others on 25.08.2026, but was not remanded.

4. The petitioner claims benefit under the 1st proviso of Section 45 of PMLA, on the footing that the sum he is accused of laundering is less than one crore rupees. On the Directorate's own figures, the amounts attributed to him personally are Rs.4,50,000/- (the A.N. Builders credit), Rs.32,75,100/- (the T.Nagar flat) and Rs.2,24,000/- (the stated consideration for the 2.36 acres), together Rs.39,49,100/-. If the Rs.52,00,000/- routed through M/s IVAP Apps is added, the total is **Rs.91,49,100/-**. The Directorate, for its part, puts the case as one in which the petitioner, along with his family members and associates, siphoned off Rs.4,73,05,750/- (paragraph 10 of the counter affidavit), or approximately Rs.4 crores (paragraph 17).



5. The learned counsel for the petitioner submitted that the petitioner was never the complainant's power agent and had no part in her dealings with his father; that the Rs.4,50,000/- was paid into his account by A.N. Builders without his knowledge, and the complainant has since obtained a decree against A.N. Builders in **O.S.No.4317 of 2024** on the file of the City Civil Court, Chennai, for recovery of the entire Rs.50,00,000/- with interest, without impleading him; that the T.Nagar flat was bought in 2016, long before the transactions complained of; that the Ramanathapuram land was purchased for consideration, under a registered sale deed and a receipt signed by the complainant; that the Rs.52,00,000/- was credited to his business account only to pay the stamp duty on the Neelankarai sale deed and was immediately so applied; that the sum attributable to him is less than one crore rupees; that the documents have all been seized by the State police and are before the Court in C.C.No.996 of 2025; that he was arrested in the predicate cases and released on statutory bail, and his arrest now for the same transactions offends Article 20(2) of the Constitution; and that he has a child of five years and will abide by any condition.

6. The learned Special Public Prosecutor for the Directorate, on the counter affidavit, submitted that the banking records establish the trail of the complainant's funds into the petitioner's hands; that the T.Nagar flat was



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purchased within the period of the offence from funds traced to the complainant's account and remains in his possession, projected as untainted; that he produced no proof of the cash payment for the land; that the threshold in the proviso is to be measured by the total proceeds of crime in the case and not by the share of each accused, as the Special Court held; that money-laundering is an offence distinct from the scheduled offence, so that Article 20(2) has no application, relying on a decision of the Supreme Court; that this Court, in Crl.O.P.No.24313 of 2023, noticed the seizure of a bunch of blank signed non-judicial stamp papers; that the release of the first accused, his father, gives rise to a risk of influence; and that the Special Court had examined the case transaction by transaction, so that this Court should not ordinarily substitute its view in what the counter calls "a second, repetitive application raising no materially new ground".

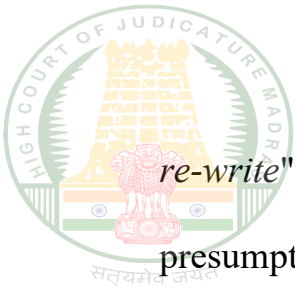
7. I have considered the rival submissions and perused the material placed before me.

8. The first proviso to Section 45(1) permits the release on bail of a person who "*is accused either on his own or along with other co-accused of money-laundering a sum of less than one crore rupees*". The measure is the sum which the person is accused of laundering, whether alone or jointly with others.



It is not the sum that happens to be found in his own account, and it is not necessarily the total of every allegation in the case. Where the accusation against a person is that he laundered a larger sum in concert with his co-accused, the proviso looks at that joint sum. The counter affidavit, in paragraph 10, makes precisely that accusation: that the petitioner, along with his family members and associates, siphoned off Rs.4,73,05,750/-; and the grounds of arrest describe a joint modus operandi. Whether that accusation will be made good against the petitioner is another matter. But the proviso is framed with reference to what a person "is accused" of, and on the accusation as it stands, the petitioner cannot claim it. The petitioner's application is therefore to be decided under the twin conditions.

