Shabnoor

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CRIMINAL APPELLATE JURISDICTION

BAIL APPLICATION NO. 4054 OF 2024

Digambar Rohidas Agawane … Applicant

V/s.

The Directorate of Enforcement & Anr. … Respondents

Mr. Sudeep Pasbola, Sr. Advocate a/w Mr. Chinmay Godse, Mr. Aditya Hire, Bhusahn Yadav i/b Mr. Ujwalkumar Chavhan, for the Applicant.

Ms. Manisha Jagtap with Mansi Joshi for ED – respondent No.1.

Mr. Sagar R. Agarkar, APP for the State – respondent No.2.

CORAM : AMIT BORKAR, J.

RESERVED ON : AUGUST 6, 2025

DATED : AUGUST 20, 2025

P.C.:

1. The present bail application has been filed by the applicant under Section 439 of the Code of Criminal Procedure, 1973, seeking his release on bail in connection with Special Case No. 428 of 2024. The said case arises from ECIR/MBZO-II/27/2023 registered with the Directorate of Enforcement, Mumbai Zonal Unit-II, Mumbai. The applicant has been accused of committing offences punishable under Section 45 of the Prevention of Money Laundering Act, 2002 ("PMLA" for short).

2. The case of the prosecution, in brief, is that an FIR bearing No. 892 of 2022 dated 13th December 2022 came to be lodged. In that FIR, it is alleged that one Mr. Digambar Agawane, due to his poor credit rating and low CIBIL score, was unable to obtain a loan directly from any bank or financial institution. Therefore, he devised a plan to use other individuals for obtaining loans through companies in their names. For this purpose, he involved two young persons, namely, Mr. Ranjit Dhumal and Mr. Pranay Matkar, who were allegedly under his influence, and made them directors of a company called M/s JD Chemical & Fertilizer Pvt. Ltd., which was incorporated on 24th March 2021.

3. It is alleged that, in order to avail a loan in the name of the said company, Mr. Agawane also purchased certain immovable properties, namely, land admeasuring 16.5R in Gat No. 250 and land admeasuring 15R in Gat No. 251, situated at Mouje – Watha Nimbalkar, Taluka Phaltan, District Satara, on 26th March 2011, in the name of M/s JD Chemical & Fertilizer Pvt. Ltd., through its directors, Ranjit Dhumal and Pranay Matkar.

4. For purchasing the said properties, Mr. Agawane allegedly transferred an amount of ₹7,00,000/- from the account of M/s Aayur All In One Shopee Pvt. Ltd. to the HDFC Bank account of Ranjit Dhumal (Account No. 50100376822868, HDFC Bank, Satara). Thereafter, Mr. Agawane instructed Ranjit Dhumal to issue three cheques, Cheque No. 000011 for ₹7,00,000/- in favour of Mrs. Sunita Deepak Nimbalkar, Cheque No. 000012 for ₹5,00,000/- in favour of Mr. Shambhuraje Deepakrao Nimbalkar, and Cheque No. 000013 in favour of the seller. It is alleged that Cheque No. 000011 was encashed by the seller, Cheque No. 000012 was dishonoured, and Cheque No. 000013 was never deposited by the seller in his bank account.

5. It is further the allegation of the prosecution that Mr. Agawane transferred ₹4,99,000/- from his personal bank account, ₹15,00,000/- from the account of M/s Aayur All In One Shopee Pvt. Ltd., and ₹6,70,000/- from the account of M/s New Famous Mobile Shoppee to the HDFC Bank account of Ranjit Dhumal. Ranjit Dhumal was then directed to transfer all these amounts to the account of M/s JD Chemical & Fertilizer Pvt. Ltd. to show an increased paid-up capital. This was allegedly done for the purpose of facilitating the sanction of a loan of ₹2.75 crores in the name of the said company. Similarly, it is alleged that Mr. Agawane transferred funds to the bank account of Mr. Pranay Pravin Matkar, who in turn transferred the money to the bank account of M/s JD Chemical & Fertilizer Pvt. Ltd., again to show capital infusion.

