



\$~2 & 3

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ BAIL APPLN. 1989/2025

ANSHAD BADRUDDINPetitioner

Through: Mr. Satyakam, Mr. Shaikh Saipan
Dastgir and Mr. Rehan Galib Khan,
Advocates.

versus

DIRECTORATE OF ENFORCEMENTRespondent

Through: Mr. Vivek Gurnani, Panel Counsel for
ED; Mr. Kanishk Maurya, Advocates.

3

+ BAIL APPLN. 2808/2025

ABDUL KHADER PUTTURPetitioner

Through: Mr. Talha Abdul Rehman, Mr. Shaikh
Saipan Dastgir and Mr. Sudhanshu
Tewari, Advocates.

versus

DIRECTORATE OF ENFORCEMENT
THROUGH ASSISTANT DIRECTORRespondent

Through: Mr. Vivek Gurnani, Panel Counsel for
ED; Mr. Kanishk Maurya, Advocates.

CORAM:

HON'BLE MR. JUSTICE PURUSHAINDR KUMAR KAURAV

ORDER

%

02.07.2026



1. The aforesaid are the first bail applications filed seeking regular bail under Section 483 of the Bharatiya Nagarik Suraksha Sanhita, 2023 in connection of ECIR/STF/17/2022 under Section 44 read with Section 45 for the commission of offence under Section 3 and 4 read with Section 70 of the Prevention of Money Laundering Act, 2002 (PMLA).
2. The present ECIR is premised on FIR No. RC-14/2022/NIA/DLI dated 13.04.2022 registered by the National Investigation Agency (“NIA”) under Section 120-B of the Indian Penal Code, 1860 and Sections 17, 18, 18B, 20, 22B, 38 and 39 of the Unlawful Activities (Prevention) Act, 1967, alleging that office bearers, members and cadres of an unlawful association (hereinafter “*association*”) conspired to raise and collect funds, domestically and from abroad, for financing terrorist activities, promoting communal disharmony and radicalising vulnerable youth.
3. Neither of the two applicants finds mention in the main prosecution complaint dated 19.11.2022. Both applicants were arrayed as an accused for the first time only in the V supplementary prosecution complaint dated 24.05.2024. The applicant Anshad Badruddin as Accused No. 24, and the applicant Abdul Khader Puttur as Accused No. 26, on the allegation that they had served as Physical Education (“PE”) trainers of the association and had received monies from the association in that capacity.
4. The applicant Anshad Badruddin was arrested on 18.03.2024 from District Jail, Lucknow, where he was already lodged in judicial custody in a separate matter. The applicant Abdul Khader Puttur was arrested on 19.03.2024 from Central Prison, Bengaluru, where he too was already in judicial custody in a separate matter. Both applicants thereafter preferred regular bail applications before the Additional Sessions Judge, Special Court



(PMLA), Patiala House Courts, New Delhi, which came to be dismissed *vide* orders dated 21.02.2025. It is against the said orders that the present applications have been preferred.

5. Mr. Satyakam, learned counsel for the applicant in BAIL APPLN. 1989/2025 has pointed out three judgments passed by this Court releasing five other accused persons who were involved in the same ECIR. The reference is made to a common judgment dated 04.12.2024 passed by this Court in Bail Appln. 1859/2024 titled ***Parvez Ahmed v. Directorate of Enforcement***, Bail Appln. 2001/2024 titled ***Abdul Muqet v. Directorate of Enforcement*** and Bail Appln. 2012/2024 titled ***Mohd. Ilyas v. Directorate of Enforcement***. The Special Leave Petition (SLP) against the said judgement has been dismissed by the Supreme Court while observing that the findings be treated to be *prima facie* in nature.

6. The attention of the Court has also been drawn to the decision dated 16.02.2026 in Bail Appln. 3620/2025 title ***Moideen Kutty K @ M. K. Faizy vs. Directorate of Enforcement*** and another decision dated 29.05.2026 in Bail Appln. 3796/2025 titled ***Wahidur Rahman vs. Directorate of Enforcement***.

7. In sum and substance, the argument on behalf of the applicants is that the role assigned to the present applicants is lesser than the role assigned to the accused persons who have already been admitted to bail.

8. Mr. Satyakam draws parity with the accused persons who have already been admitted to bail. It has further been urged, without elaboration, that the amounts said to have been received by the applicant precede the declaration of the association as an unlawful association; that the arrest of the applicant from judicial custody suffers from the same infirmity as



considered in *Dhanraj Aswani v. Amar S. Mulchandani*¹ and that the applicant satisfies the triple test of flight risk, evidence tampering and witness influence.

9. The aforesaid submissions are also adopted by Mr. Talha Abdul Rehman, learned counsel for the applicant in BAIL APPLN. 2808/2025, who additionally points out that the impugned order dated 21.02.2025, while recording the role of his client, appears to erroneously attribute to him certain factual particulars, and, in one instance, appears to have proceeded on a conflation of the individual antecedents of the two applicants *inter se*, which, it is submitted, reflects a want of due care in appreciation of the individual role of each accused separately.

10. The submissions made on behalf of the applicants are strongly opposed by Mr. Vivek Gurnani, learned counsel for the respondent-Enforcement Directorate (“ED”). He submits that the allegations against the present applicants are serious in nature and that the roles assigned to the applicants are graver than the accused persons who have already been enlarged on bail. It is submitted that, unlike Parvez Ahmed, Mohd. Ilyas and Abdul Muqet, who merely collected donations and deposited the same in association’s own accounts, the present applicants were themselves direct and personal beneficiaries of monies credited to their individual bank accounts, and accordingly stood in dominion and control of the alleged proceeds of crime.