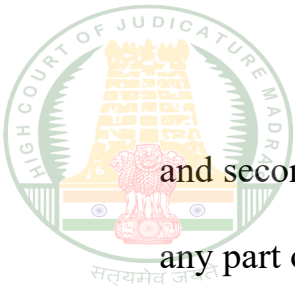
9. The twin conditions of Section 45 of PMLA restrict the right to bail but do not impose an absolute restraint on it, and the words "reasonable grounds for believing" require the court to see only whether there is a genuine case against the accused, forming its view on probabilities from the material collected in the investigation, without weighing the evidence as at a trial, as held in **Vijay Madanlal Choudhary v. Union of India, (2023) 12 SCC 1**, approving **Ranjitsing Brahmajeetsing Sharma v. State of Maharashtra, (2005) 5 SCC 294**. The Supreme Court has since explained, in **Prem Prakash v. Union of India, (2024) 9 SCC 787**, that Section 45 "*by imposing twin conditions does not*



re-write the principle that liberty is the rule. It has also explained that the presumption under Section 24 arises only when the prosecution establishes the foundational facts, namely, the commission of the scheduled offence, the derivation of the property from it, and the involvement of the accused in a process or activity connected with that property; and that for this reason:

"The counter to the bail application should specifically crystallise albeit briefly the material sought to be relied upon to establish prima facie the three foundational facts. It is after the foundational facts are set out that the accused will assume the burden to convince the court within the parameters of the enquiry at the Section 45 stage that for the reasons adduced by him there are reasonable grounds to believing that he is not guilty of such offence."

10. I examine the four transactions in that light. The Rs.52,00,000/- may be taken first. The Directorate's own case, in paragraphs (d) and 11 of the counter affidavit, is that this sum "*was used for the payment of Stamp Duty for the purchase of the property*". The petitioner says that the property was the one at Neelankarai, which, according to the reasons to believe, was registered as Document No.5159 of 2020 on the same date, 28.09.2020, in the joint names of the de facto complainant and the second accused. The counter affidavit does not suggest any other property. On that showing, the petitioner's account was a channel through which money passed towards a purchase in which the complainant herself holds title. The grievance about that purchase is the inclusion of the second accused as co-owner, which is the case against the first



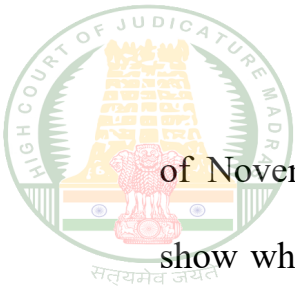
and second accused. Nothing in the material suggests that the petitioner retained any part of the sum or acquired any interest in that property. Paragraph 10 of the counter affidavit says that the stamp duty was paid "*from the amount siphoned off from the Defacto Complainant*". If that is so, the money went back into a property standing in her own name.

11. The 2.36 acres at Mela Ramanathi stand on a different footing, but the material is thin. The complainant's own statement under Section 50, recorded on 27.07.2026, is that the first accused asked her to transfer the land in the names of his son and daughter-in-law because they were in need of money, and that she "had obliged" him. She does not say that she was deceived into executing the sale deeds, or that her signature was obtained by any trick. Her complaint is that the consideration recited in the deeds was not paid. The petitioner says it was paid in cash and admits that he has no document to show it. That is a dispute over payment of the price on a conveyance which the vendor admits she made willingly. The Special Court, in paragraph 16 of its dismissal order, itself found that the designated authority did not appear to have had material to treat this land as proceeds of crime. The counter affidavit, in paragraph (g), asserts the contrary in a single sentence without pointing to any further material.



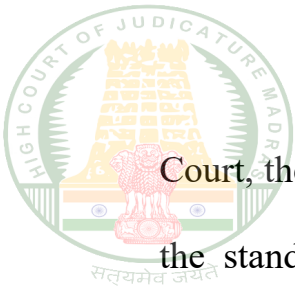
12. The credit of Rs.4,50,000/- from A.N. Builders on 23.03.2020 is a matter of bank record and is not disputed. It is one of eight credits by which the Rs.50,00,000/- was distributed into the accounts of the first accused and his family, and the fourth accused received an identical credit. The arrangement, on the complainant's own account, was made by the first accused with the proprietor of A.N. Builders. The petitioner says that the complainant has obtained a decree against A.N. Builders for the whole sum. The counter affidavit does not dispute the decree. It says, in paragraph 27, that the complainant pleaded in the suit that the petitioner had colluded with A.N. Builders. The plaint is not before me, and that averment does not take the matter further than the bank entry.

