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With warm wishes

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DARSHAN MALA SERIES (DMS)

31 Frequently Asked Questions (FAQs) on the Companies Act (CA) ➔ ED / PMLA nexus for Investigations and Adjudications

The Darshan Mala Series (DMS) presents weekly research and updates based on information available in the public domain.

*This edition, comprising 31 Frequently Asked Questions (**FAQs**), examines the Companies Act (CA) ➔ ED / PMLA nexus for Investigations and Adjudications including respective roles, jurisdiction, investigative processes, and areas of interaction between the two agencies.*

The Series covers matters reported in the public domain concerning Special Courts, proceedings before such Courts, and proceedings relating to adjudication and other judicial or quasi-judicial processes concerning enforcement, investigation, attachment, prosecution, and related matters.

The Darshan Mala Series has been initiated with inspiration from the vision of the Hon'ble Prime Minister of India to promote greater public awareness and informed discussion on matters relating to governance, accountability, transparency, administration, enforcement, and the functioning of the justice delivery system.

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31 FAQs on Companies Act (CA) ➔ ED / PMLA nexus for Investigations and Adjudications

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31 FAQs on Companies Act, 2013 ➔ ED / PMLA nexus for Investigations and Adjudications

(Source of information's used in preparation of weekly updates are taken from public domain)

1. What is Companies Act (CA) 2013 ➔ ED / PMLA nexus?

(i) The relationship between the CA, 2013 and the Prevention of Money Laundering Act (PMLA), 2002 is particularly important in cases involving corporate fraud, diversion of funds, fraudulent financial statements, shell companies, misappropriation of company assets and concealment of proceeds of crime.

(ii) The most direct statutory connection is Section 447 of the CA, 2013, which deals with punishment for fraud and is included in Para 29 of Part A of the PMLA schedule for scheduled offences under the PMLA, 2002.

2. What is the section 447 of CA, 2013 ➔ ED / PMLA nexus?

(i) The section 447 of CA, 2013 defines and prescribes punishment for fraud involving acts, omissions, concealment or abuse of position committed with intent to deceive, obtain undue advantage or injure the interests of the company, shareholders, creditors or other persons.

(ii) The section 447 is included in Para 29 of Part A of the PMLA schedule offence for scheduled offences under the PMLA, 2002.

(iii) The "criminal activity" relating to an offence under the section 447 of CA, 2013 can constitute the predicate-offence foundation for PMLA proceedings under the PMLA, 2002.

(iv) The proceeds generated from the "criminal activity" may become Proceeds of Crime (PoC) under the section 2(1)(u) of the PMLA, 2002.

(v) The Enforcement Directorate (ED) is permitted to investigate money laundering under the sections 3 and 4 "after" satisfaction of the statutory requirements under the PMLA, 2002.

● Important ●

- *Every corporate fraud under the section 447 of CA, 2013 does "not automatically" constitute money laundering under the PMLA, 2002.*
- *The ED is required to establish the necessary connection with Proceeds of Crime (PoC) and the "criminal activity" specified under the section 3 of PMLA, 2002.*

3. What are important sections under CA, 2013 and PMLA, 2002 for the nexus?

S.No	Sections	Legal significances
(i)	The section 206, 207, 208, 209 and 210 of CA, 2013	To deal with inspection of company documents, inquiry into company affairs and investigation into the affairs of companies under the CA, 2013.
(ii)	The section 212 of CA, 2013	To empowers the Serious Fraud Investigation Office (SFIO) to investigate the affairs of companies in the specified circumstances under the CA, 2013.
(iii)	The section 447 of CA, 2013	To provides punishment for corporate fraud as included in Para 29 of Part A of PMLA schedule for scheduled offences under the PMLA, 2002
(iv)	The section 448 of CA, 2013	To provides punishment for making false statements in statutory documents, reports, certificates or filings under the CA, 2013.
(v)	The section 449 of CA, 2013	To provides punishment for giving false evidence in proceedings under the CA, 2013.
(vi)	The section 2(1)(u) of PMLA, 2002	To defines Proceeds of Crime (PoC) as property derived or obtained, directly or indirectly, as a result of "criminal activity" relating to a PMLA schedule for scheduled offences under the PMLA, 2002.
(vii)	The section 3 of PMLA, 2002	To defines the offence of money laundering and specifies activities connected with Proceeds of Crime (PoC) under the PMLA, 2002.
(viii)	The section 4 of PMLA, 2002	To prescribes punishment for the offence of money laundering under the PMLA, 2002.