11. Learned counsel further submits that the applicants were engaged not in innocuous fund-collection but in personally conducting physical education training that was, in truth, a facade for imparting weapons

¹ (2024) 10 SCC 336.



training, in the use of sickles, swords, knives and other implements, to association's cadres, as evidenced by documents seized during investigation, and that the applicant Abdul Khader Puttur additionally held the offices of State Executive Council Member (2011-2022), General Secretary (2013-2014) and Vice President (2015) of association's Karnataka unit.

12. It is submitted that Abdul Khader Puttur has unexplained cash credits of Rs. 23,35,724/- against a declared annual income of Rs. 3,00,000/-, and that Anshad Badruddin has unexplained cash credits of Rs. 3,16,200/- and Rs. 63,100/- in his accounts, in addition to Rs. 3,50,000/- received through banking channels, none of which the applicants have been able to explain in their statements recorded under Section 50 of the PMLA.

13. It is also submitted that the provisions of the PMLA have not been properly construed in the decisions relied upon by the applicants and that the mandatory twin conditions under Section 45 of the PMLA are not satisfied. Reliance is placed on *Vijay Madanlal Choudhary v. Union of India, (2022) SCC OnLine SC 929*, *Tarun Kumar v. Enforcement Directorate, 2023 SCC OnLine SC 1486* and *Gautam Kundu v. Directorate of Enforcement, (2015) 16 SCC 1* for the proposition that the conditions under Section 45 are mandatory and cannot be diluted merely because the application is one under Section 439 Cr.P.C./Section 483 BNSS.

14. It is further submitted that money laundering is classified as an economic offence of a class apart, relying upon *Y.S. Jagannohan Reddy v. CBI²*, and that the arrest of both applicants, though effected while they were in judicial custody in unconnected matters, was in due compliance with Section 19 of the PMLA, the objections in that regard having already been



considered and rejected in the remand orders dated 27.03.2024 and 30.03.2024 respectively.

15. I have considered the submissions made by learned counsel for the parties and have perused the record.

16. Section 3 of the PMLA, which defines the offence of money-laundering, reads as under:

“3. Offence of money-laundering.- Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering.”

17. The expression “proceeds of crime”, which constitutes the very gravamen of the offence, is defined under Section 2(1)(u) of the PMLA as under:

“(u) “proceeds of crime” means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or the value of any such property.”

18. Section 45 of the PMLA, in turn, prescribes the following twin conditions which must be satisfied before an accused can be released on bail:

“45. Offences to be cognizable and non-bailable.— (1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), no person accused of an offence punishable for a term of imprisonment of more than three years under Part A of the Schedule shall be released on bail or on his own bond unless— (i) the Public Prosecutor has been given an opportunity to oppose the application for such release; and (ii) where the Public Prosecutor opposes the application, the court is satisfied that there are reasonable grounds for believing that he is not guilty of such offence and that he is not likely to commit any offence while on bail.”

19. Equally settled is the proposition that, absent a scheduled offence, there can be no “proceeds of crime”, and absent proceeds of crime, the

² 2013 (7) SCC 439



offence under Section 3 of the PMLA cannot be invoked at all. The Supreme Court, in *Vijay Madanlal Choudhary v. Union of India*³, while explaining the true scope of the expression “proceeds of crime”, has held in paragraph 106 and 109 as under:

“106..The ‘proceeds of crime’ being the core of the ingredients constituting the offence of money laundering, that expression needs to be construed strictly. In that, all properties recovered or attached by the investigating agency in connection with the criminal activity relating to a scheduled offence under the general law cannot be regarded as proceeds of crime... For being regarded as proceeds of crime, the property associated with the scheduled offence must have been derived or obtained by a person ‘as a result of’ criminal activity relating to the scheduled offence concerned. This distinction must be borne in mind while reckoning any property referred to in the scheduled offence as proceeds of crime for the purpose of the 2002 Act.

...

“109..Tersely put, it is only such property which is derived or obtained, directly or indirectly, as a result of criminal activity relating to a scheduled offence that can be regarded as proceeds of crime. The authorities under the 2002 Act cannot resort to action against any person for money laundering on an assumption that the property recovered by them must be proceeds of crime and that a scheduled offence has been committed, unless the same is registered with the jurisdictional police or pending inquiry by way of complaint before the competent forum. For, the expression ‘derived or obtained’ is indicative of criminal activity relating to a scheduled offence already accomplished.”

20. The above position was reiterated in *Pavana Dibbur v. Enforcement Directorate*⁴, wherein it was clarified that although a person need not himself be an accused in the scheduled offence in order to be prosecuted under Section 3 of the PMLA, “the condition precedent for the existence of proceeds of crime is the existence of a scheduled offence”, and that the “conditions precedent for attracting the offence under Section 3 of the PMLA are that there must be a scheduled offence and that there must be

³ (2023) 12 SCC 1.



proceeds of crime in relation to the scheduled offence as defined in Clause (u) of sub-section (1) of Section 3 of the PMLA.”

21. The necessity of this foundational link has also been emphasised in ***R.K.M Powergen Private Limited v. Enforcement Directorate***⁵, in the following terms: “The PMLA demands the existence of a predicate offence. When there is no predicate offence, initiation of proceedings under PMLA is a non starter... The essential ingredient for the ED to seize jurisdiction is the presence of a predicate offence. It is like a limpet mine attached to a ship. If there is no ship, the limpet cannot work. The ship is the predicate offence and ‘proceeds of crime’. The ED is not a loitering munition or drone to attack at will on any criminal activity.”