13. The T.Nagar flat is the transaction on which the Directorate places most weight, and the Special Court found that the designated authority had material on it. The flat was bought on 25.11.2016 in the petitioner's name, and was paid for by his father's demand draft of the previous day. The Directorate traces the money to a transfer of Rs.49,00,000/- from the complainant's HDFC account to the first accused's KVB account on 09.11.2015, a little over a year earlier. Paragraphs (f) and 30 of the counter affidavit state that the trail has been "specifically traced". But neither the counter nor the reasons to believe sets out what else passed through that account in the intervening year, or why the draft



of November 2016 should be ascribed to that particular credit. Nor do they show what made the transfer of 09.11.2015, from the complainant's account to the account of the agent whom she then trusted, a diversion of her funds rather than one of the many transactions between them over the years. The character of those transactions is for the trial in C.C.No.996 of 2025 to decide. The Special Court itself recognised, in paragraphs 12 to 14 of its order, that whether such money is proceeds of crime depends on proof of the allegations in the scheduled offence. On the present record, therefore, the second foundational fact, that the flat was derived from the scheduled offence, rests on the Directorate's assertion of a trail rather than on material placed before the Court. The petitioner's own part in the purchase, so far as the record goes, is that his father bought a flat in his name. There is nothing to show what he knew of the source of his father's funds in 2016.

14. Taken together, the material against the petitioner consists of receipts and holdings that came to him from his father's dealings: a credit of Rs.4,50,000/-, a flat bought by his father in 2016, a parcel of land conveyed by the complainant at his father's request, and a sum that passed through his business account towards a purchase in the complainant's own name. Each is capable of proof at the trial, and the Directorate may yet make good its case. But the enquiry under Section 45 is whether, on the material now before the



Court, there are reasonable grounds for believing that he is not guilty. Applying the standard in **Vijay Madanlal Choudhary (cited supra)**, I find that the counter affidavit does not crystallise, as against this petitioner, the material required to establish prima facie that the properties in his hands were derived from the scheduled offence and that he was knowingly involved in any process or activity connected with them. On broad probabilities, I am satisfied that there are reasonable grounds for believing that the petitioner is not guilty of the offence of money-laundering.

15. The counter affidavit does not assist the Directorate on the remaining points. Paragraph 13 states that the petitioner was "*entrusted with the affairs of the Defacto Complainant*" and acted to her detriment, "*including taking advantage of her health condition*". On the Directorate's own case, it was the first accused, and not the petitioner, who held the powers of attorney and was entrusted with her affairs.

16. As to the second condition, nothing is alleged against the petitioner apart from the predicate cases, all of which arise from the dealings of his family with the same complainant. The Directorate accepts, in paragraph 34 of the counter affidavit, that he was arrested in those cases and released on statutory



bail. No misuse of that liberty is alleged. He appeared before the Directorate and gave statements under Section 50 on 09.07.2026 and 30.07.2026, before his arrest. The material relied on is documentary and banking material, already gathered. The only apprehension expressed, in paragraph 39 of the counter affidavit, is that the first accused, his father, has been released, and that "*the continuing relationship and proximity between the two*" creates a risk of influence. Father and son have lived with that relationship throughout the investigation, and no instance of interference is pointed out. The apprehension can be met by conditions. I am satisfied that the petitioner is not likely to commit any offence while on bail.

17. The other submissions may be dealt with briefly. Article 20(2) of the Constitution bars the prosecution and punishment of a person for the same offence more than once. The petitioner has not been punished for anything, and the offence of money-laundering is distinct from the scheduled offence. The position of the fourth accused, whose role, on the reasons to believe, is the same as his in respect of the A.N. Builders credit and the Mela Ramanathi land, and who was not remanded at all, is a circumstance that I take into account.

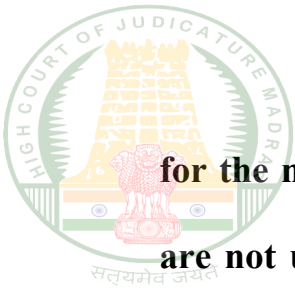
18. For these reasons, I am satisfied, in terms of Section 45(1)(ii) of the Act, that there are reasonable grounds for believing that the petitioner is not



guilty of such offence and that he is not likely to commit any offence while on bail.