(ix)	*The section 5 of PMLA, 2002*	*To provides for provisional attachment of property, subject to statutory conditions under the PMLA, 2002.*
(x)	*The section 17 of PMLA, 2002*	*To empowers authorised officers to conduct search and seizure, subject to statutory safeguards under the PMLA, 2002.*
(xi)	*The section 19 of PMLA, 2002*	*To empowers authorised ED officers to arrest persons, subject to statutory requirements under the PMLA, 2002.*
(xii)	*The section 44 of PMLA, 2002*	*To governs the jurisdiction of Special Courts and trial of money-laundering offences under the PMLA, 2002.*
(xiii)	*The section 66 of PMLA, 2002*	*To provides for disclosure and sharing of information with other government agencies, subject to statutory conditions under the PMLA, 2002.*
(xiv)	*The section 70 of PMLA, 2002*	*To deals with offences committed by companies and the liability of persons responsible for the conduct of their business, subject to statutory defences under the PMLA, 2002.*

4. What is difference between the section 447 and 448 & 449 of CA, 2013?

(i) The Sections 448 & 449 are "not independently included" in Para 29 of Part A of the PMLA schedule for scheduled offences under PMLA, 2002, beside "both" sections related to corporate fraud under section 447 of CA, 2013.

(ii) The section 447 of CA, 2013 is included in Para 29 of Part A of the PMLA schedule of scheduled offences under the PMLA, 2002.

5. What is corporate fraud flow chart for a PMLA case under the PMLA, 2002?

Corporate fraud investigation under the section 447 of CA, 2013

↓

Company directors or key managerial personnel alleged fraudulent transactions or manipulation of company affairs under the section 447 of CA, 2013

↓

Corporate fraud included in Para 29 of Part A of the PMLA Schedule for Scheduled offences under the PMLA, 2002

- *To investigate whether the generation of Proceeds of Crime (PoC) under PMLA, 2002?*
- *To investigate whether property derived or obtained, directly or indirectly, as a result of "criminal activity" relating to the PMLA Schedule for Scheduled offences under the PMLA, 2002?*
- *To investigate by ED whether concealment, possession, acquisition, use, projection or claiming the property as untainted, as applicable under the section 3 of PMLA, 2002?*
- *To attach, search, arrest and prosecution, subject to their respective statutory conditions under the sections 5, 17, 19 and 4 of PMLA, 2002*

6. What is an example for corporate fraud under CA, 2013 and PMLA, 2002?

● The company directors allegedly diverted INR 100 crore through fictitious transactions, shell entities and accommodation entries ●

(i) Required SFIO's investigations the company's affairs under the section 212 of CA, 2013.

(ii) Required prosecution proceeding for fraud under the section 447, where the ingredients are established under the CA, 2013.

(iii) Required ED's investigations whether the alleged fraud generated Proceeds of Crime (PoC) under the PMLA, 2002?

(iv) Required ED's tracing the funds through bank accounts, related entities, properties and Beneficial Ownership (BO) under the PMLA, 2002.

(v) Required attachment and prosecution, when the statutory requirements are satisfied under the PMLA, 2002.

● Important ●

- *The mere diversion of funds, a false accounting entry or an irregular transaction is "not, by itself, sufficient to establish" money laundering under the PMLA, 2002.*

7. What is SFIO versus ED for jurisdiction and investigative responsibilities?

S.No	Particulars	SFIO	Enforcement Directorate (ED)
(i)	Parent Ministry	Ministry of Corporate Affairs (MCA), Govt. of India	Ministry of Finance (MoF), Govt. of India
(ii)	Principal Legislation	CA, 2013	PMLA, 2002
(iii)	Sec. for investigations	The section 212 of CA, 2013	The sections 3, 5, 17 and 19 of PMLA, 2002
(iv)	Main Focus	Corporate fraud and corporate misconduct under the CA, 2013	Money laundering and Proceeds of Crime (PoC) under the PMLA, 2002
(v)	Principal Target	Company, its officers and other responsible persons under the CA, 2013	The Persons involved in money laundering, including companies and their responsible persons under the PMLA, 2002
(vi)	Prosecution	Special Court constituted under the CA, 2013	Special Court designated under the PMLA, 2002

● Important ●

- *The SFIO and ED are permitted to investigate different legal aspects of the "same corporate transactions" under the CA, 2013 and PMLA, 2002 respectively.*
- *One investigation does "not automatically" replace or conclude the other.*

8. What is liability of companies, directors and other officers under the PMLA, 2002?

● The section 70 deals with the offences by the companies and also provide liability of companies, directors and other officers under the PMLA, 2002 ●

(i) The section 70 provides provisions for liability

(a) *Against the company itself*

(b) *Against the persons who were in charge of and responsible for the conduct of its business.*

(c) *Against the directors, managers, secretaries and other officers whose consent, connivance or neglect contributed to the contravention.*

(ii) However, the designation of a person as a director does not, by itself, establish "criminal liability" under the PMLA, 2002.

