



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 29TH DAY OF APRIL, 2026

BEFORE

THE HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

WRIT PETITION NO. 10795 OF 2026 (GM-RES)

C/W

WRIT PETITION NO. 10623 OF 2026 (GM-RES)

IN WP No. 10795/2026

BETWEEN:

1. M/S. MUFIN TECHNOLOGIES PRIVATE LIMITED
A PRIVATE LIMITED COMPANY
INCORPORATED UNDER THE COMPANIES ACT, 2013

HAVING ITS REGISTERED OFFICE AT:
201, 2ND FLOOR,
BEST SKY TOWER PLOT
NO. F-5 NETAJI SUBHASH PLACE,
NORTH WEST, NEW DELHI - 110 034.

REP BY AUTHORIZED SIGNATORY
MR. UTKARSH BHASIN

...PETITIONER

(BY SRI. MURTHY D NAIK, SENIOR COUNSEL FOR
SRI. FREUD RICHARDSON P, ADVOCATE)

AND:

1. STATE OF KARNATAKA
BY HULIMAVU POLICE STATION
REP BY HIGH COURT PUBLIC PROSECUTOR
HIGH COURT
BENGALURU - 560 001.

Digitally
signed by
CHAITHRA A
Location:
HIGH COURT
OF
KARNATAKA



2. RBL BANK LTD
A BANKING COMPANY CONSTITUTED
UNDER THE REGISTRAR OF COMPANIES,
PUNE AND HAVING ITS CORPORATE OFFICE AT:
ONE WORLD CENTER, TOWER 2B,
6TH FLOOR, 841, SENAPATI BAPAT MARG,
LOWER PAREL (W),
MUMBAI - 400 013.

...RESPONDENTS

(BY SRI. NAVYA SHEKAR, AGA FOR R1-
V/O DATED 7/4/2026;
NOTICE TO R2 IS DEFERRED FOR NOW)

THIS WP IS FILED UNDER ARTICLE 226 OF THE
CONSTITUTION OF INDIA PRAYING TO ISSUE A WRIT OF
MANDAMUS, OR ANY OTHER APPROPRIATE WRIT, ORDER, OR
DIRECTION TO THE RESPONDENT NOS. 1 AND 2, TO
FORTHWITH DE-FREEZE AND PERMIT FULL OPERATION OF THE
PETITIONER'S BANK ACCOUNT BEARING NO. 4030 4050 6071
MAINTAINED WITH HOME BRANCH PITAMPURA, NEW DELHI OF
RESPONDENT NO.2 BANK THAT WAS DEBIT FROZEN AS
INTIMATED VIDE ANNEXURE-B EMAIL COMMUNICATION AND
ETC.,

IN WP NO. 10623/2026

BETWEEN:

1. M/S. MUFIN GREEN FINANCE LIMITED
A PUBLIC LIMITED COMPANY
INCORPORATED UNDER THE COMPANIES ACT, 2013

HAVING ITS REGISTERED OFFICE AT:
202, 2ND FLOOR, BEST SKY TOWER
NETAJI SUBHASH PLACE
PITAMPURA, NEW DELHI - 110 034.

REP BY AUTHORIZED SIGNATORY
MS. SHRUTIPRIYA SHARMA



NC: 2026:KHC:24471
WP No. 10795 of 2026
C/W WP No. 10623 of 2026

...PETITIONER

(BY SRI. SANDESH CHOUTA, SENIOR COUNSEL FOR
SRI. FREUD RICHARDSON P, ADVOCATE)

AND:

1. STATE OF KARNATAKA
BY HULIMAVU POLICE STATION
REP BY HIGH COURT PUBLIC PROSECUTOR
HIGH COURT PREMISES
BENGALURU - 560 001.
2. STATE BANK OF INDIA
A BANKING COMPANY CONSTITUTED
UNDER THE STATE BANK OF INDIA ACT, 1955
HAVING ITS
CORPORATE CENTRE AT
STATE BANK BHAVAN,
MADAME CAMA ROAD
NARIMAN POINT, MUMBAI - 400 021.
REP BY ITS AUTHORIZED REPRESENTATIVE
OR GENERAL MANAGER

...RESPONDENTS

(BY SRI. NAVYA SHEKAR, AGA)