22. *Vide* order dated 04.12.2024 in the case of **Parvez Ahmed** (Supra), the role assigned to the applicants therein i.e. Parvez Ahmed, Mohd. Ilyas and Abdul Muqet, is extracted in paragraph no. 4, and the same is reproduced as under:

“4. As per the Complaint filed by the ED, the specific role of the petitioners are described as under:-

Role of Parvez Ahmed

- *It is stated that he was the president of Delhi state unit of Popular Front of India (“PFI”) for the term 2018-2020 and was actively involved in anti CAA-NRC protests held in Delhi. The anti-CAA protests in Delhi resulted in Delhi riots of February, 2020 in which he, along with other PFI members, was arrested. Parvez Ahmed admitted that in his capacity as the President of PFI Delhi, he followed up the collection of donations. He also revealed that receipts were issued to individual contributors who donated funds to PFI.*

- *His statement under section 50 of PMLA was recorded wherein he, inter alia, stated that he was responsible for PFI’s public relations in Delhi and after collection of donations, the amount was deposited in headquarters office and donation receipts were taken which were then*

⁴ 2023 SCC OnLine SC 1586.

⁵ W.P.Nos.4297 & 4300/2025 (Madras HC), decided on 15.07.2025.



sent to the donors and this process was done under the supervision of the District President. The funds were collected by visiting houses of individuals but at that time no donation receipts were issued to the donors. The accounts department handed over only the filled donation slips to the District Presidents and one copy of the said slips remained in the booklet. He further stated that the local units wrote the name of the donor along with address on a piece of paper and handed over the same to the District President.

Role of Mohd Ilyas

- *It is stated that he was the General Secretary of Delhi state unit of PFI since November, 2018 and actively participated in the anti-CAA protests in Delhi which resulted in Delhi Riots. In his statement recorded under section 50 of PMLA, he stated that collection of funds was mainly done in the form of donations by Delhi units of PFI. Further, the cash which was collected was deposited by him in PFI's Shaheen Bagh office with either the manager Kamal or accountant Jaseer.*
- *In another statement recorded under section 50 of PMLA on 22.09.2022, he, inter alia, stated that his main work was public relations, whenever there was any protest or public gathering it was his duty to contact Police and get their approval and was also responsible for spreading awareness about PFI. He further stated that PFI did not receive any donations from abroad and most of PFI's donations were through bank transfers and whatever small cash donations were there would be donated in PFI's national headquarters office and thereafter the account section prepared the donation receipts which he handed over to the donors.*

Role of Abdul Muqet

- *It is stated that he was the office secretary of Delhi State Unit of the organization since 2017. During the investigation, it was revealed that bogus donation slips were issued in the name of residents of Mullah Colony, Gharoli for PFI by Abdul Muqet along with his associates. It was also revealed that donations made for a sum of Rs. 50-100 were incorrectly reflected as donations to the tune of Rs. 2000 – Rs. 4000. Further, Abdul Muqet was actively involved in the collection of donations in his locality, i.e. Mullah Colony, Gharoli, Delhi-96.*
- *His statement under section 50 of PMLA was recorded wherein he inter alia, stated that he joined PFI after meeting Parvez Ahmed and was made office secretary of PFI Delhi. Further as office secretary, his responsibility was to open and close PFI's office and to attend any PFI related person who came to the office. He used to attend office every day for 3-4 hours and it was his responsibility to collect Zakat in Mulla Colony and nearby areas and after collecting Zakat if anybody used to ask him for donation receipts, he would talk to Mohd Ilyas and arranged for receipts.”*



23. The Court in the said decision in paragraph no. 40 to 42 has rendered following findings.

“40. In order to invoke the provisions of section 3 of PMLA, there must be proceeds of crime as discussed above and these proceeds must be a result of a criminal activity. The case set up by the ED that the funds which the petitioners were generating were used for committing a scheduled offence, hence proceeds of crime, is not the scheme of PMLA. The offence committed by the collection of funds may be an offence under any law including a scheduled offence but cannot be termed as a proceeds of crime to invoke section 3 of PMLA.

41. On perusing the Complaint, there is no evidence to show that any scheduled offence has been committed, it is stated that the petitioners participated in the anti-CAA protests in Delhi which culminated in Delhi Riots. Learned counsels for the petitioners have rightly pointed out that in the present case i.e. collection of funds precedes the crime i.e. Delhi Riots. The proceeds of crime has to be generated as a result of criminal activity (scheduled offence). The collection of funds in an illegal way to commit a scheduled offence in future is not an offence of money laundering under PMLA. The funds so collected are not proceeds of crime and can be proceeds of crime only when they were generated as a result of scheduled offence. The case set up by the ED is putting the cart before the horse.

42. Even assuming for the sake of argument that the petitioners have generated proceeds of crime, even then, prima facie, the petitioners do not have dominion and control over the said alleged proceeds of crime. Admitted case of the ED is that the petitioners collected the funds and deposited the same with the accountant or PFI's account. The Hon'ble Supreme Court in Manish Sisodia (I) (supra) has dealt with the same and observed as under:-

“13. Fourthly, the contention of the DoE that generation of proceeds of crime is itself „possession“ or „use“ of the „proceeds of crime“, prima facie, appears to be unclear and not free from doubt in view of the ratio in Vijay Madanlal Choudhary (supra). Further, the DoE's contention that „generation“ amounts to possession and the expression „possession“ includes constructive possession, for which reliance is placed upon Mohan Lal v. State of Rajasthan, is not assured.

