IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO.……………………..2026
(ARISING OUT OF @ SLP (CIVIL) NO.7894/2026)

PAWAN CHUGH & ANR. **...APPELLANTS**

VERSUS

UNION OF INDIA & ORS. **...RESPONDENTS**

O R D E R

1. Leave granted.

2. The appellants have challenged the order dated 5th December 2025 passed by the High Court of Punjab and Haryana at Chandigarh in CM No. 18205 of 2025 in CWP No. 20172 of 2025, whereby their application seeking release/substitution of certain properties provisionally attached by respondent no. 2 - Directorate of Enforcement[1] was dismissed.

3. Briefly, the facts giving rise to the present appeal are as follows:

   3.1. On 14th January 2021, FIR No. 11 of 2021 was registered at Police Station Sushant Lok under Sections 406, 420, 467, 468, 471 and 120-B of the Indian Penal Code, 1860[2], pursuant to an order dated 7th January 2021 passed by the Chief

[1] hereinafter, "ED"
[2] hereinafter, "IPC"

Judicial Magistrate, Gurugram under Section 156(3) of the Code of Criminal Procedure, 1973[3]. The allegations pertained to the alleged forgery of documents concerning projects situated at Sector 68, Gurugram, being developed by Mahira Infratech Pvt. Ltd., formerly known as Sai Aaina Farms Pvt. Ltd.

3.2. The aforesaid FIR was treated as the predicate offence, pursuant to which respondent no. 2 – ED, lodged ECIR No. ECIR/GNZO/20/2021 on 16th November 2021.

3.3. The appellants were neither named as accused in the predicate offence nor named in the aforesaid ECIR.

3.4. Subsequently, on 26th March 2025, respondent no. 2 – ED -passed a provisional attachment order attaching, inter alia, certain properties belonging to the appellants. The stated basis for such attachment was that the alleged proceeds of crime had been transferred from Sai Aaina Farms Pvt. Ltd. to DS Home Construction Pvt. Ltd., out of which an amount of ₹8.17 crores was transferred to the bank account of J.P. Textiles, a partnership firm in which the appellants are partners.

3.5. On 23rd April 2025, respondent no. 2 – ED - filed Original Complaint No. 213 of 2025 before

[3] hereinafter, "CrPC"

respondent no. 3 - Adjudicating Authority under the Prevention of Money Laundering Act, 2002[4], seeking confirmation of the provisional attachment.

3.6. On 10th May 2025, respondent no. 3 issued a show-cause notice to the appellants in relation to the aforesaid Original Complaint.

3.7. Aggrieved by the aforesaid actions, the appellants approached the High Court by filing CWP No. 20172 of 2025, seeking quashing of the provisional attachment order dated 26th March 2025, Original Complaint No. 213 of 2025 dated 23rd April 2025 and the show-cause notice dated 10th May 2025.

3.8. By an order dated 18th July 2025, the High Court directed respondent no. 3 - Adjudicating Authority, not to pass any final order in Original Complaint No. 213 of 2025. The said interim direction has continued thereafter.

3.9. Certain properties belonging to the appellants, which were provisionally attached by respondent no. 2, were mortgaged with Yes Bank. The bank was also a party to the proceedings before the Adjudicating Authority. In view of the provisional attachment and the consequent proceedings, Yes Bank, by an email dated 14th October 2025, called upon the appellants to provide replacement

[4] hereinafter, "PMLA"

security in respect of the mortgaged properties and indicated that failure to do so would entail financial consequences.

3.10. The appellants contend that the provisional attachment has rendered the aforesaid security unacceptable to the bank, thereby exposing them to the risk of their loan facility being treated as inadequately secured and causing them financial hardship.

3.11. In these circumstances, the appellants filed an application bearing CM No. 18205 of 2025 under Section 151 of the Code of Civil Procedure, 1908[5], seeking interim relief by way of release/substitution of the attached properties.

3.12. By the impugned order, the High Court dismissed the said application on the ground that there was no enabling provision under the PMLA permitting substitution of properties prior to confirmation of the provisional attachment.

3.13. Aggrieved thereby, the appellants are before us.

4. We have heard learned senior counsel, Mr. Sidharth Dave, appearing for the appellants, and learned Additional Solicitor General, Mr. Anil Kaushik, appearing for the respondents.

5. Learned senior counsel appearing for the appellants submits that the properties in question have been

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[5] Hereinafter "CPC"

attached by respondent no. 2 under the description "value thereof" and are not alleged to constitute the direct proceeds of crime. It is submitted that the appellants are neither accused in the predicate offence nor named in the ECIR, and there is no allegation that the properties sought to be released are themselves proceeds of crime.

5.1. It is further submitted that the properties sought to be released are mortgaged with Yes Bank. The appellants submit that the continued attachment of these properties is causing them serious hardship and adversely affecting their existing financial arrangements.

5.2. Learned senior counsel submits that the appellants are willing to substitute the properties sought to be released by furnishing adequate security of equivalent value being Rs.1,56,30,000/- (Rupees One Crore, Fifty Six Lakh, Thirty Thousand only), including by way of bank guarantees or fixed deposits, so as to safeguard the interests of the ED during the pendency of the proceedings. It is, therefore, contended that the limited relief sought by the appellants would neither prejudice the proceedings under the PMLA nor defeat the object of the provisional attachment.

