IN THE HIGH COURT AT CALCUTTA
[CIRCUIT BENCH AT PORT BLAIR]
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CRM (SB)/14/2026

Kalaivannan

Vs

The Directorate of Enforcement

Mr. Arul Prasanth … for the petitioner

Mr.Zoheb Hossain, Sr. Adv.
(through virtual mode)
Mr. V.D.Sivabalan … for the respondent

November 27, 2026
[AKB]
Item No.6

1. This bail application has been filed by the petitioner, K. Kalaivannan, under Section 483 of the Bharatiya Nagarik Suraksha Sanhita, 2023 read with Sections 45 and 46 of the Prevention of Money Laundering Act, 2002, asking for regular bail or, alternatively, interim bail on health and humanitarian grounds in CR Case No. 1 of 2025, which comes out of ECIR/KLZO-II/11/2025 dated July 21, 2025 for alleged money laundering under Section 3 read with Section 70 and punishable under Section 4 of the Act, pending before the Special Judge (PMLA) at Sri Vijaya Puram (Port Blair) in the Andaman and Nicobar Islands.

2. The background of this case comes from a written complaint made by Ravinder Kumar, Deputy Registrar (Headquarters) in the Registrar of Cooperative Societies office, based on which Police Station Crime and Economic Offences registered FIR No. 14 of 2025 on May 14/15, 2025 was registered at Police Station Crime and Economic Wing under

Sections 406, 409, 419, 420, 463, 467, 468 and 471 read with Sections 120 (B) and 34 of the Indian Penal Code against officials and borrowers of the Andaman and Nicobar State Cooperative Bank Limited (ANSCBL) against officials and borrowers of the Andaman and Nicobar State Cooperative Bank Limited, where the petitioner worked as a Manager or Loan Manager. The police arrested him in that main criminal case on June 27, 2025 and sent him to judicial custody, and even though the Chief Judicial Magistrate granted him bail in that police case on November 6, 2025, he stayed in custody because the Enforcement Directorate arrested him on September 17, 2025 in the money laundering case that started on July 21, 2025. In the police case, a chargesheet was filed on September 19, 2025 against 88 accused with 99 witnesses, followed by a supplementary chargesheet on May 2, 2026 adding 8 accused and 75 witnesses, with huge records running to around 95,000 pages, some summonses still to be served, charges yet to be framed, and a move by the police to add Prevention of Corruption Act charges. On the Enforcement Directorate side, a prosecution complaint was filed in September/November 2025 against 39 accused including the petitioner, and a supplementary complaint was filed on November 6, 2026 adding 14 more accused, taking the total to 53 accused, around 60 witnesses, and about 13,000 pages of relied papers (with over 100 witnesses and nearly 65,000 pages noted across the wider papers), with the next date in CR Case No. 1 of 2025 fixed for January 7, 2027 to check service on the newly added

accused. Earlier bail requests before the Special Judge were turned down on September 4, 2025 and December 12, 2025, an earlier bail petition before this Court in CRM (SB) No. 5 of 2026 (2026:CHC-PB:57) was also rejected, and a petition before the Supreme Court in SLP (Criminal) No. 7846 of 2026 was withdrawn with permission to ask for bail again after four months. After that four-month window passed and health concerns were raised, the Special Judge passed an order on October 14, 2026 allowing him to be taken to SSKM Hospital in Kolkata at his own cost for treatment, and later on November 13, 2026 passed another order on a modification request allowing specialist treatment at Chennai while keeping him in custody.

3. Speaking for the petitioner, Mr. Arul Prasanta has adopted the points raised in the connected case and applied them to the petitioner's own situation, arguing that he is a local resident of these islands with no past criminal record and no chance of running away, that as a Manager or Loan Manager he had no power to approve loans, and that under Bye-law 28(x) of the cooperative bank, checking loan files, approving loans, and setting interest rates and repayment terms belonged to the Management or Executive Committee (after scrutiny by AGM and DGM and final approval by the Managing Director), while his own job was only to coordinate with customers after approval. He points out that both the police and the Enforcement Directorate have filed their chargesheets and complaints including the November 6, 2026 supplementary