6. The prosecution also relies upon another FIR, bearing No. 582 of 2022 dated 15th August 2022, in which the complainant is one Mr. Vikram Sawant. In this FIR, it is alleged that Mr. Vikram Sawant and his wife, Mrs. Chaitali Vikram Sawant, were made partners in a firm called M/s Namnil Trading LLP by Mr. Agawane and one Mr. Vinod Dhumal. In furtherance of a conspiracy, the said two accused are alleged to have availed a loan of ₹2.55 crores in the name of M/s Namnil Trading LLP from the Bank of Maharashtra, Kopri Branch, and thereafter siphoned off the loan proceeds for their personal use.

7. For obtaining this loan, it is alleged that the firm needed to be registered in Mumbai. For this purpose, Mr. Agawane allegedly purchased the firm Namnil Trading LLP for ₹5,00,000/- and, with the assistance of Chartered Accountant Mr. Vijay Lotekar, transferred the firm in the names of Mr. Vikram Dnyaneshwar Sawant and his wife, Mrs. Chaitali Vikram Sawant. It was further necessary to show ownership of property in Mumbai for securing the loan. Therefore, one shop property, Shop No. 4, Ground Floor, Dharti Heights CHSL, Maitri Street, Plot No. 28, Sector No. 21, Kamothe, Panvel, Raigad, which stood in the name of Mrs. Pradnya Vinod Dhumal (wife of Mr. Vinod Dhumal) was transferred to the name of M/s Namnil Trading LLP under a sale deed dated 20th October 2020. Although the sale deed stated that ₹1.5 crores had already been paid to Mrs. Pradnya Dhumal as consideration, the prosecution alleges that in fact, no such payment was ever made.

8. The prosecution further alleges that Mr. Vikram Sawant was compelled to hand over signed blank RTGS forms and cheques to accused Vinod Dhumal, so that money could be withdrawn from the loan account of M/s Namnil Trading LLP as and when desired by the accused persons. It is further alleged that an amount of ₹9,00,000/- in cash was given to one Mr. Umesh Kumar, then Branch Manager, Bank of Maharashtra, Kopri Branch, for facilitating the sanction of the said loan.

9. According to the prosecution, Vinod Dhumal, being a Direct Selling Agent (DSA) of the bank, was well-acquainted with the banking procedures and loopholes. Acting in collusion with Mr. Umesh Kumar and Mr. Digambar Agawane, he allegedly defrauded the Bank of Maharashtra by obtaining a fraudulent loan of ₹2.55

crores — comprising a Cash Credit facility of ₹1.85 crores and a Term Loan of ₹70 lakhs.

10. The property used as collateral was in the name of Mrs. Pradnya Dhumal, wife of Vinod Dhumal. Although the sale deed of the property stated that consideration of ₹1.5 crores had been paid, the prosecution alleges that in reality only ₹18 lakhs had been paid. Moreover, M/s Namnil Trading LLP was purportedly engaged in cloth trading, but its stock was never reported to the bank as security. It is alleged that there was a clear conspiracy between the three, Mr. Umesh Kumar, Mr. Vinod Dhumal, and Mr. Digambar Agawane, to secure the loan without having adequate or genuine collateral. The statement of Vinod Dhumal recorded under Section 50 of the Prevention of Money Laundering Act, 2002, allegedly reveals that he received ₹75 lakhs directly from the loan account of M/s Namnil Trading LLP after sanction, and the remaining proceeds in cash.

11. The prosecution also relies on FIR No. 218 of 2022 dated 11th April 2022, which alleges that Mr. Digambar Agawane fraudulently obtained a loan of ₹1 crore from Swaraj Nagari Sahakari Patsanstha, a co-operative credit society, by offering as security a property which did not have a clear legal title. The loan subsequently turned into a Non-Performing Asset (NPA), and the co-operative society was unable to recover its dues. It is alleged that in his statement dated 8th January 2024, recorded under Section 50 of the PMLA, Mr. Agawane admitted that he had intentionally taken the loan from the said co-operative society so that a charge could be created on the disputed property to "regularise" it despite its being under litigation.