(iii) The statutory requirements concerning responsibility, knowledge, due diligence, consent, connivance or neglect are required to be examined under PMLA, 2002.

(iv) The explanation to the section 70 also permits prosecution of a company independently of prosecution or conviction of an individual under PMLA, 2002.

9. What is difference between the sec. 447 of CA, 2013 and sec. 70 of PMLA, 2002?

(i) Section 447 of the CA, 2013

- *The section 447 establishes the scheduled corporate fraud offence under CA, 2013*

(ii) Section 70 of the PMLA, 2002

- *The section 70 provides the framework for corporate and individual liability for money-laundering contraventions under the PMLA, 2002.*

10. What are important Supreme Court judgements on CA, 2013 ➔ PMLA, 2002 nexus?

S.No	Judgment	Important legal principle
(i)	SFIO v. Rahul Modi, (2019) 5 SCC 266	The section 212(6) prescribes 2 conditions for granting bail when involving offences under the section 447, subject to the statutory exceptions under the CA, 2013.
(ii)	SFIO v. Serious Fraud Investigation Office v. Rahul Modi & Anr. (Vivek Harivyasi), 27 March 2019	The time limit prescribed under Section 212(3) for completion of an SFIO investigation is directory and "not mandatory" under the CA, 2013.
(iii)	Vijay Madanlal Choudhary v. Union of India, 2022 SCC On-Line SC 929	Proceeds of Crime (PoC) is required to be derived or obtained, directly or indirectly, as a result of "criminal activity" relating to a PMLA schedule for scheduled offences under the PMLA, 2002.
(iv)	Pavana Dibbur v. ED, 2023 INSC 1029	A person needs "not be an accused" in the PMLA schedule for scheduled offences to face prosecution, except the statutory ingredients of money laundering are established under the PMLA, 2002.

11. What are important principles emerging from Vijay Choudhary (2022) case?

The Supreme Court held that

(i) An existence of Proceeds of Crime (PoC) is essential ingredient for PMLA proceedings under the PMLA, 2002.

(ii) The property cannot be treated as Proceeds of Crime (PoC) merely because it is associated with an investigation under the PMLA, 2002.

(iii) When the scheduled-offence proceedings are finally quashed, or the accused is discharged or acquitted in the circumstances explained by the Court, the foundation for the corresponding PMLA proceedings may disappear under PMLA, 2002.

12. What are important principles emerging from Pavana Dibbur (2023) case?

The Supreme Court held that

(i) A person who was "not involved in the predicate offence" can nevertheless be prosecuted under the section 3 when that person knowingly participates in activities connected with Proceeds of Crime (PoC) under the PMLA, 2002.

(ii) However, the existence of a PMLA schedule for scheduled offences and Proceeds of Crime (PoC) both remains essential under the PMLA, 2002.

13. What are areas when CA, 2013 and PMLA, 2002 overlaps?

S.No	Corporate activity	Potential PMLA implications
(i)	Fraudulent financial statements	The section 447 of the CA, 2013, where its ingredients are satisfied and existed the PMLA schedule for scheduled offences under the PMLA, 2002.
(ii)	Diversion of company funds	The tracing and identification of Proceeds of Crime (PoC) arising from "criminal activity" relating to a PMLA schedule for scheduled offences under the PMLA, 2002.
(iii)	Fake invoices and accommodation entries	To examine the underlying transactions and the identification of a PMLA schedule for scheduled offences under the PMLA, 2002.