complaint, yet the case will take a long time to finish because sanction under Section 197(1) Cr.P.C. or Section 218 BNSS is still pending, pre-cognizance notices are not yet served on everyone, cognizance hearings are pending, further police investigation is still going on, and under *V. Senthil Balaji v. Deputy Director, Directorate of Enforcement* (2024 INSC 739, paragraphs 21, 25–27, and 29) a money laundering case cannot reach its final judgment before the main scheduled offence case ends. Because the petitioner has already spent about seventeen months in custody while the punishment under Section 4 of the Act runs from three to seven years, keeping him locked up longer is said to violate Article 21 of the Constitution, backed by rulings including *Manish Sisodia v. Directorate of Enforcement*, *Manish Sisodia v. CBI*, *Jalaluddin Khan v. Union of India*, *P. Chidambaram v. Directorate of Enforcement*, *Prem Prakash v. Union of India*, *Sanjay Bhadya*, *Padam Chand Jain*, *Udhav Singh*, *Mahesh Chandra Joshi*, *Sanjay Sureka*, *Harish Bagla*, *Joseph Stalin*, *Pawan Kumar*, *Francis Coralie Mullin*, *Khatri (II)*, and *Babu Singh*.

4. Mr. Prasanta also argues that prior sanction is needed for a public servant under *Directorate of Enforcement v. Bibhu Prasad Acharya*, that the arrest did not follow *Arvind Kejriwal v. Directorate of Enforcement*, that searches at home found nothing incriminating and the case leans on unbacked or retracted statements recorded under Section 50 of the Act (such as those of Sanjay Lal and Raghubir Singh), relying on *Vijay Madanlal Choudhary v. Union of India*, *C.P. Khandelwal*, *Preeti Chandra*,

Manish Sisodia, *P. Krishna Mohan Reddy*, and *Amit Agarwal*, that the loans taken by companies linked to his relatives (*M/s Asha Arya Traders and Travels Pvt. Ltd.*, *M/s AKV Traders and Travels Pvt. Ltd.*, and *M/s Amman Aryan General Store Pvt. Ltd.*) had CIBIL checks and property valuations of Rs. 32 crore for Rs. 28 crore of loans, stayed regular until accounts were frozen on August 11, 2025 (with *M/s Asha Arya Traders and Travels Pvt. Ltd.* paid off and closed), that he had nothing to do with *M/s Atikaya Logistic Pvt. Ltd.* and family money sent by T. Vinod to his sister was normal family support, that repayments, attached properties, and not getting un-relied papers under *Sarla Gupta v. Union of India* weaken the prosecution, and that his chest trouble and severe lower back pain, where a CT scan of the lower back shows marked narrowing of the spinal canal and there is no specialist neurologist at G.B. Pant Hospital in Port Blair, bring him under the "sick or infirm" exception in the first proviso to Section 45(1), citing *B. Sharath Chandra Reddy*, *Kewal Krishan Kumar*, *Devki Nandan Garg* (referring to *D.K. Shivakumar*), *Subodh Kumar Goel* (CRM 54 of 2025), and *Amitabh Jhunjhunwala*.

5. Opposing bail through video link, Mr. Zoheb Hossain for the Enforcement Directorate has adopted his submissions from the connected matter and focused on the petitioner's role, stressing how huge this cooperative bank fraud is, with total proceeds of crime put at Rs. 434.40 crore in the November 6, 2026 supplementary complaint (and around Rs. 301.5 crore in fraudulent shell-company loans across 21 of 23 shell