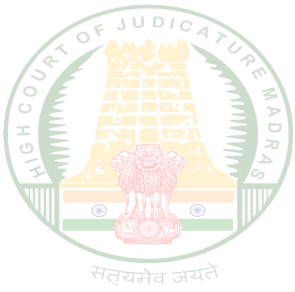
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19. One more aspect calls for mention. The Act was enacted, as its preamble records, to implement the Political Declaration and Global Programme of Action adopted by the General Assembly of the United Nations in 1990, and the Political Declaration adopted at its special session in June 1998, which called upon Member States to adopt national legislation against money-laundering. Both were adopted at special sessions convened on the world drug problem. The concern of the Act is the laundering of the proceeds of serious crime, which threatens the financial system and, through it, the interest of the nation. Cheating and criminal breach of trust are scheduled offences, and the Act, as it stands, reaches the proceeds of every scheduled offence. That is not in question in this petition. But the reach of a power is not the measure of the occasions for its use. **On the Directorate's own papers, this case arises out of the dealings between one individual and the family of the man she appointed her power agent. No public money, public body or public servant is involved. The complainant has already set the criminal law in motion in seven first information reports. The principal one has resulted in a final report, now pending trial in C.C.No.996 of 2025. As the petitioner states without contradiction, she has also obtained a civil decree**



for the money placed with A.N. Builders. The resources of the Directorate are not unlimited. Each hour its officers spend tracing a flat bought by a father in his son's name in 2016 is an hour not spent on the laundering of public money, the proceeds of corruption, scams that defraud the public at large, and crime that touches the security and economic interest of the nation. It is for the Directorate to decide where its investigations should go, and nothing in this order is a direction to close or abandon this one. I would only commend to the Directorate that, in choosing the matters in which it brings its powers of arrest to bear, it gives primacy to cases involving public money, public interest, corruption and scams of national consequence. The stringent provisions of the Act are not meant to be invoked where the dispute is, in its essence, between private individuals over private property, for which the ordinary criminal and civil law already provides.

20. Accordingly, this Criminal Original Petition is allowed, and the petitioner is ordered to be released on bail on his executing a bond for a sum of **Rs.25,000/- (Rupees Twenty Five Thousand only)** with two sureties, for a like sum to the satisfaction of the **learned Special Court, PMLA, Chennai.**, and on further conditions that:



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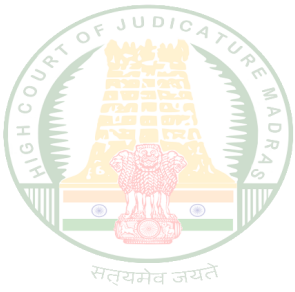
[a] the sureties shall affix their photographs and Left Thumb Impression in the Application for Surety ship [Judicial Form No.46 annexed to 'The Criminal Rules of Practice, 2019']. The learned Magistrate shall obtain a copy of any one of the identity proofs to ensure their identity;

[b] the petitioner shall report before the respondent police daily at 10.30 a.m., until further orders;

[c] the petitioner shall not abscond either during investigation or trial;

[d] the petitioner shall not tamper with the evidence or witness either during investigation or trial;

[e] On breach of any of the aforementioned conditions, the learned Magistrate/Trial Court is entitled to pass appropriate orders against the petitioner in accordance with law as if the aforementioned conditions have been imposed and the petitioner released on bail by the learned Magistrate/Trial Court himself as laid down by the Hon'ble Supreme Court in **P.K.Shaji vs. State of Kerala [(2005)13 SCC 283]**;



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[f] If the accused thereafter absconds, a fresh FIR can be registered under Section 269 of B.N.S.

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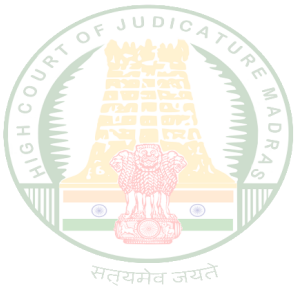
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Note:

1. Registry is directed to forthwith upload this order in the Official Website of this Court.
2. All concerned to act on this order being uploaded in Official Website of this Court without insisting on certified hard copies. To be noted, this order when uploaded in the official website of this Court will be watermarked and will also have a QR code.

To

- 1.The learned Special Court, PMLA, Chennai.
2. The Additional Director
Directorate of Enforcement,
Chennai zonal Officer-I, No.2, 5th and 6th Floor,
BSNL Administrative Building, Kush Kumar Road,
Nungambakkam, Chennai-600 034.
- 3.The Superintendent of Prison,
Central Prison, Puzhal.
- 4.The Special Public Prosecutor for E.D,
High Court, Madras.



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