THIS W.P. IS FILED UNDER ARTICLE 226 OF THE CONSTITUTION OF INDIA PRAYING TO ISSUE A WRIT OF MANDAMUS, OR ANY OTHER APPROPRIATE WRIT, ORDER, OR DIRECTION TO THE RESPONDENT NOS. 1 AND 2, TO FORTHWITH DE-FREEZE AND PERMIT FULL OPERATION OF THE PETITIONERS BANK ACCOUNT BEARING NO. 40885317784 MAINTAINED WITH RESPONDENT NO.2 BANK THAT WAS DEBIT FROZEN BY RESPONDENT NO.2 VIDE ANNEXURE-B EMAIL COMMUNICATION DATED 25.03.2026 AND ETC.,

THESE PETITIONS, COMING ON FOR DICTATING ORDERS, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:



CORAM: HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

ORAL ORDER

These two writ petitions are taken up together for consideration, inasmuch as the issues involved are intrinsically interconnected and arise out of a common factual matrix.

2. The facts leading to the filing of these petitions, in brief, are that Writ Petition No.10623/2026 is instituted by M/s. Muffin Green Finance Limited (hereinafter referred to as "Muffin Green"), which is a Non-Banking Financial Company (NBFC) and a public limited company listed on recognized stock exchanges in India. It is the specific case of the petitioner that the said company is duly registered with the Reserve Bank of India and is authorized to carry on NBFC activities in accordance with the governing regulatory framework. Writ Petition No.10795/2026 is filed by M/s. Muffin Technologies Private Limited (hereinafter referred to as "Muffin Technologies"), which is a private



limited company forming part of the Muffin Group. The said entity is engaged in the business of developing software and providing technology-based solutions, predominantly catering to the internal operational, technological, and infrastructural requirements of the group companies. It is categorically asserted that Muffin Technologies does not undertake any third-party commercial engagements and its activities are confined exclusively to in-house technological support within the group ecosystem.

3. Both the petitioners, namely M/s. Muffin Green Finance Limited and M/s. Muffin Technologies Private Limited, are before this Court being aggrieved by the action of debit freezing of their respective bank accounts, which has been effected pursuant to an email communication dated 24.02.2026 issued by respondent No.1 to the concerned banks, purportedly in connection with Crime No.378/2025.



4. The genesis of the said action, as is discernible from the records, lies in the registration of Crime No.378/2025. The complaint, as reflected in the First Information Report, indicates that on 29.11.2025 at about 5.00 p.m., the jurisdictional police official is stated to have received credible information to the effect that certain accused persons, who were allegedly involved in Crime No.339/2025, along with other associates, were engaged in illegal gaming activities. It is further alleged that the said accused persons had opened bank accounts in the names of unsuspecting members of the public and had shared the account credentials with another accused, namely one Mr. Pradeep, with an intent to facilitate unlawful financial transactions and to enable the operation of illegal gaming applications for pecuniary gain. Acting upon the said information, the police authorities are stated to have proceeded to apprehend certain accused persons, conducted seizure proceedings, and thereafter registered Crime No.378/2025.



5. Learned Senior Counsel Sri Sandesh Chouta, appearing on behalf of the petitioner in W.P.No.10623/2026, along with the learned counsel appearing for the petitioner in the connected W.P.No.10795/2026, has addressed elaborate submissions assailing the impugned action. Reiterating the grounds urged in the pleadings, the learned Senior Counsel would vehemently contend that neither of the petitioners herein are arrayed as accused in Crime No.378/2025. He would further submit that the investigation in the said crime has culminated in the filing of a charge sheet, and even in the said final report, neither the petitioners nor any of their group entities have been implicated as accused.

6. The learned Senior Counsel would also draw the attention of this Court to Crime No.339/2025, which forms the foundational basis for the subsequent registration of Crime No.378/2025, and would submit that even in the said earlier crime, neither the present petitioners nor any of their group companies are named as accused persons.



It is further submitted that, as on date, the investigation in Crime No.339/2025 is still in progress and the charge sheet is yet to be filed.

7. Learned Senior Counsel Sri Sandesh Chouta would further invite the attention of this Court to the email/notice dated 24.02.2026 issued by respondent No.1 to the respective banks, whereby directions were issued to debit freeze the bank accounts of the petitioners. It is emphatically contended that the impugned action of debit freezing is solely predicated on Crime No.378/2025, and therefore, the legality of such action has to be tested strictly in the backdrop of the allegations and material forming part of the said crime.