companies mentioned in the complaint, of which Rs. 271 crore across 18 companies became bad loans), along with provisional property attachments of Rs. 205,55,57,171 on February 10, 2026 and Rs. 1,21,35,07,085 on November 5, 2026 and Rs. 2,62,93,756 frozen in bank accounts. Drawing on Sections 2(1)(u), 2(1)(y), 3, 24, 45, and 71 of the Act and judgments in *Vijay Madanlal Choudhary* (paragraphs 303, 315, and 401), *Union of India v. Kanhaiya Prasad* (paragraphs 12, 16–17, and 20–21), and *Tarun Kumar v. Enforcement Directorate* (paragraph 16), he submits that while working in the bank's Loan Section, the petitioner actively processed and pushed through big loan and overdraft files on weak or inflated property values together with co-accused Kuldeep Rai Sharma and former Managing Director K. Murugan, covering four entities tied to his relatives and close contacts, *M/s Asha Arya Travels and Tours Pvt. Ltd.*, *M/s Amman Aryan General Store Pvt. Ltd.*, *M/s AKV Traders and Travels Pvt. Ltd.*, and *M/s Atikaya Logistic Pvt. Ltd.*where loans added up to about Rs. 63 crore (including a Rs. 7 crore loan to *M/s Asha Arya Travels and Tours Pvt. Ltd.* where his mother-in-law T. Rajeshwari was a director and a Rs. 5 crore overdraft to *M/s Amman Aryan General Store Pvt. Ltd.* carrying his signature or checking), shifted money between shell companies to pay off loans, and did not take recovery steps despite defaults. He points to Section 50 statements and financial records alleging that the petitioner handled a 5% commission for K. Murugan, that his wife received Rs. 31.23 lakh from SB Construction / M/s Shalom on her brother T.

Vinod's instructions toward buying a house at Prothrapur in Sri Vijaya Puram, that T. Vinod said Rs. 27 lakh was paid as commission for an overdraft in *AKV Tours and Travels Pvt. Ltd.*, that money went from *M/s Amman Aryan General Store Pvt. Ltd.* to Shakti Hardware and SB Construction on the petitioner's word, that co-accused Sanjay Lal said accounts of about 10 people were used with the petitioner and that he gave the petitioner Rs. 7.65 crore in cash between 2022 and 2025 and Rs. 2.70 crore by cheque when K. Murugan was away, and that Kanika Mondal of Heyday Hospitality Pvt. Ltd. also spoke of money handed over to the petitioner.

6. Mr. Hossain further argues that earlier bail rejections (including in CRM (SB) No. 1 of 2026 and CRM (SB) No. 2 of 2026 on February 10, 2026, and CRM (SB) No. 5 of 2026) and Supreme Court permission to apply again after four months under *Bimal Kumar Jain v. Directorate of Enforcement* do not water down Section 45(1), that about seventeen months in jail does not outweigh Section 45(1) under *Manish Sisodia v. CBI* (2023 SCC OnLine SC 1393, paragraph 28), *Banmeet Singh*, *Dharam Singh Chhoker*, and *Sukhwinder Singh Kharour*, and that medical bail is not needed under *State of U.P. v. Gayatri Prasad Prajapati* (paragraphs 15 and 18) and *Sameer Mahandru* (paragraphs 58–59) because the Special Judge's orders of October 14, 2026 and November 13, 2026 already allow specialist treatment in custody at Kolkata and Chennai.

7. Having heard both sides and gone through the complaints, supplementary complaint, medical orders, and

written notes, I need to decide three main points for the petitioner:

i. whether he meets the strict two-part test under Section 45(1) of the Prevention of Money Laundering Act for regular bail given his role as Manager or Loan Manager, Bye-law 28(x), zero recovery in home searches, Section 50 statements, loan status/repayments/attachments, sanction, and earlier bail orders;
ii. whether spending around seventeen months in custody since June 27, 2025 and where the case stands today justifies bail under Article 21 of the Constitution; and
iii. whether his chest symptoms and lower back spinal canal narrowing justify regular or temporary bail under the "sick or infirm" exception in Section 45(1).

8. On the first point, Section 45(1) overrides ordinary bail rules under Section 483 BNSS and stops a court from granting bail in a Section 3 / Section 4 money laundering case unless it is satisfied that there are reasonable grounds to believe the accused is not guilty and is unlikely to commit any offence while on bail. It is settled position of law that at the bail stage the court does not weigh evidence like a trial court to decide guilt or innocence, but forms a prima facie view on probability from the material gathered so far to see if there is a genuine case; as the Supreme Court explained in *Vijay Madanlal Choudhary v. Union of India* (2022 SCC OnLine SC 929, at paragraph 401),