6. Per contra, learned Additional Solicitor General appearing for the respondents submits that the High Court committed no error in dismissing the application filed by the appellants. It is contended that the relief sought by the appellants has no specific statutory foundation under the PMLA and that the provisional attachment has not yet been confirmed by the Adjudicating Authority, in view of the interim order passed by the High Court on 18th July 2025.

6.1. It is further submitted that any grievance of the appellants against the conduct of Yes Bank or its demand for replacement security may be agitated before the appropriate forum. Learned Additional Solicitor General submits that permitting substitution of the attached properties in the present circumstances may dilute the statutory scheme of the PMLA and may have wider ramifications.

7. We have considered the rival submissions and perused the provisional attachment order dated 26th March 2025. From the table of properties contained therein, it appears that the properties belonging to the appellants have been attached under the description "value thereof", rather than as the direct proceeds of crime. The appellants seek release of their attached properties mentioned at serial number 6, 7, 8 and 9 of the said provisional attachment order, which are mortgaged

with Yes Bank and have offered to furnish substitute security of the equivalent value of Rs.1,56,30,000/- (Rupees One Crore, Fifty Six Lakh, Thirty Thousand only).

8. The properties sought to be released as mentioned in the provisional attachment order is as follows:

S. No.	Description of property	Name of the person in whose name property was registered	Value of property (in Rs.) as per registered deeds/Stamp duty rate	Proceeds of Crime amount attached (in Rs.)	Proceeds of Crime
6	Shop/Plot NO. R 293/7 and R 289 to R293, having area 149 Sq Yds situated in ward No. 7, Panipat in the name of Pawan Kumar Chugh and Ramesh Kumar Chugh purchased vide vasika No. 555 dated 17.04.2018 and vasika No. 3500 dated 12.07.2022	Pawan Kumar Chugh and Ramesh Kumar Chugh	40,50,000	40,50,000	Value thereof
7	B-107 First Floor, TDI City, Sector 23,Panipat,purchased by Pawan Kumar Chugh vide Vasika No. 13068 dated 28.12.2023	Pawan Kumar Chugh	48,00,000	48,00,000	Value thereof
8	B-107, Second Floor, TDI City, Sector 23,Panipat,purchased by Pawan Kumar Chugh vide Vasika No. 13065 dated 28.12.2023.	Pawan Kumar Chugh	48,00,000	48,00,000	Value thereof
9	Property -H No. 64-65, Rajputana Bazar, Ward No. 7 Panipat, purchased by Ramesh Kumar Chugh vide Vasika No. 5937 dated 17.10.2014 and 8009 dated 29.03.2017	Ramesh Kumar Chugh	19,80,000	19,80,000	Value thereof

8.1. The total value of the properties mentioned above is Rs.1,56,30,000/- (Rupees One Crore, Fifty Six Lakh, Thirty Thousand only).

9. The appellants contend that, on account of the provisional attachment, Yes Bank has required them to replace the existing mortgage security, failing which they may face financial consequences. The continued attachment of the said properties has, therefore, caused hardship to the appellants and affected their existing financial arrangements.

10. The question before us at this stage is not the final adjudication of the legality of the provisional attachment or the merits of the proceedings under the PMLA. The limited issue is whether, having regard to the peculiar facts of the present case, the specified properties attached as “value thereof” may be substituted by security of equivalent value.

11. Although the respondents submit that the PMLA does not expressly provide for such substitution before confirmation of the provisional attachment, we are of the view that the limited relief sought by the appellants can be granted without prejudicing the interests of the ED.

12. In our considered view, the relief sought by the appellants is limited in nature. The appellants do not seek an unconditional release of the properties attached under the provisional attachment order. They seek

release only after they have undertaken to furnish security of equivalent value in substitution thereof.

13. Accordingly, the impugned order dated 5th December 2025 passed by the High Court of Punjab and Haryana at Chandigarh in CM No. 18205 of 2025 in CWP No. 20172 of 2025 is set aside.

14. The appellants shall furnish Bank Guarantee of equivalent value being Rs.1,56,30,000/- (Rupees One Crore, Fifty Six Lakh, Thirty Thousand only), to the satisfaction of respondent no. 2 - ED.

15. The appellants shall be permitted to substitute the mortgaged properties specified at Serial Nos. 6, 7, 8 and 9 in the table contained in the Provisional Attachment Order dated 26 March 2025. Upon furnishing and acceptance of the Bank Guarantee, the properties so substituted shall stand released from the aforesaid provisional attachment, subject to the outcome of the proceedings pending under the PMLA.

16. Further, it is made clear that the appellants shall not alienate, transfer, encumber or create any third-party rights or interests of any nature whatsoever in respect of the aforesaid properties, save and except the existing mortgage in favour of the Bank, during the pendency of the proceedings under the PMLA.

17. We clarify that this order is passed having regard to the peculiar facts and circumstances of the present case and shall not be treated as a precedent.

18. The civil appeal is, accordingly, allowed. Pending applications, if any, stand disposed of.

...J.
[VIKRAM NATH]

...J.
[SANDEEP MEHTA]

NEW DELHI;
SEPTEMBER 10, 2026