8. The first and foremost contention urged by the learned Senior Counsel is that admittedly neither of the petitioners are arrayed as accused in Crime No.378/2025. It is further contended that even the group companies of the petitioners do not find mention in the said FIR.



Carrying the argument further, the learned Senior Counsel would submit that though investigation in Crime No.378/2025 has culminated in filing of a charge sheet, even in the said final report, neither the petitioners nor their group entities are cited as accused persons. Therefore, it is contended that the very substratum for invoking coercive measures against the petitioners is conspicuously absent.

9. Elaborating further, the learned Senior Counsel would take this Court through the scheme and mandate of Section 107 of the Bharatiya Nagarik Suraksha Sanhita, 2023 (for short, "BNSS") and would vehemently contend that the impugned action is in clear infraction of the statutory requirements contemplated thereunder. It is contended that respondent No.1, prior to directing debit freeze of the accounts, has not produced any material to demonstrate compliance of the mandatory safeguards engrafted under Section 107 of BNSS. According to the learned Senior Counsel, the provision mandates adherence



to a specific procedure, including obtaining requisite approvals and placing material before the jurisdictional Court, which has not been complied with in the present case.

10. Referring to the allegations forming part of the investigation, the learned Senior Counsel would submit that the case of the prosecution is that one "Muffin Pay" has allegedly received certain amounts which are suspected to be linked to illegal gaming, gambling, and other unlawful activities carried on by certain individuals. However, it is pointed out that there is not even a shred of material in the FIR or in the charge sheet to substantiate such allegations. It is further highlighted that neither "Muffin Pay" nor any of the group companies of the petitioners are named in any of the FIRs or charge sheets, thereby rendering the action of the respondent wholly speculative and without jurisdictional foundation.



11. The learned Senior Counsel would also address the so-called "suspicious transaction" relied upon by respondent No.1, namely, a transfer of an amount of Rs.10 Crores from Muffin Pay to Muffin Green. It is contended that the said transaction is a bona fide and legitimate financial transaction, wherein Muffin Green, being an NBFC, had advanced an inter-corporate deposit of Rs.10 Crores to its group company Muffin Pay on 03.01.2026, and the said amount was repaid on 19.01.2026 along with applicable interest. It is therefore contended that the said transaction cannot, by any stretch of imagination, be characterized as suspicious or linked to any alleged crime proceeds.

12. Placing reliance on judicial precedents, the learned Senior Counsel would submit that the impugned action is unsustainable in law. Reliance is placed on the judgment of the Kerala High Court in ***Headstar Global Private Limited vs. State of Kerala***¹, as well as the

¹ 2025 SCC Online Ker 3546



judgment of the Delhi High Court in ***Malabar Gold and Diamonds Limited vs. Union of India***², to contend that non-compliance of statutory safeguards vitiates the action of freezing bank accounts. Further reliance is placed on the judgments rendered by this Court in ***X Maximus Sea Food LLP vs. State of Karnataka***³ and ***M/s. Dinesh Traders vs. State of Karnataka***⁴, as well as the decision of the Delhi High Court in ***Captain Rakesh Waliya and others vs. Union of India***⁵, to buttress the submission that once the charge sheet is filed, the Investigating Officer cannot continue to exercise powers of seizure or freezing dehors the procedure established by law.

13. The learned Senior Counsel would further draw support from the proceedings in C.C.No.15166/2026, wherein Muffin Payment Solutions Private Limited had approached the jurisdictional Court by filing an application under Sections 497 and 503 of BNSS, 2023. It is

² 2026 SCC Online Del 297

³ W.P.No.37196 of 2025

⁴ W.P.No.202625/2025

⁵ 2026 SCC Online Del 1064



submitted that the said application has been allowed, and the Investigating Officer has been directed to defreeze the accounts subject to marking of lien over the disputed amount. It is further pointed out that Muffin Payment Solutions Private Limited has complied with the said direction by offering security, marking lien over the alleged amount, and filing an undertaking to cooperate with the investigation. Therefore, it is contended that the alleged "crime proceeds" already stand sufficiently secured and protected under orders of the competent Court.

14. In that view of the matter, it is vehemently contended that once the charge sheet is filed and the alleged amounts are secured pursuant to judicial orders, the Investigating Officer cannot invoke powers under Sections 106 or 107 of BNSS to continue or impose fresh debit freeze on accounts of entities who are not even arrayed as accused. It is further contended that Section 107 of BNSS mandates prior approval from superior officers and recourse to the jurisdictional Court, which has



admittedly not been complied with, thereby rendering the impugned action wholly illegal, arbitrary, and unsustainable.