> *"401. We are in agreement with the observation made by the Court in Ranjitsing Brahmajeetsing Sharma. The Court while dealing with the application for grant of bail need not delve deep into the merits of the case and only a view of the Court based on available material on record is required. The Court will not weigh the evidence to find the guilt of the accused which is, of course, the work of Trial Court. The Court is only required to place its view based on probability on the basis of reasonable material collected during investigation and the said view will not be taken into consideration by the Trial*

> *Court in recording its finding of the guilt or acquittal during trial which is based on the evidence adduced during the trial. As explained by this Court in Nimmagadda Prasad, the words used in Section 45 of the 2002 Act are 'reasonable grounds for believing' which means the Court has to see only if there is a genuine case against the accused and the prosecution is not required to prove the charge beyond reasonable doubt."*

9. Similarly the Supreme Court stressed that these two conditions are compulsory whenever the prosecution opposes bail, and that money laundering is treated as a serious economic threat that courts cannot take lightlyas reiterated in ***Union of India through the Assistant Director v. Kanhaiya Prasad*, 2025 SCC OnLine SC 306** (at paragraphs 12 and 21):

> *"12. It is well settled position of law that Section 45 of the PMLA starting with a non-obstante clause has an overriding effect on the general provisions of the Code of Criminal Procedure in case of conflict between them. Section 45 imposes two conditions for the grant of bail to any person, accused of an offence punishable for a term of imprisonment of more than 3 years under Part A of the Schedule. The two conditions are that (i) the prosecutor must be given an opportunity to oppose the application for bail; and (ii) the Court must be satisfied that there are reasonable grounds for believing that the accused person is not guilty of such offence and that he is not liable to commit any offence while on bail. As well settled, these two conditions are mandatory in nature and they need to be complied with before the accused person is released on bail."*
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> *"21. As well settled, the offence of money laundering is not an ordinary offence. The PMLA has been enacted to deal with the subject of money laundering activities having transnational impact on financial systems including sovereignty and integrity of the countries. The offence of money laundering has been regarded as an aggravated form of crime world over and the offenders involved in the activity connected with the Proceeds of Crime are treated as a separate class from ordinary criminals. Any casual or cursory approach by the Courts while considering the bail application of the offender involved in the offence of money laundering and granting him bail by passing cryptic orders without considering the seriousness of the crime and without considering the rigours of Section 45, cannot be vindicated."*

10. Testing the petitioner's contentions against this standard, the plea that formal sanctioning power under Bye-law 28(x) of ANSCBL rested with the Management or Executive Committee rather than the petitioner as Manager / Loan Manager cannot be conclusively accepted at the bail stage when the prosecution

material alleges active operational participation in processing and forwarding defective loan proposals, facilitating disbursements to entities linked to his relatives and associates (*M/s Asha Arya Travels and Tours Pvt. Ltd.*, *M/s Amman Aryan General Store Pvt. Ltd.*, *M/s AKV Traders and Travels Pvt. Ltd.*, and *M/s Atikaya Logistic Pvt. Ltd.*), signing/checking loan documentation, receiving funds/commissions (including the Rs. 31.23 lakh Prothrapur house transaction through his wife and brother-in-law T. Vinod and cash/cheque payments alleged in the statements of Sanjay Lal, T. Vinod, and Kanika Mondal), and withholding recovery steps despite defaults, thereby implicating him in processes and activities connected with proceeds of crime under Section 3 PMLA read with the presumption under Section 24 PMLA. Likewise, issues concerning the weight of Section 50 PMLA statements (cited through *C.P. Khandelwal*, *Preeti Chandra*, *Manish Sisodia*, *P. Krishna Mohan Reddy*, and *Amit Agarwal*), nil recovery at residential search, whether the family-linked accounts were genuinely performing prior to freezing or serviced through circular layering of shell-company funds, the effect of loan repayments or property attachments, supply of un-relied documents under *Sarla Gupta v. Union of India* (Criminal Appeal No. 1622 of 2022), legality of arrest under *Arvind Kejriwal v. Directorate of Enforcement* (Criminal Appeal No. 2493 of 2024), and prior sanction under *Directorate of Enforcement v. Bibhu Prasad Acharya* (Criminal Appeal Nos. 4314–4316 of 2024, paragraphs 17–19) involve disputed factual assessments or