(iv)	*Shell companies and layering*	*To examine of concealment, possession, acquisition or use of Proceeds of Crime (PoC) under the PMLA, 2002.*
(v)	*Benami or concealed Beneficial Ownership (BO)*	*To identify of persons exercising control over or deriving benefits from Proceeds of Crime (PoC) under the PMLA, 2002.*
(vi)	*Fraudulent share allotments*	*To examine corporate fraud under the section 447 and other applicable a PMLA schedule for scheduled offences under the PMLA, 2002.*
(vii)	*Diversion of bank loans*	*To examine the underlying PMLA schedule for scheduled offences and subsequent handling or utilisation of alleged Proceeds of Crime (PoC) under the PMLA, 2002.*
(viii)	*Fraudulent related-party transactions*	*To Trace fund transfers, identification of Beneficial Ownership (BO) and examination of possible layering of Proceeds of Crime (PoC) under the PMLA, 2002.*

● *Important* ●

- *Not every irregularity in these categories constitutes a PMLA schedule for scheduled offences or money laundering under the PMLA, 2002.*
- *The underlying "criminal activity" and the Proceeds of Crime (PoC) connection is required to be established under the PMLA, 2002.*

14. What are 3 important questions for the professional investigations?

(i) Whether there is an offence actually been committed under the section 447 of CA, 2013?

(ii) Whether there is the alleged "criminal activity" and generated identifiable Proceeds of Crime (PoC) under the PMLA, 2002?

(iii) What specific role did each director, promoter, Beneficial Owner (BO), professional or other intermediary play in the alleged fraud or subsequent money-laundering activity under the PMLA, 2002?

- ***These 3 questions should not be conflated.***

15. What is study matrix for CA, 2013 ➔ PMLA, 2002 nexus?

(i) To study whether the section 447 of CA, 2013 is included in Para 29 of Part A of the PMLA schedule for scheduled offences under PMLA, 2002?

(ii) To study whether the SFIO's investigation carried under the section 212 of CA, 2013 and parallel ED investigation carried under the PMLA, 2002?

(iii) Whether ED's proceedings survive termination of SFIO's proceedings?

(iv) Whether acquittal under the section 447 of CA, 2013 necessarily affects PMLA proceedings under the PMLA, 2002?

(v) Whether liability exists against directors, promoters, CFOs, auditors and Beneficial Owners (BO) under the PMLA, 2002?

(vi) To study whether the section 70 of PMLA, 2002 and corporate criminal liability under the CA, 2013 were existed?

(vii) To study whether the attachment of company assets was made under the section 5 of PMLA, 2002?

(viii) To study whether the liability of group companies, subsidiaries and related entities were existed under the CA, 2013?

(ix) To study whether the professionals and intermediaries were "not accused in the predicate offence" under the CA, 2013?

● The Supreme Court and High Courts Judgments for the CA ➔ ED / PMLA Nexus ●

16. What are 3 categories of judgements for the CA ➔ ED / PMLA Nexus?

(i) Direct nexus

- *The section 447 of CA, 2013 included in Para 29 of Part A of the PMLA schedule for scheduled offences and the ED's jurisdiction to investigate under PMLA, 2002.*

(ii) Predicate-offence dependency

- *Whether PMLA proceedings under the PMLA, 2002 survive "after" quashing, discharge or acquittal in proceedings under the CA, 2013?*

(iii) Corporate and individual liability

- *To determine the liability of companies, directors, promoters, CFOs and other persons, under PMLA, 2002 and relationship between SFIO and ED investigations.*

● **Direct judgments on the Companies Act–PMLA nexus** ●

17. What are Supreme Court views in Yerram Vijay Kumar v. Telangana State (2026)?

(Date: 9 January 2026/Citation: 2026 INSC 42/Judge: Justice J.K. Maheshwari)

● This judgment is important for understanding the procedural and substantive scope of corporate fraud under the CA, 2013 ●

● The Supreme Court held ●

(i) That the section 448, relating to false statements, cannot be read in isolation from the section 447 of CA, 2013.

(ii) That the section 448 offences are covered under section 447 for the purposes of section 212(6), because section 447 prescribes their punishment under CA, 2013

(iii) That the statutory safeguards concerning prosecution for corporate fraud is required to be followed under the CA, 2013.

(iv) That a private complaint cannot bypass the statutory safeguards applicable to offences covered by the section 447 of CA, 2013.

- *The Supreme Court considered the earlier judgements of the High Courts i.e. Telangana, Madras, Karnataka and Delhi.*

● Practical significance of Supreme Court's judgement●

(i) This judgement is "not itself a decision on the validity" of an ED investigation under the PMLA, 2002.

(ii) However, this judgement is important when identifying whether the underlying corporate offence falls within the section 447 framework and whether the statutory procedure for prosecuting that offence has been followed under CA, 2013.