15. Per contra, the learned counsel appearing for the petitioner in W.P.No.10795/2026 (Muffin Technologies) would submit that the impugned action, in so far as it pertains to the said petitioner, is even more untenable. He would point out that there is not even a specific request or direction issued by respondent No.1 to debit freeze the accounts of Muffin Technologies. Referring to the communication dated 24.02.2026, he would submit that the same is confined only to Muffin Payment Solutions Private Limited and does not extend to the petitioner-company in in W.P.No.10795/2026. It is therefore contended that the action of freezing the accounts of Muffin Technologies is wholly without authority of law and dehors the very communication relied upon by the respondents.



16. He would further submit that in so far as Muffin Payment Solutions Private Limited is concerned, the competent Court in C.C.No.15166/2026 has already intervened and has directed defreezing of the account subject to lien marking, which has been duly complied with. In that view, any further action of debit freezing, either directly or indirectly affecting the petitioners herein, is wholly unwarranted. Accordingly, it is contended that the impugned action is arbitrary, disproportionate, and violative of the petitioners' rights, and therefore, calls for interference by this Court.

17. Per contra, learned Additional Government Advocate appearing for the respondents in both the petitions would seek to justify the impugned action of respondent No.1. He would contend that the action of directing debit freeze of the bank accounts is essentially predicated on the transactions involving M/s. Muffin Payment Solutions Private Limited ("Muffin Pay"), which is stated to be one of the group companies of the petitioners



herein. It is therefore contended that even though Muffin Pay is not arrayed as an accused in Crime No.378/2025 and notwithstanding the filing of the charge sheet, the materials gathered during the course of investigation disclose that certain amounts were routed through Muffin Pay, which are suspected to be linked to individuals involved in illegal gaming and allied unlawful activities.

18. Elaborating further, learned AGA would submit that the investigation has revealed financial transactions of considerable magnitude, including transfer of substantial sums from Muffin Pay to Muffin Green, which, according to the prosecution, bear the characteristics of suspicious transactions warranting closer scrutiny. In that backdrop, it is contended that respondent No.1, in exercise of powers available under law, has rightly issued communication to the respective banks directing debit freeze of the accounts so as to safeguard the alleged proceeds of crime and to prevent dissipation of funds during the course of investigation.



19. On these grounds, learned AGA would submit that the impugned action is neither arbitrary nor illegal, but is a necessary measure in aid of effective investigation, and therefore, seeks dismissal of both the writ petitions.

20. Heard learned Senior Counsel appearing for the petitioner in W.P.No.10623/2026, learned counsel appearing for the petitioner in W.P.No.10725/2026 and learned AGA for the respondents. The following points would arise for consideration:

(i) Whether the action of respondent No.1 in directing debit freeze of the petitioners' bank accounts pursuant to communication dated 24.02.2026, in connection with Crime No.378/2025, is sustainable in law, particularly when the petitioners are not arrayed as accused in the said crime or in the charge sheet filed therein?

(ii) Whether the impugned action of debit freezing is vitiated on account of non-compliance of the mandatory procedure contemplated under Section 107 of the Bharatiya Nagarik Suraksha Sanhita, 2023?



(iii) Whether the Investigating Officer retains the authority to direct freezing of bank accounts after filing of the charge sheet, and in the absence of any order from the jurisdictional Court?

(iv) Whether the action of freezing the accounts of the petitioner in W.P.No.10795/2026 (Muffin Technologies Private Limited), in the absence of any specific direction in the communication dated 24.02.2026, is arbitrary and without jurisdiction?

(v) Whether, in light of the orders passed in C.C.No.15166/2026 securing the alleged amounts by way of lien marking, the continuation of debit freeze against the petitioners' accounts is liable to be interfered with by this Court?

Finding on Point No.(i):

21. At this juncture, this Court deems it appropriate to advert to the proceedings in C.C.No.15166/2026 and extract the relevant portion of the order dated 02.04.2026.

"The application filed by the applicant through its Director / Authorized representative i.e..



SHRUTI under Sections 497 & 503 of BNSS 2023, is hereby allowed.