mixed questions of fact and law for the Trial Court, while withdrawal of SLP (Criminal) No. 7846 of 2026 with liberty to renew after four months does not dispense with Section 45(1) PMLA, as seen in *Bimal Kumar Jain v. Directorate of Enforcement* (orders dated July 30, 2021 and September 13, 2022 in B.A. Nos. 112/2021 and 2438/2022, upheld in SLP (Crl.) Nos. 7942/2021 and 9656/2022). Accordingly, this Court cannot record satisfaction under Section 45(1) PMLA that there are reasonable grounds for believing the petitioner is not guilty or will not commit any offence while on bail.

11. Addressing the second point regarding prolonged incarceration and Article 21 of the Constitution, this Court has considered *V. Senthil Balaji v. Deputy Director, Directorate of Enforcement*, Criminal Appeal No. 4011 of 2024 / 2024 INSC 739 (paragraphs 21 and 25–27), *Manish Sisodia v. Directorate of Enforcement*, SLP (Crl.) No. 8781 of 2024 (paragraphs 29, 34, 51–53, and 55), *Manish Sisodia v. CBI*, (2024) 12 SCC 69 (paragraph 34), *Jalaluddin Khan v. Union of India*, 2024 INSC 604 (paragraph 21), *P. Chidambaram v. Directorate of Enforcement*, (2020) 13 SCC 791 (paragraph 23), *Prem Prakash v. Union of India*, (2024) 9 SCC 787 (paragraphs 11–13), *Sanjay Bhadya v. Directorate of Enforcement*, SLP (Crl.) No. 15953 of 2024, *Padam Chand Jain v. Enforcement Directorate*, SLP (Crl.) No. 17476 of 2024, *Udhav Singh v. Enforcement Directorate*, SLP (Crl.) No. 18369 of 2024 (paragraph 4), *Mahesh Chandra Joshi v. State of Rajasthan*, SLP (Crl.) No. 15822 of 2026 (paragraphs 10–11), *Sanjay Sureka v. Enforcement Directorate*, SLP (Crl.) No.

10994 of 2026 (paragraphs 12–13), *Harish Bagla v. Enforcement Directorate*, CRM No. 44 of 2026 (decided September 23, 2026, paragraph 29), *Joseph Stalin v. State of West Bengal*, CRM 17 of 2025 (paragraphs 22–23), *Pawan Kumar v. Union of India*, Cr. Misc. No. 40593 of 2025, *Francis Coralie Mullin*, *Khatri (II)*, and *Babu Singh*, on personal liberty and delay in trial. However, as the Hon'ble Supreme Court observed in ***Manish Sisodia v. CBI*, 2023 SCC OnLine SC 1393** (at paragraph 28), the assessment of custody duration depends on the nature of the allegations:

> *"28. ... Neither is this a case where 100/1000s of depositors have been defrauded."*

12. Here, the prosecution involves a large-scale cooperative bank fraud with proceeds of crime quantified in the SPC at Rs. 434.40 crore affecting public depositors, the petitioner has been in custody for roughly seventeen months since June 27, 2025, the SPC was filed on November 6, 2026 with CR Case No. 1 of 2025 posted on January 7, 2027 for service report on newly added SPC accused, and the Hon'ble Supreme Court had granted liberty four months earlier without expressing any opinion on merits. In line with *Banmeet Singh v. Directorate of Enforcement* (SLP (Crl.) No. 282/2026, order dated May 15, 2026), *Dharam Singh Chhoker v. Directorate of Enforcement* (SLP (Crl.) No. 7383/2026, order dated July 17, 2026), and *Sukhwinder Singh Kharour v. Directorate of Enforcement* (CRM-M-24973-2026, decided September 18, 2026), roughly seventeen months of custody at this stage does not warrant overriding Section 45(1) PMLA. At the same time, because personal liberty under Article 21 demands timely progress in

multi-accused prosecutions, the prosecuting agency and the Learned Special Judge must ensure expeditious completion of pre-trial steps and trial proceedings.