18. What are Supreme Court views in Pavana Dibbur v. ED (2023)?

(Date: 29 November 2023/Citation: 2023 INSC 1029)

● The Supreme Court held ●

(i) That a person who was "not involved in the scheduled offence" can be prosecuted under the PMLA, 2002 when the person is involved in an activity connected with Proceeds of Crime (PoC) and the requirements of Section 3 are satisfied under the PMLA, 2002.

(ii) That the person needs "not have been an accused in the predicate offence" under the CA, 2013.

● Practical significance of Supreme Court's judgement●

(i) When the directors inducted "after" the alleged fraud under the CA, 2013?

(ii) When the persons handling funds received from the company under the CA, 2013?

(iii) When the persons are the Beneficial Owners (BOs) of the companies under CA, 2013?

(iv) When the persons facilitating layering or concealment of Proceeds of Crime (PoC) under the PMLA, 2002?

(v) When the 3rd parties acquiring or possessing Proceeds of Crime (PoC) under the PMLA, 2002?

- ***However, mere directorship or receipt of funds does "not automatically" establish money laundering under the PMLA, 2002.***

19. What are Supreme Court views in Vijay Choudhary v. Union of India (2022)?

(Date: 27 July 2022/Citation: 2022 SCC OnLine SC 929)

- ***This is the foundational judgment for understanding the relationship between a PMLA schedule for scheduled offences and money laundering under the PMLA, 2002.***

● The Supreme Court held ●

(i) That the Proceeds of Crime (PoC) is required to be derived or obtained from "criminal activity" relating to a PMLA schedule for scheduled offences under the PMLA, 2002.

(ii) That the offence under Section 3 concerns the process or activity connected with the Proceeds of Crime (PoC) under the PMLA, 2002.

(iii) That a person needs "not necessarily" be an accused in the predicate offence of CA, 2013 to face PMLA prosecution under the PMLA, 2002.

(iv) That the scheduled-offence proceedings end in final discharge, acquittal or quashing in the circumstances explained by the Supreme Court, the corresponding PMLA proceedings cannot continue on the basis of the same Proceeds of Crime (PoC) under the PMLA, 2002.

● Practical significance of Supreme Court's judgement●

- *When corporate fraud under Section 447 is the predicate offence under the CA, 2013, the ED is required to establish the generation of Proceeds of Crime (PoC) from the alleged fraud and the subsequent money-laundering activity under the PMLA, 2002.*

20. What are Supreme Court views in SFIO v. Nittin Johari (2019)?

(Date: 12 September 2019/Citation: (2019) 9 SCC 165)

● The Supreme Court held ●

- *That the 2 conditions prescribed under Section 212(6) are mandatory and additional to the ordinary bail considerations under the CA, 2013.*

● Practical significance of Supreme Court's judgement●

(i) *The judgement establishes the seriousness of the statutory framework governing corporate fraud and the special bail restrictions applicable to the section 447 offences of CA, 2013.*

(ii) *This judgment is relevant to the predicate-offence proceedings under the CA, 2013 although it does "not independently decide" the ED's jurisdiction under the PMLA, 2002.*

(iii) *This judgment helps to establish the statutory scope of SFIO's jurisdiction under the CA, 2013, which is required to be distinguished from ED's independent PMLA jurisdiction under the PMLA, 2002.*

21. What are Supreme Court views in SFIO v. Rahul Modi (2019)?

(Date: 4 January 2019/Citation: (2019) 5 SCC 266)

● The Supreme Court held ●

(i) *That the judgment examines the statutory powers of SFIO, particularly the arrest provisions and procedural safeguards under the section 212 of CA, 2013.*

(ii) *That the judgement should be read with SFIO v. Vivek Harivyasi, (2019) 5 SCC 268, concerning the time prescribed for submission of the SFIO investigation report under the CA, 2013.*

● Practical significance of Supreme Court's judgement●

- *This judgment helps to establish the statutory scope of SFIO's jurisdiction under the CA, 2013, which is required to be distinguished from ED's independent PMLA jurisdiction under the PMLA, 2002.*

22. What is Kerala High Court views in Cochin Minerals and Rutile Ltd. v. ED (2026)?

(Date: 26 May 2026/Case: W.P.(C) No. 15757 of 2024/Citation: 2026: KER:35985/Judge: Justice T.R. Ravi)

(i) *Whether ED can commence PMLA investigation without an FIR concerning the PMLA schedule for scheduled offences under the PMLA, 2002?*