14. It is submitted that Vijay Madanlal Choudhry (supra) has held that PML Act is an independent and distinct Act which deals with offences relating to only proceeds of crime, and not with the crime itself which generates the proceeds of the crime. In particular, paragraph 406 in Vijay Madanlal Choudhary (supra) states:

“406...The fact that the proceeds of crime have been



generated as a result of criminal activity relating to a scheduled offence, which incidentally happens to be a non-cognisable offence, would make no difference. The person is not prosecuted for the scheduled offence by invoking provisions of the 2002 Act, but only when he has derived or obtained property as a result of criminal activity relating to or in relation to a scheduled offence and the indulges in process or activity connected with such proceeds of crime...”

15. Paragraph 407 similarly states:

“407...the offence under this Act in terms of Section 3 is specific to involvement in any process or activity connected with the proceeds of crime which is generated as a result of criminal activity related to the scheduled offence...”

16. In *Mohan Lal (supra)*, the expression „possession“, it is held, consists of two elements. First, it refers to corpus of physical control and second it refers to the animus or intent which has reference to exercise of self-control. In the context of narcotics laws, a person is said to possess control over the substance when he knows the substance is immediately accessible and exercises dominion or control over the substance. The power and dominion over the substance is, therefore, fundamental. The stand of the DoE as to the constructive possession, will be satisfied only if the dominion and control criteria is satisfied. If the proceeds of crime are in dominion and control of a third person, and not in the dominion and control of the person charged under Section 3, the accused is not in possession of the proceeds of the crime. It would be a different matter, when an accused, though not in possession, is charged for use, concealment or acquisition of the proceeds of the crime, or projects or claims the proceeds of crime as untainted property. The involvement of an accused may be direct or indirect. Prima facie, there is lack of clarity, as specific allegation on the involvement of the appellant - *Manish Sisodia*, direct or indirect, in the transfer of Rs. 45,00,00,000 (rupees forty five crores only) to AAP for the Goa elections is missing. **(Emphasis added)**”

24. In paragraph no. 43, it has been noted that the applicants therein had allegedly collected funds and deposited the funds to the accountant or association’s account and the said scenario, *prima facie*, was found to be not within the dominion and control of the applicants for generation of alleged proceeds of crime. The Court has also considered the delay in trial and long



incarceration. It was noted that petitioners therein had undergone substantial period of incarceration i.e. more than two years and two months and it was found that there was no likelihood that the trial would be completed in near future. The paragraph nos. 43 to 47 of the said decision is extracted as under:

“43. In the present case, the role of the petitioners is that they collected funds and deposited the same to the accountant or PFI’s account. Hence, in this scenario, prima facie, the dominion and control over the generation of alleged proceeds of crime is not of the petitioners herein.

44. At this juncture, I am also conscious that for deciding bail in PMLA, the accused person has to cross the hurdle of twin conditions laid down in section 45 of PMLA which read as under:-

“45. Offences to be cognizable and non-bailable.-- (1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), no person accused of an offence punishable for a term of imprisonment of more than three years under Part A of the Schedule shall be released on bail or on his own bond unless—

(i) the Public Prosecutor has been given an opportunity to oppose the application for such release; and

(ii) where the Public Prosecutor opposes the application, the court is satisfied that there are reasonable grounds for believing that he is not guilty of such offence and that he is not likely to commit any offence while on bail:”

45. For the reasons noted above, I am of the view that in the present case, the twin conditions of section 45 have been met. The Special Counsel for ED has been given an opportunity to oppose the bail applications. Prima facie, I am of the view that the offence of money laundering is not made out against the petitioners herein.

Delay in trial and long incarceration.

46. The petitioners have undergone substantial period of incarceration i.e. more than 2 years 2 months and there is no likelihood that the trial will be concluded in the near future.

47. Our Constitution under Article 21 guarantees that no person shall be deprived of his life or personal liberty except according to procedure established by law. Personal liberty of under trial prisoner is a fundamental right which flows from the said article. Unless the accused is convicted, the accused is entitled to the presumption of innocence and a fair procedure and trial. Our Courts have adopted the principle i.e. Bail is the rule and Jail is an exception. Liberty of an accused is paramount and should be curtailed only by a procedure established by law which should



be both fair and reasonable. The offences in the special statutes like Narcotic Drugs and Psychotropic Substances Act, 1985, UAPA and PMLA imposes additional stringent conditions for grant of bail which are to be tested on the facts and circumstances of each case but these stringent conditions do not take away the fundamental rights guaranteed under Article 21.”

25. In the case of ***Moideen Kutty***, while relying on the decisions in the case of ***Parvez Ahmed and Ors.***, the Coordinate Bench of this Court in paragraph no. 118 has considered the role assigned to Moideen Kutty, and has found that the said applicant was also entitled to be enlarged on bail. For the sake of clarity, paragraph no. 118 to 122 of the decision dated 16.02.2024 passed in ***Moideen Kutty*** are extracted as under:

“118. In the present case, the entire case of the ED is that the Applicant has been a member of PFI since its formation in 2009, held important posts until he separated from PFI in the year 2018. Essentially, the allegation against the Petitioner is that he is the political face of PFI, the banned organization, and is facilitating bogus donations and disbursal of funds for unlawful activities and has personally received Rs.15,40,000/- from SDPI. The Applicant is also the authorized signatory in SDPI’s national bank account maintained with Canara Bank.