13. Addressing the third point concerning bail on medical and humanitarian grounds under the first proviso to Section 45(1) PMLA, while *B. Sharath Chandra Reddy v. Directorate of Enforcement* (Bail Appln. No. 1266 of 2023), *Kewal Krishan Kumar v. Enforcement Directorate* (Bail Appln. No. 3575 of 2022, paragraphs 45–47 and 57–58), *Devki Nandan Garg v. Enforcement Directorate*, 2022 SCC OnLine Del 3086 (paragraphs 35 and 45–47, referring to *D.K. Shivakumar*), *Subodh Kumar Goel v. Enforcement Directorate*, CRM 54 of 2025 (paragraphs 11 and 14), and *Amitabh Jhunjhunwala v. Directorate of Enforcement* (decided September 22, 2026, paragraphs 56, 59, and 61) recognize that the "sick or infirm" proviso relieves an eligible accused from the twin conditions where custodial conditions cannot adequately address serious illness or infirmity, release on medical bail is not warranted where specialized treatment is secured in custody and the condition is not shown to be imminently life-threatening or incapable of custodial management. As the Hon'ble Supreme Court held in ***State of U.P. v. Gayatri Prasad Prajapati*, 2020 SCC OnLine SC 843** (at paragraphs 15 and 18):

> *"15. The above report of the S.G.P.G.I.M.S., i.e., the super-speciality hospital, which was on the record as well as report of the medical board dated 10.06.2020, which was brought in the notice of the High Court have neither been considered nor referred to by the High Court in the impugned order. When the respondent was being given treatment in the super-speciality hospital, i.e., S.G.P.G.I.M.S. as recommended by K.G.M.U., we fail to see as to what were the shortcomings in the medical treatment offered to respondent, which could have been the basis for grant of interim bail on medical*

> *ground. ... There was no satisfaction recorded by the High Court that treatment offered to respondent was not adequate and he requires any further treatment by any particular medical institute for which it is necessary to release the respondent on interim bail on medical grounds."*
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> *"18. Even as on date, due medical care is being taken of the respondent, which apparent from the additional documents filed as Annexure A-2 and Annexure A-3 along with the application dated 10.10.2020. The High Court, without considering the entire materials on record, has passed the impugned order dated 03.09.2020, which is unsustainable."*

14. Similarly, in *Sameer Mahandru v. Directorate of Enforcement* (Bail Appln. No. 1343/2023, decided October 19, 2023, paragraphs 58–59), medical bail was declined where ailments were manageable in custody. Here, while the petitioner reports chest complaints and severe lower back pain with marked narrowing of the lower spinal canal on a lumbosacral spine CT scan and lack of a specialist neurologist at G.B. Pant Hospital, Sri Vijaya Puram (Port Blair), the Learned Special Judge has already passed orders dated October 14, 2026 and November 13, 2026 permitting specialized medical treatment at SSKM Hospital, Kolkata and at Chennai while in custody. Nothing on record establishes that his condition is imminently life-threatening or that specialist care at Chennai under the order dated November 13, 2026 cannot be availed of in custody.

15. For the foregoing reasons, this Court finds no sufficient ground to enlarge the petitioner on regular bail or interim bail at this stage, and the bail application in **CRM (SB) No. 14 of 2026** stands **REJECTED**.

16. Keeping in view the period of custody already undergone and Article 21 of the Constitution, the Directorate of Enforcement shall extend full cooperation to the Learned Special Judge for expeditious completion of pre-trial formalities

including service of process on newly added accused, supply of relied-upon documents, and statutory compliances, without seeking unnecessary adjournments, and the Learned Special Judge is requested to expedite the proceedings and conclude the trial as early as possible in accordance with law, with liberty to the petitioner to renew his prayer for bail should the trial fail to make meaningful progress over a substantial period ahead.

17. The prison and police authorities shall ensure strict and expeditious compliance with the order dated November 13, 2026 passed by the Learned Special Judge so that the petitioner receives timely and uninterrupted specialist medical treatment at Chennai in accordance with law.

18. It is clarified that the observations in this order are confined strictly to the adjudication of this bail application and shall not influence the Learned Trial Court during the trial.

(Uday Kumar, J.)