(ii) *Whether SFIO has exclusive jurisdiction to investigate offences under the CA, 2013?*

(iii) *Whether ED's powers depend upon the final investigation SFIO's report issued under the Section 212 of CA, 2013?*

(iv) *Whether the filing of the SFIO's complaint during the pendency of the writ petition affects the ED proceedings under the PMLA, 2002?*

23. What are decision and legal principles in Cochin Minerals & Rutile Ltd. v. ED (2026)?

(i) *The SFIO's investigation under the section 212 of CA, 2013 does "not exclude" ED's independent jurisdiction under the PMLA, 2002.*

(ii) *The ED's investigation under the PMLA, 2002 is "not dependent upon completion of SFIO's investigation" or submission of its final report.*

(iii) *The FIR is "not an indispensable precondition" for issuing summons under the section 50 or commencing the relevant PMLA inquiry under the PMLA, 2002.*

(iv) *The section 447 of CA, 2013 offences are included in Para 29 of Part A of the PMLA schedule for scheduled offences under the PMLA, 2002.*

(v) *The subsequent filing of the SFIO's complaint was relevant to the Court's consideration of the challenge.*

(vi) *The Court dismissed the writ petition.*

- ***Practical significance of the judgement***
  - *This judgment is particularly useful when a company or its directors challenge ED's proceedings on the ground that SFIO has "not completed its investigation" or that ED cannot investigate the company's affairs independently under the PMLA, 2002.*

24. What is MP High Court views in Shri Ishtiaq Siddiqui v. Union of India (2025)?

(Date: 10 March 2025/MCRC No. 6957 of 2024/ MPHC-JBP:12075/ Judge: Justice Maninder S. Bhatti)

(i) *The matter involved where several companies and directors were prosecuted under Section 447 of the CA, 2013.*

(ii) *The ED had also initiated proceedings under Sections 3 and 4 of the PMLA, 2002.*

(iii) *The applicant was a whole-time director in the companies concerned.*

(iv) *An earlier order of the same High Court had quashed the Section 447 prosecution on the ground that the provision was being applied retrospectively.*

● The MP High Court held ●

(i) *That the section 447 of CA, 2013 is included in Para 29 of Part A of the PMLA schedule for scheduled offences under the PMLA, 2002.*

(ii) *That Proceeds of Crime (PoC) is required to have a direct or indirect connection with "criminal activity" relating to a PMLA schedule for scheduled offences under the PMLA, 2002.*

(iii) *That mere possession of unaccounted assets does "not automatically" establish Proceeds of Crime under the PMLA, 2002.*

(iv) *That the predicate-offence prosecution under the CA, 2013 has been quashed on substantive grounds, the corresponding PMLA proceedings under the PMLA, 2002 cannot survive against the person "in relation to the same property".*

(v) *That the ED's complaint against the applicant was consequently quashed.*

● Practical significance of MP High Court's judgement ●

- *This is a particularly important High Court judgement for challenging ED's proceedings under the PMLA, 2002 where the underlying Section 447 prosecution has already been quashed under the CA, 2013.*

25. What are Madras High Court views in Vijayraj Surana v. ED (2024)?

(Date: 28 August 2024/Case: W.P. Nos. 14782, 14786 and 14787 of 2024/Neutral citation: 2024)

(i) Background of the case

(a) *The case involved Surana group companies, substantial bank borrowings, alleged diversion of funds, manipulation of accounts and missing gold.*

(b) *The CBI's FIRs against the petitioner were quashed by the Karnataka High Court on the ground that SFIO was already investigating the same allegations and had filed its complaint.*

(c) *The petitioner consequently sought quashing of the corresponding ED proceedings under the PMLA, 2002.*

(ii) The Madras High Court held

(a) *That the section 447 of CA, 2013 included in Para 29 of Part A of PMLA schedule for scheduled offences under the PMLA, 2002*

(b) *That the SFIO's complaint under the section 447 remained pending notwithstanding the quashing of the CBI's FIR.*

(c) *That the ED's proceedings under the PMLA, 2002 were "not automatically" invalidated by the quashing of the CBI's FIR.*

(d) *That the grounds for quashing the predicate FIR under the CA, 2013 are required to be examined.*

(e) *That the quashing on technical or procedural grounds does "not necessarily extinguish" the underlying scheduled offence under PMLA, 2002.*

(f) *That when the allegations are rejected on substantive grounds and the property is established to be legitimately owned, the position may be different under the PMLA, 2002.*