119. According to the ED, the Investigation have revealed that the Applicant knowingly facilitated the acquisition, possession and projection of proceeds of crime as untainted and supported PFI’s conspiracy to fund riots, terrorist camps and anti-national protests.

120. Thus, what emerges is that, the ED’s entire case against the Applicant is founded on guilt by association. Mere occupancy of leadership positions in PFI, which was a lawful organization during the Applicant’s association from 2009 to 2018. The Petitioner as Member of SDPI thus, separated much prior to PFI been declared as a banned Organization on 28.09.2022. SDPI which continues to be a lawful political party not declared unlawful by the Government, does not, without more, constitute the offence of money laundering.

*121. The Applicant may have at one point of time be a founding Member of PFI since 2015 and remained a member till 2018, but that or that he may be a National President of SDPI, but these allegations in itself are not enough to prima facie make out a case of laundering the proceeds of crime. Mere association of the Applicant with an organization or holding a position in an organization, **without specific and concrete evidence of personal involvement in money laundering activities**, cannot constitute*



an offence under Section 3 of PMLA.

122. The only allegations are that the funds have been collected in the accounts of PFI/SDPI from unknown sources, which are being shown as legitimate donations to be used for commission of illegal and unauthorized activities which are the scheduled offences. There is prima facie no evidence that the funds being received are generated from commission of any scheduled offence. The money being received from unknown sources may be getting utilized for various activities, but that per se does not make the donations, money etc. as the proceeds of crime under the scheme of PMLA. The offence committed by the collection of funds, may be an offence under any law including the scheduled offence, but cannot be termed as proceeds of crime under Section 3 of PMLA.”

26. In another case i.e. **Wahidur Rahman**⁶, this Court *vide* its judgement dated 29.05.2026 has admitted that said applicant on bail and considered the facts and circumstances including the aspect of aggregate amount involved in the case as well as the amount which was linked to the said applicant. For the sake of clarity, paragraph no. 19 to 21 of the said decision is extracted as under:

“19. In the opinion of this court, equally significant is the relative magnitude of the financial link sought to be established between the petitioner and the alleged proceeds of crime. According to ED’s own showing, SDPI’s bank accounts received an aggregate amount of Rs. 32.94 crores between October 2010 and March 2025, out of which Rs. 22.40 crores was deposited in cash; yet only a sum of Rs. 3.15 lacs has been traced to transactions routed through the petitioner’s accounts or at his instance. Even if, for the present purposes, these transactions are assumed to be proved in the manner alleged by ED, the proportion of Rs. 3.15 lacs vis-à-vis Rs. 32.94 crores is so minuscule that this court is of the view that the petitioner cannot, on that basis alone, be characterised as a significant or serious agent of the alleged money-laundering operations of PFI/SDPI.

20. Further, this court is of the opinion that the scheme of section 45 of the PMLA, as modified by the proviso inserted therein, cannot be ignored while assessing the rigour of the “twin conditions” in the present case. The proviso inter-alia contemplates a monetary threshold of Rs. 1,00,00,000/- and if the involvement of an accused in the offence of money laundering is below that threshold, the rigours of the additional twin

⁶ Bail Appln. 3796/2025 order dated 29.05.2026.



conditions get watered-down. In the present case, the amount attributed to the petitioner, even on ED's own reckoning, is only Rs. 3.15 lacs, which falls far below that threshold. Without undertaking an elaborate exegesis of that provision at this stage, this court is of the view, that when the alleged involvement of an accused is confined to a quantum substantially below the statutory threshold, it would be incongruous to subject him to the same degree of rigour as may apply to persons alleged to have laundered, or to be in possession of, amounts equal to or exceeding that threshold; and that this factor militates in favour of a more liberal approach in the matter of bail.

21. The court is also conscious of the observations made by a Co-ordinate Bench while granting regular bail to co-accused Moideen Kutty K @ MK Faizy, particularly the observation that there was no material to show that the said co-accused had dealt with "proceeds of crime" within the meaning of section 3 of the PMLA. If the inflows into SDPI's accounts have, at least at this stage, not been demonstrated to constitute proceeds of crime, then ex-facie the sums allegedly transferred by the petitioner to SDPI cannot readily be labelled as proceeds of crime either. As correctly argued on behalf of the petitioner, since ED has not prima facie demonstrated how the funds in questions are derived from any identified scheduled offence, which is a sine-qua-non for invoking the offence of money laundering under sections 3 and 4 of the PMLA, that aspect cannot be divorced from consideration while dealing with the petitioner's bail plea.

22. As regards the allegation that the petitioner participated in protests organised by PFI against the ban imposed on that organisation, and that he was allegedly involved in an incident of throwing a petrol bomb, this court is of the opinion that those allegations, even if taken at their face value, pertain to a period prior to PFI being declared an "unlawful association". Participation in protest activities in that temporal context, however unseemly the form of protest may be alleged to have been, cannot at this stage, be treated as a determinative factor for denying bail in a PMLA prosecution, particularly when the primary focus of the allegation is on the financial transactions alleged to have been undertaken by the petitioner."

27. Even the aforesaid applicant was found to be entitled for grant of bail and, accordingly, the directions were issued.