Consequently, the Investigation Officer is hereby directed to de-freeze the accounts of the applicant's i.e..

1). AXIS BANK, PITAMPURA BRANCH, NEW DELHI, ACCOUNT No.925020040205975, IFSC CODE: UTIB0000040.

2). AU SMALL FINANCE BANK, ANDHERI, KURLA MUMBAI, BRANCH, ACCOUNT ROAD No. 2402234063310302, IFSC CODE: AUBL0002340.

3). YES BANK, PITAMPURA BRANCH, NEW DELHI, ACCOUNT No. 1018481300001066, IFSC CODE: YESB0000184.

4). SBI BANK, WAZIRPUR BRANCH, DELHI, ACCOUNT No.43730234031, IFSC CODE: SBIN0005714.

5). AXIS BANK, PITAMPURA BRANCH, NEW DELHI, ACCOUNT No.924020046843284, IFSC CODE: UTIB0000040.

6). DBS BANK, BENGALURU BRANCH, ACCOUNT No.8827210000051891, IFSC CODE: DBSS0IN0827 and lien the disputed amount what ever it may be to avoid day to day transactions of the applicant.



Further, applicant authority is hereby directed to furnish the under taking memo and a surety for Co-Operation for the investigation if any.

For undertaking memo and surety and for hearing on the IA filed by ABDUL SHAHID K.A. and objection filed by TAPAN."

(emphasis supplied)

22. A perusal of the said order would clearly indicate that on an application filed by M/s. Muffin Payment Solutions Private Limited, the jurisdictional Court has directed the Investigating Officer to defreeze the bank account of the said company, subject to marking of lien over the quantified amount and upon securing an undertaking as well as surety to ensure cooperation during the course of investigation.

23. The extracted portion, thus, unmistakably demonstrates that the alleged "crime proceeds", which formed the substratum of the investigation, have already been identified, quantified, and duly secured under judicial



orders. The records further reveal that the charge sheet in Crime No.378/2025 came to be filed on 15.02.2026. Therefore, once the investigation has culminated in filing of the charge sheet and the alleged amount stands protected by virtue of a judicial order in C.C.No.15166/2026, the subsequent action of respondent No.1 in directing debit freeze of accounts of the petitioners who are admittedly sister concerns under the guise of continuing investigation, is wholly unwarranted and legally unsustainable.

24. This Court finds considerable force in the contention urged by the learned Senior Counsel that the impugned action runs contrary to the law laid down by the Kerala High Court in ***Headstar Global Private Limited vs. State of Kerala*** (supra) and ***Malabar Gold and Diamonds Limited vs. Union of India*** (supra), as well as the judgments of this Court in ***X Maximus Sea Food LLP vs. State of Karnataka*** (supra) and ***Dinesh Traders vs. State of Karnataka*** (supra), and the



judgment of the Delhi High Court in ***Captain Rakesh Waliya and others vs. Union of India*** (supra). The consistent thread running through the aforesaid decisions is that freezing of bank accounts, being a drastic measure, must strictly adhere to the procedure established by law, and cannot be resorted to in a mechanical or arbitrary manner, particularly when the investigation has culminated and the competent Court is seized of the matter.

25. Applying the aforesaid principles to the facts of the present case, it is not in dispute that neither of the petitioners are arrayed as accused in Crime No.378/2025. Even in the charge sheet filed in the said crime, the petitioners or their group companies do not find mention as accused persons. Further, in Crime No.339/2025, which is stated to be the foundational crime, the names of the petitioners or their group entities are conspicuously absent. In such circumstances, the invocation of coercive measures against the petitioners' bank accounts, without



any foundational allegation or material implicating them, cannot be countenanced.

26. The moot question that arises for consideration is as to whether, after filing of the charge sheet, the Investigating Officer can, without seeking leave of the jurisdictional Court, continue to exercise powers so as to direct freezing of bank accounts, particularly of entities who are not even arraigned as accused. In the considered opinion of this Court, once the charge sheet is filed, the Investigating Officer, in so far as the investigation in respect of the offences covered under the final report is concerned, becomes functus officio, save and except in cases where further investigation is undertaken in accordance with law and with the leave of the Court. It is not the case of the respondents that any such permission has been obtained or that further investigation has been directed by the competent Court.