(iii) The Supreme Court held

(a) *That the connected SLPs against the Madras High Court judgment were withdrawn on January 08, 2025.*

(b) *That the Supreme Court clarified that the trial would proceed in accordance with law, uninfluenced by the observations in the High Court judgment.*

(c) *That the Consequently, the Supreme Court did not affirm the Madras High Court's reasoning on merits.*

(d) *That the procedural development is important when citing the Madras judgment in subsequent litigation.*

26. What is MP High Court views in Peoples General Hospital v. Union of India (2023)?

(Date: 3 November 2023/ Case: MCRC No. 41956 of 2023/Judge: Justice Anand Pathak)

(i) The MP High Court held

(a) *That the case concerned a company's challenge to the Section 447 when prosecution initiated by the Registrar of Companies (ROC) under CA, 2013.*

(b) *That the allegations involved investments, transactions spread over several years and alleged siphoning of company funds under CA, 2013.*

(c) *That the MP High Court did not quash the Section 447 prosecution at the preliminary stage, observing that the factual allegations required examination at trial under the CA, 2013.*

(ii) Relevant to ED under the PMLA, 2002

(a) *This is a predicate-offence judgment rather than a direct PMLA decision under the PMLA, 2002.*

(b) *It is relevant to the background of the subsequent Ishtiaq Hussain Siddiqui litigation.*

(c) *The 2 judgements should be read together, the earlier challenge by the company was rejected, while a later challenge by an individual director succeeded "after" the section 447 complaint against that individual was quashed under the CA, 2013.*

27. What is Delhi High Court views in Prakash Industries Ltd. v. Union of India (2023)?

(Date: 24 January 2023/Case: W.P.(C) Nos. 13361 of 2018 and 4962 of 2019)

(i) Background of the case

- *Whether the ED could provisionally attach property under the section 5 PMLA, 2002 "without" the competent investigating agency having established the predicate offence under the CA, 2013?*

(ii) The Delhi High Court held

(a) *That the Proceeds of Crime (PoC) are the foundation of PMLA proceedings under the PMLA, 2002.*

(b) *That the property is required to be derived or obtained as a result of "criminal activity" relating to the PMLA schedule for scheduled offences under the PMLA, 2002.*

(c) *That mere suspicion or the existence of an investigation is "not sufficient" to establish Proceeds of Crime (PoC) under the PMLA, 2002.*

(d) *That the ED's statutory powers are required to be exercised within the framework of the sections 2(1)(u), 3 and 5 of PMLA, 2002.*

(iii) Relevant of the case

(a) *Although the underlying scheduled offences in this case were "not the section 447" of CA, 2013 offences*

(b) *The judgement's principles apply to attachment of company assets in PMLA cases under the PMLA, 2002.*

28. What are High Court's prosecution's decisions-Sec. 447 & procedural safeguards?

● These decisions are important because the validity of the predicate corporate prosecution under the CA, 2013 can directly affect the foundation of the PMLA case under the PMLA, 2002 ●

S.No	*Judgment*	*Court and Citation*	*Principal Legal Proposition*
(i)	*Sumana Paruchuri v. Jakka Vinod Kumar Reddy*	*Telangana High Court, (2022): TSHC :30033*	*Private complaints and statutory safeguards under the sections 212(6) and 439 of CA, 2013.*
(ii)	*Sivananda Rajaram v. New Shipping Kaisha Ship Management Pvt. Ltd.*	*Madras High Court, Crl.P. No. 19154/2021*	*Cognizance of offences under the section 447 and applicability of statutory safeguards under the section 212(6) of CA, 2013.*
(iii)	*M. Gopal v. Ganga Reddy*	*Karnataka High Court, (2022): KHC :35824*	*The private complaint by a shareholder and compliance with the statutory procedure under the CA, 2013.*

(iv)	*Yogesh Chander Goyal v. State*	*Delhi High Court, (2024) SCC OnLine Del 3197*	*Private complaints cannot be used to bypass statutory safeguards prescribed under the CA, 2013.*
(v)	*Vikas Agarwal v. SFIO*	*Delhi High Court, CRL.M.C. 647/2019*	*Scope and interpretation of the definition of fraud under the section 447 of CA, 2013.*
(vi)	*Beena Radhakrishnan v. State Police Chief*	*Kerala High Court, 28 October, 2023*	*Retrospective application of the section 447 of CA, 2013 and investigation of distinct offences under the IPC, 1860*