28. As per the ED, the following role is assigned to applicant i.e. Anshad Badruddin:

a. He was appointed as a Physical Trainer by the association and used



this role to instigate violent tendencies among vulnerable Muslims, disguising weapons and combat training as yoga and fitness sessions to encourage participation in unlawful activities.

b. He received ₹3,50,000 through association's bank accounts between January 2018 and January 2021 in his Canara and ICICI accounts for imparting PE training, along with unexplained cash deposits of ₹3,16,200.

c. When questioned under Section 50 of PMLA, 2002 about these deposits, he failed to explain their source and instead questioned the authenticity of his own bank statements, indicating an attempt to mislead the investigation.

d. He travelled across the country to train the association cadres and failed to account for funds used for travel, showing that his expenses were sponsored by the association.

e. Through his position, he provided training aimed at disturbing communal harmony and received substantial funds from the association, making him complicit in activities linked to the proceeds of crime.

f. He knowingly concealed, possessed, and used illicit funds, projecting them as legitimate, thereby committing the offence of money laundering under Section 3 read with Section 70 of PMLA, 2002, punishable under Section 4.

29. Similarly, as per ED, the role assigned to Abdul Khader Puttur is as under:

a. Investigation under PMLA, 2002 revealed that Abdul Khader Puttur was a State Executive Council member of Karnataka wing of



the association (2011-2022), General Secretary (2013-2014), and Vice President (2015).

b. As a Physical Trainer of the association, he instigated violent tendencies among vulnerable Muslims under the guise of yoga and fitness classes, providing training in the use of weapons like sickles and swords to promote unlawful activities.

c. He received ₹2,16,000 from the association's Union Bank account for conducting PE training and had unexplained cash deposits of ₹23,35,724 in his own account.

d. Despite declaring an annual income of ₹3 lakh, he failed to explain these deposits and attempted to mislead the investigation, which established that the funds were payments from the association for PE training used in its unlawful activities.

e. Though he denied association's foreign fundraising, evidence showed that the association had a large network in Gulf countries and raised funds abroad through hawala and remittances routed via its members' accounts for illegal activities.

f. By imparting PE training to association's cadres for inciting violence and receiving funds for the same, he knowingly participated in processes linked to proceeds of crime.

g. He concealed, possessed, and used such illicit funds, projecting them as legitimate, thereby committing the offence of money laundering under Section 3 read with Section 70 of PMLA, 2002, punishable under Section 4.

30. Learned counsel for the ED has sought to distinguish the case of the present applicants from that of Parvez Ahmed, Mohd. Ilyas and Abdul



Muqet on the ground that, unlike the latter who merely collected donations for deposit into association's own accounts, the present applicants were direct and personal recipients of the monies in question, and therefore stood in dominion and control thereof. This distinction, though factually correct, does not, in the opinion of this Court, alter the outcome. The question of dominion and control over "proceeds of crime" arises only after it is first shown that the property in question is, in fact, "proceeds of crime", that is to say, property "derived or obtained... as a result of" a scheduled offence already accomplished.

31. It is only upon that foundational fact being established that the further question of a person's dominion or control over such proceeds assumes relevance. Absent that foundation, the fact that the money travelled into the applicants' personal accounts, rather than into an intermediate organisational account, does not by itself convert an otherwise unproved sum into proceeds of crime.

32. This very distinction, between the anterior question of whether property constitutes "proceeds of crime" at all, and the subsequent question of an accused's dominion, control, possession, concealment or use thereof, was considered by the Supreme Court in *Manish Sisodia v. Central Bureau of Investigation*⁷, wherein it was observed in paragraph 13 and 16 as follows:-

"13. Fourthly, the contention of the DoE that generation of proceeds of crime is itself 'possession' or 'use' of the 'proceeds of crime', prima facie, appears to be unclear and not free from doubt in view of the ratio in Vijay Madanlal Choudhary (supra)...

16. In Mohan Lal (supra), the expression 'possession', it is held, consists of two elements. First, it refers to corpus of physical control and second it refers

⁷ 2023 SCC OnLine SC 1393.



to the animus or intent which has reference to exercise of self-control... The stand of the DoE as to the constructive possession, will be satisfied only if the dominion and control criteria is satisfied. If the proceeds of crime are in dominion and control of a third person, and not in the dominion and control of the person charged under Section 3, the accused is not in possession of the proceeds of the crime. It would be a different matter, when an accused, though not in possession, is charged for use, concealment or acquisition of the proceeds of the crime, or projects or claims the proceeds of crime as untainted property. The involvement of an accused may be direct or indirect.”

33. The submission advanced by Mr. Gurnani, that the present applicants, unlike Parvez Ahmed and others, were personal and direct recipients of monies and hence in “dominion and control” thereof, proceeds on the assumption that the question of dominion and control arises at the threshold. As is evident from the extract above, that question becomes relevant only once it is first shown that the property in question is, in fact, “proceeds of crime” within the meaning of Section 2(1)(u).

34. Since, for the reasons discussed hereinabove and hereinafter, that foundational fact remains wanting *qua* the present applicants, the circumstance that the monies travelled into their personal accounts, rather than into an intermediate organisational account as in the case of Parvez Ahmed and others, does not advance the case of the ED any further at this *prima facie* stage. If anything, the ED’s attempt to treat personal receipt of funds as itself dispositive of “dominion and control” over proceeds of crime, without first establishing the anterior fact of an accomplished scheduled offence from which such proceeds are said to be derived, only reproduces, in a more emphatic form, the very infirmity that this Court found fatal to the ED’s case in Parvez Ahmed.