27. Moreover, when the alleged proceeds of crime have already been secured by virtue of a judicial order in C.C.No.15166/2026 by way of lien marking and appropriate safeguards, the continuation or re-imposition of debit freeze on accounts of sister concerns, who are not even implicated in the criminal proceedings, would amount to a disproportionate and arbitrary exercise of power, infringing upon the petitioners' right to carry on business.

28. Insofar as W.P.No.10795/2026 is concerned, the position stands on an even stronger footing, inasmuch as there is no specific direction in the communication dated 24.02.2026 to freeze the accounts of M/s. Muffin Technologies Private Limited. Therefore, the action of freezing its accounts is clearly dehors the very communication relied upon by the respondents and is liable to be held as without jurisdiction. Accordingly, point No.(i) is answered in the **Negative**.



Finding on Point No.(ii):

29. Section 107 of BNSS, contemplates a structured procedure before effecting seizure or freezing of property, including bank accounts. The provision mandates that such action must be supported by reasons, subject to supervisory control, and ordinarily requires reporting to the jurisdictional Magistrate. The legislative intent is to ensure that such intrusive measures are not exercised arbitrarily and are subject to judicial oversight.

30. In the present case, respondent No.1 has not placed any material before this Court to demonstrate compliance with the mandatory procedural safeguards under Section 107 of BNSS. There is no indication of prior approval from superior officers, nor is there any material to show that the jurisdictional Court was apprised of the action contemporaneously. The impugned communication dated 24.02.2026, directing debit freeze, appears to have



been issued unilaterally, without adherence to the statutory discipline mandated under BNSS.

31. The judgments relied upon by the learned Senior Counsel, particularly in ***Headstar Global Private Limited vs. State of Kerala*** and ***Malabar Gold and Diamonds Limited vs. Union of India*** (supra), have categorically held that freezing of bank accounts without strict compliance of statutory safeguards is vitiated in law. The said principle squarely applies to the case on hand.

32. Accordingly, this Court holds that there is a clear infraction of Section 107 of BNSS, rendering the impugned action legally unsustainable. Point No.(ii) is answered in the ***affirmative***.

Finding on Point No.(iii):

33. The legal position in this regard is no longer res integra. Once the investigation culminates in filing of a charge sheet, the Investigating Officer, in respect of that



phase of investigation, becomes functus officio, subject only to the limited power of conducting further investigation in accordance with law and with the leave of the Court.

34. In the present case, the charge sheet in Crime No.378/2025 has been filed on 15.02.2026. There is no material placed on record to indicate that the Investigating Officer has sought or obtained permission of the jurisdictional Court to conduct further investigation. In the absence of such leave, any subsequent coercive action, including freezing of bank accounts, cannot be justified as part of an ongoing investigation.

35. The judgments relied upon, including **X** **Maximus Sea Food LLP vs. State of Karnataka**, **Dinesh Traders vs. State of Karnataka**, and **Captain Rakesh Waliya vs. Union of India** (supra), reiterate the principle that once the matter is seized by the Court post filing of charge sheet, the Investigating Agency cannot



independently resort to coercive measures without judicial sanction.

36. Therefore, this Court holds that the Investigating Officer had no authority to direct debit freezing after filing of the charge sheet, in the absence of leave of the Court. Point No.(iii) is accordingly answered in the ***negative***.

Finding on Point No.(iv):

37. Insofar as W.P.No.10795/2026 is concerned, the matter stands on a stronger footing. A perusal of the communication dated 24.02.2026 clearly indicates that the direction issued by respondent No.1 is confined to the account of Muffin Payment Solutions Private Limited. There is no reference whatsoever to M/s. Muffin Technologies Private Limited. At this juncture, it would be apposite for this Court to extract the contents of the communication/notice issued by respondent No.1, which is produced at Annexure-B to the Writ Petition



NC: 2026:KHC:24471
WP No. 10795 of 2026
C/W WP No. 10623 of 2026

No.10795/2026. The relevant portion of the said communication reads as under:

"Through Nodal Officer"

"URGENT"

Sub: Debit freeze the account and provide the requested details.

Ref: Cr No.378/2025 U/s 66(C), 66(D) of IT Act & 318(4), 319(2) R/w 3(5) of BNS

With reference to the above subject & ref an online fraud case has been registered in Hulimavu Police Station, Electronic City Division, Bangalore City. In this regard below mentioned account/s is/are suspected to be under commission of above offence. Hence kindly Debit Freeze the account (as per 106 BNSS) and provide following details (as per 94 BNSS)*

1) Certified copies of Account Opening form & KYC documents submitted by Account holder.