- ***The Supreme Court subsequently discussed several of the above decisions in Yerram Vijay Kumar (2026 INSC 42).***

29. What is comparison of the judgements useful for ED-related legal proceedings?

S.NO	*Legal issue*	*Legal position or Principle*
(i)	***In Ishtiaq Hussain Siddiqui (2025) case***	
	Whether the section 447 of CA, 2013 is included in Para 29 of Part A of the PMLA schedule for scheduled offences under PMLA, 2002?	*Held that the section 447 of CA, 2013 is included in Para 29 of Part A of the PMLA schedule for scheduled offences under PMLA, 2002.*
(ii)	***In Cochin Minerals (2026) case***	
	Whether ED has independent jurisdiction?	*Held that the SFIO's investigation report is not a precondition for independent ED action under the PMLA, 2002.*
(iii)	***In Vijay Madanlal Choudhary (2022) case***	
	Whether generation of Proceeds of Crime (PoC) is essential ingredient for PMLA, 2002?	*Held that the existence of Proceeds of Crime (PoC) is an essential ingredient for the offence of money laundering under the PMLA, 2002.*
(iv)	***In Ishtiaq Hussain Siddiqui (2025) case***	
	Whether quashing of predicate offence under the CA, 2013 is quashing under the PMLA, 2002?	*Held that the quashing of the predicate offence under the CA, 2013 resulted in quashing of the corresponding PMLA complaint under the PMLA, 2002.*

(v)	***In Pavana Dibbur (2023) case***	
	Whether 3rd party's is liable "without" being accused in the PMLA schedule for scheduled offences under PMLA, 2002?	*Held that 3rd party who is not an accused in the PMLA schedule for scheduled offences can nevertheless face PMLA prosecution, subject to fulfilment of statutory ingredients under PMLA, 2002.*
(vi)	***In Yerram Vijay Kumar (2026) case***	
	Whether the section 448 is required to be read with section 447 of CA, 2013?	*Held that the section 448 is required to be read with section 447 for the purposes of Section 212(6) of CA, 2013.*
(vii)	***In SFIO v. Rahul Modi (2019) case***	
	Whether SFIO's investigation and arrest are permitted under the CA, 2013?	*Held that an arrest and investigation are governed by the statutory framework under the section 212 of CA, 2013*
(viii)	***In Nittin Johari (2019) case***	
	Whether bail in permitted in the corporate fraud under CA, 2013?	*Held that the bail is permitted under the section 212(6) with subject to satisfaction of mandatory 2 conditions under the CA, 2013.*

30. What are statutory issues not to be overlooked in older corporate transactions?

● The section 447 of CA, 2013 was brought into the PMLA Schedule through the Finance Act, 2018, with effect from 19 April 2018 ●

(i) What is the date of alleged corporate fraud under the section 447 of CA, 2013?

(ii) What is the date on which the Proceeds of Crime (PoC) were generated under the PMLA, 2002?

(iii) What is the date of the alleged money-laundering activity under PMLA, 2002?

(iv) What is the date of commencement of the relevant statutory provisions under the PMLA, 2002?

(v) Whether the alleged activity falls within the applicable statutory definition of a PMLA schedule for scheduled offences under the PMLA, 2002?

- ***A subsequent amendment "cannot automatically convert an earlier the transaction" into a PMLA schedule for scheduled offences retrospectively.***
- ***The facts and applicable statutory provisions are required to be examined carefully under the PMLA, 2002.***

31. What are 5 priority judgements for the ED's litigations under the PMLA, 2002?

(i) Name of 5 judgements

(a) Vijay Madanlal Choudhary — 2022 SCC OnLine SC 929

(b) Pavana Dibbur — 2023 INSC 1029

(c) Ishtiaq Hussain Siddiqui — 2025: MPHC-JBP:12075

(d) Cochin Minerals and Rutile Ltd. — 2026: KER:35985

(e) Yerram Vijay Kumar — 2026 INSC 42

(ii) Important qualifications

(a) The first 2 Supreme Court judgments establish the general PMLA principles under the PMLA, 2002

(b) The 3rd and 4th High Courts judgements directly address the Companies Act–PMLA relationship

(c) The 5th Supreme Court judgement clarifies the scope of corporate fraud and the statutory safeguards under the CA, 2013.

(d) These 5 Supreme and High Courts judgements are "not all to be cited together" beside they decide the "same legal issue".

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