35. On this foundational aspect, the case set up by the ED *qua* the present applicants suffers from the same infirmity that was found fatal in Parvez



Ahmed. The amounts credited to the applicants are stated by the ED itself to have been received “in lieu of” or “in exchange for” conducting Physical Education training, that is to say, as remuneration for services said to have been rendered by the applicants to the association.. The bulk of these credits, on the ED’s own case, span the period 2015 to 2021, i.e., well before association was declared an unlawful association on 27.09.2022, and before the predicate FIR dated 13.04.2022 crystallised into any adjudicated finding of criminal activity.

36. Neither applicant is presently an accused in the predicate offence: Abdul Khader Puttur, though named in FIR No. RC-14/2022/NIA/DLI, has admittedly not been charge-sheeted therein; and Anshad Badruddin does not figure even as a named accused in the said FIR. In these circumstances, the character of the PE training imparted by the applicants, whatever its true nature may ultimately be found to be at trial, cannot, at this prima facie stage, be equated with an “accomplished” scheduled offence from which the payments received by the applicants can be said to be “derived”, so as to clothe such payments with the character of proceeds of crime under Section 2(1)(u) of the PMLA.

37. This Court is not oblivious to the material relied upon by the ED regarding certain seized documents said to disclose that PE training conducted by association’s trainers was, in substance, weapons training conducted under the guise of physical education and yoga instruction. However, even taking such material at its highest, it would, at best, go to establish that the applicants participated in an activity that may itself require to be tested as a scheduled offence at trial; it does not, without more, establish that the remuneration received by the applicants was generated as a



result of a scheduled offence already committed and accomplished, as is required to attract Section 3 of the PMLA.

38. To hold otherwise would be to permit the ED to proceed on the same premise that was expressly disapproved of in Parvez Ahmed , namely, that funds said to have been utilised for, or connected with, the future or continuing commission of a scheduled offence can, without further foundation, be treated as proceeds of that offence. The case set up by the ED, to that extent, once again puts the cart before the horse.

39. Insofar as reliance is placed on the statements of the applicants recorded under Section 50 of the PMLA, it is well settled that a statement recorded after a person has been formally arrested, by the very agency effecting the arrest, is hit by the bar under Article 20(3) of the Constitution and Section 25 of the Indian Evidence Act, being in the nature of a confession made otherwise than with a free mind. Supreme Court in **Prem Prakash v. Union of India**⁸ in paragraph 32 held as under:-

“32. We have no hesitation in holding that when an accused is in custody under PMLA irrespective of the case for which he is under custody, any statement under Section 50 PMLA to the same Investigating Agency is inadmissible against the maker. The reason being that the person in custody pursuant to the proceeding investigated by the same Investigating Agency is not a person who can be considered as one operating with a free mind. It will be extremely unsafe to render such statements admissible against the maker, as such a course of action would be contrary to all canons of fair play and justice.”

40. Two of the four statements relied upon by the ED were recorded after arrest. Abdul Khader Puttur was arrested on 19.03.2024, and his statements dated 28.03.2024 and 30.03.2024 were recorded thereafter. Anshad Badruddin was arrested on 18.03.2024, and his statement dated 31.03.2024

⁸ (2024) 9 SCC 787.



was recorded thereafter. A statement recorded after arrest, by the very agency that effected the arrest, is *prima facie* hit by the bar under Article 20(3) of the Constitution and Section 25 of the Indian Evidence Act, since it is not a statement made with a free mind.

41. This leaves only Abdul Khader Puttur's two pre-arrest statements, dated 16.01.2024 and 17.01.2024, in which he described the money he received as "honorarium." Even taking this admission at face value, it does not help the ED's case. Calling a payment an "honorarium" only confirms that money changed hands, it says nothing about whether that money was generated by a scheduled offence. Without independent proof of an accomplished scheduled offence from which the money is said to derive, an unexplained bank credit remains just that: unexplained. It does not, by itself, become "proceeds of crime."

42. It is also relevant that the quantum of funds attributed to each of the present applicants, approximately Rs. 7,29,300/- in the case of Anshad Badruddin (Rs. 3,50,000/- through banking channels and Rs. 3,79,300/- in cash) and approximately Rs. 25,51,724/- in the case of Abdul Khader Puttur (Rs. 2,16,000/- through banking channels and Rs. 23,35,724/- in cash) is, on any view, well below the threshold of Rs. 1,00,00,000/- contemplated by the proviso to Section 45 of the PMLA and considered by this Court in *Wahidur Rahman* (Supra).

43. While this Court is not, at this stage, called upon to render a final view on the applicability of the said proviso to the facts of the present case, the relatively modest quantum involved is a factor that reinforces, rather than detracts from, a liberal approach to the question of bail, consistently with the approach adopted in the decisions discussed above.



44. It further deserves notice that neither applicant presently stands charge-sheeted in the predicate offence registered by the NIA. Abdul Khader Puttur, though named in FIR No. RC-14/2022/NIA/DLI, has admittedly not been charge-sheeted therein, and Anshad Badruddin does not figure even as a named accused in the said FIR. Mere sharing of information by the ED with the NIA under Section 66(2) of the PMLA does not, without more, crystallise the existence of a scheduled offence *qua* the applicants; as observed by this Court in *Harish Fabiani and Ors. vs. ED and Ors.*⁹, “an ECIR or a proceeding under the PMLA cannot be triggered merely on that assumption alone”, and Section 66(2) “itself enables disclosure and sharing of information *inter se* authorities, however mere disclosure does not crystallize a scheduled offence.” Absent the “ship” of an accomplished and charge-sheeted predicate offence *qua* the applicants, the “limpet” of the PMLA proceeding, has nothing to attach itself to.