2) Statement of Account from date of Account opening to till date along with 63 Bharatiya sakshya Adhiniyam-2023

3) Provide the Mobile No used for Net Banking of this account.



NC: 2026:KHC:24471
WP No. 10795 of 2026
C/W WP No. 10623 of 2026

4) *Provide transaction credit and debit Beneficiary details from Account opening to till date.*

5) *Effective available balance/lien marked by other agency.*

<i>SI.No</i>	<i>Account Number</i>	<i>IFSC Code</i>	<i>Account Name</i>
<i>01</i>	<i>403040506071</i>	<i>RATN0000999</i>	<i>MUFINPAY PAYMENT SOLUTIONS</i> <i>PRIVATE LIMITED</i>

Thanking you",

38. A plain reading of the aforesaid communication would indicate that the direction issued by respondent No.1 is confined to the debit freezing of the account of M/s. Muffin Payment Solutions Private Limited, in connection with Crime No.378/2025. Significantly, there is no reference whatsoever to the petitioners herein, namely M/s. Muffin Green Finance Limited or M/s. Muffin



Technologies Private Limited, in the said communication. This aspect assumes considerable importance while examining the legality and validity of the impugned action extended to the petitioners' accounts.

39. In such circumstances, the action of freezing the accounts of Muffin Technologies is not only without jurisdiction but is also dehors the very communication relied upon by the respondents. Such action reflects a clear case of overreach, where coercive measures are extended beyond the scope of the original directive, without any legal sanction or basis.

40. Therefore, this Court has no hesitation in holding that the freezing of accounts of Muffin Technologies is wholly illegal and arbitrary. Point No.(iv) is answered in the ***affirmative***.



Finding on Point No.(v):

41. The proceedings in C.C.No.15166/2026 assume considerable significance in adjudicating the present controversy. The jurisdictional Court, by order dated 02.04.2026, has directed defreezing of the account of Muffin Payment Solutions Private Limited, subject to marking of lien over the quantified amount and upon securing undertaking and surety.

42. This order clearly demonstrates that the alleged crime proceeds have already been identified, quantified, and secured under judicial supervision. Once such protection is in place, the continuation of debit freeze or extension of such measure to sister concerns becomes wholly redundant and disproportionate.

43. The purpose of freezing accounts is to prevent dissipation of alleged crime proceeds. When that very purpose stands achieved through judicial intervention, any further action by the Investigating Officer would be



excessive and unwarranted. The law does not permit multiplicity of coercive measures when the subject matter is already secured.

44. Therefore, this Court is of the considered view that in light of the order passed in C.C.No.15166/2026, the impugned action cannot be sustained. Point No.(v) is answered in the ***affirmative***, holding that continuation of debit freeze is unjustified.

Conclusions:

45. In light of the detailed findings recorded on all the points for consideration, this Court holds that the impugned action of respondent No.1 is arbitrary, contrary to statutory mandate, and violative of settled legal principles. The petitioners, who are not even arrayed as accused, cannot be subjected to such coercive measures in the absence of any incriminating material and in the face of judicial orders already securing the alleged amounts.



46. In view of the foregoing discussion, this Court is of the considered opinion that the impugned action of respondent No.1 in directing debit freeze of the bank accounts of the petitioners is arbitrary, disproportionate, and in clear violation of the statutory mandate as well as the law laid down by various High Courts. The points for consideration are accordingly answered in favour of the petitioners.

47. For the foregoing reasons, this Court proceeds to pass the following:

ORDER

(i) The writ petitions are ***allowed***;

(ii) The action of respondent No.1 in directing debit freeze of the bank accounts of the petitioners pursuant to communication dated 24.02.2026 is hereby quashed;

(iii) Respondent No.1 is directed to forthwith defreeze the bank accounts of the



NC: 2026:KHC:24471
WP No. 10795 of 2026
C/W WP No. 10623 of 2026

petitioners in W.P.No.10623/2026 and
W.P.No.10795/2026;

(iv) It is, however, made clear that this order shall not preclude the respondents from proceeding in accordance with law, if any material surfaces implicating the petitioners, subject to due compliance of statutory requirements.

Sd/-
(SACHIN SHANKAR MAGADUM)
JUDGE

CA
List No.: 2 Sl No.: 115