45. Independent of the foregoing, the applicants are also entitled to relief on the ground of prolonged incarceration and the improbability of early conclusion of the trial, grounds which weighed with this Court, and were affirmed and further elaborated by the Supreme Court, in the decisions considered above. The Supreme Court, in *Union of India v. K.A. Najeeb*¹⁰, has held that statutory restrictions on bail do not oust the power of the Constitutional Courts to grant bail where continued incarceration would violate Part III of the Constitution, observing that “the rigours of such provisions will melt down where there is no likelihood of trial being completed within a reasonable time and the period of incarceration already

⁹ WP (CrI.) 408/2022, decided on 26.09.2022.

¹⁰ (2021) 3 SCC 713



undergone has exceeded a substantial part of the prescribed sentence.”

46. This principle has since been reiterated with added emphasis in **V. Senthil Balaji v. Enforcement Directorate**¹¹, wherein it was observed:

“25. ... It is a well-settled principle of our criminal jurisprudence that ‘bail is the rule, and jail is the exception.’ These stringent provisions regarding the grant of bail, such as Section 45(1)(iii) of the PMLA, cannot become a tool which can be used to incarcerate the accused without trial for an unreasonably long time.

27. ... When the trial of the complaint under PMLA is likely to prolong beyond reasonable limits, the Constitutional Courts will have to consider exercising their powers to grant bail... The Constitutional Courts cannot allow provisions like Section 45(1)(ii) to become instruments in the hands of the ED to continue incarceration for a long time when there is no possibility of a trial of the scheduled offence and the PMLA offence concluding within a reasonable time. If the Constitutional Courts do not exercise their jurisdiction in such cases, the rights of the undertrials under Article 21 of the Constitution of India will be defeated.”

47. The Supreme Court, in **Prem Prakash v. Union of India**¹², has, in the same vein, cautioned that “keeping persons behind the bars for unlimited periods of time in the hope of speedy completion of trial would deprive the fundamental right of persons under Article 21 of the Constitution of India and that prolonged incarceration before being pronounced guilty ought not to be permitted to become the punishment without trial.”

48. In the present case, the applicant Anshad Badruddin has, as on date, remained in continuous custody for over two years and three months, and the applicant Abdul Khader Puttur for a like period, longer, in either case, than the two years and two months of incarceration that this Court found sufficient, in Parvez Ahmed, to tilt the balance in favour of bail. The Prosecution Complaint and Supplementary Complaints in the present ECIR,

¹¹ 2024 SCC OnLine SC 2626.

¹² (2024) 9 SCC 787.



as noted in the decisions discussed above, together run into several thousands of pages and arraign several hundred witnesses, and charges are yet to be framed even *qua* the applicants herein, who were arrayed as accused only *vide* the V supplementary prosecution complaint dated 24.05.2024.

49. There is, accordingly, no reasonable likelihood of the trial concluding, or indeed meaningfully commencing so far as the applicants are concerned, in the near future. The rigours of Section 45 of the PMLA cannot, consistently with the law declared above, be permitted to operate so as to sanction the indefinite pre-trial detention of the applicants.

50. Insofar as the triple test is concerned, the applicants are not shown to be a flight risk, having already remained in continuous custody for over two years without default; the material relied upon by the ED is stated to be documentary and digital in nature and already stands seized; and the witnesses cited are overwhelmingly official witnesses, in respect of whom no substantive apprehension of influence has been made out.

51. If the role assigned to both the applicants is considered in the context of the role assigned to the accused persons who have already been granted bail, the Court finds that, on the ground of parity, even the present applicants are entitled to grant of bail. *Prima facie*, there does not seem to be any graver role assigned to these applicants than those accused persons who have already been admitted to bail.

52. Principle of parity coupled with the absence, at this stage, of a foundational scheduled offence *qua* the applicants, and the prolonged period of incarceration discussed above, the Court finds no reason to deny the applicants the benefit of bail. More importantly, the Court finds that the



applicant Anshad Badruddin is in jail since 18.03.2024 and the applicant Abdul Khader Puttur is in jail since 19.03.2024. They have both already remained under incarceration for more than two years and three months.

53. Accordingly, for all the aforesaid reasons, as have already been assigned by the Court, in the aforesaid cited three decisions, the applicants in the present bail applications be released on bail subject to the following conditions:

- a. Each of the applicants shall furnish a personal bond in the sum of Rs.50,000/- (Rupees Fifty Thousand Only) with 01 surety in the like amount, to the satisfaction of the learned trial Court;
 - b. Each of the applicants shall furnish to the Investigating Officer a cellphone number on which the applicant may be contacted at any time and shall ensure that the number is kept active and switched-on at all times;
 - c. If the applicants have passport, they shall surrender the same to the learned trial court and shall not travel out of the country without prior permission of the learned trial court;
 - d. The applicants shall not contact, nor visit, nor offer any inducement, threat or promise to any of the prosecution witnesses or other persons acquainted with the facts of case. The applicants shall not tamper with evidence nor otherwise indulge in any act or omission that is unlawful or that would prejudice the proceedings in the pending trial; and
 - e. In case of any change in their residential address(s)/contact detail(s), the applicants shall promptly inform the Investigating Officer, in writing.
54. It be noted that the trial will have to take place independently without



being influenced by any of the observations made in the instant order.

55. With the aforesaid directions, the bail applications stand disposed of.

56. A copy of this judgment be forwarded to the concerned Jail Superintendent forthwith for information and necessary compliance.

PURUSHAINDR KUMAR KAURAV, J

JULY 2, 2026

aks