12. The prosecution further refers to FIR No. 387 of 2022 dated 8th November 2022, lodged by one Mr. Aimat Khan. It is alleged that Mr. Agawane induced him to invest ₹1 crore in M/s Aayur Traders by promising a monthly salary of ₹2 lakhs. Believing this representation, Mr. Khan advanced ₹95 lakhs to Mr. Agawane in 2016. However, only ₹7 lakhs were ever repaid. It is further alleged that despite receiving the money, Mr. Agawane never made Mr. Khan a partner in M/s Aayur Traders, thereby cheating him of the remaining ₹88 lakhs.

13. FIR No. 673 of 2022 dated 29th September 2022 is also relied upon, which concerns allegations that on 13th May 2015, the Central Bank of India, Girvi Branch, sanctioned a loan of ₹3.25 crores to Mr. Agawane for a wood trading business. This facility was later enhanced to ₹4.45 crores on 14th December 2016. As security, Mr. Agawane mortgaged various immovable properties, including:

> (A) Land admeasuring 446.66 sq. metres along with a building at Village Mauje Girvi, Taluka Phaltan, bearing City Survey No. 599, and registered under Gram Panchayat Property Malmatta No. 1182; and
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> (B) Residential plots bearing Gat No. 490/2, Plot Nos. 4, 20, 34, and 51, situated at Nandal Village, Taluka Phaltan, having areas of 450.14 sq. metres, 219.42 sq. metres, 222.95 sq. metres, and 222.95 sq. metres, respectively.

14. According to the prosecution, the property mentioned at point (B) had already been mortgaged for a loan of ₹2.5 crores to the State Bank of Patiala (now merged with State Bank of India). It was first mortgaged to SBI under Equitable Mortgage Deed No. 42/2015 dated 18th April 2015, and thereafter, the same property, along with the property mentioned at point (A), was again mortgaged to the Central Bank of India under Mortgage Deed No. 2895/2015 dated 14th May 2015 for securing the enhanced credit facility of ₹4.45 crores.

15. Thus, the prosecution alleges that a double mortgage was fraudulently created with both SBI and Central Bank of India, thereby defrauding the latter of ₹4.45 crores. It is further stated that the loan of ₹2.5 crores obtained from SBI by mortgaging the same property will also be subject to further investigation for similar fraudulent conduct.

16. The prosecution further alleges that the loan amounts obtained by Mr. Digambar Agawane were not utilised for the purposes for which they were sanctioned but were siphoned off for unauthorised personal uses. It is stated that he engaged his office staff and several other persons to withdraw large amounts of cash from the loan accounts by using bearer cheques.

17. In this regard, one Mr. Abhijeet Jadhav, who was working as an office boy for Mr. Agawane, is stated to have given a statement under Section 50 of the Prevention of Money Laundering Act, 2002, wherein he disclosed that he personally withdrew cash amounting to ₹99.69 lakhs on behalf of Mr. Agawane and handed it over to him. He further named several other individuals, namely, Avinash Rithe, Sachin Dhumal, Abdul Shaikh, and Jyotiba Bhujbal, who also used to withdraw cash for Mr. Agawane by means of bearer cheques.

18. The prosecution also relies upon FIR No. 1086 of 2022 dated 29th September 2022, which relates to land admeasuring 0.40 R situated at Gat No. 64/4, Pimpalwadi, Taluka Phaltan, District Satara. This property was mortgaged with a consortium of banks comprising Central Bank of India, Canara Bank, and Bank of India, as security for a loan of ₹142.13 crores, under Registered Mortgage Deed No. 1906/2014 dated 7th April 2014. The said property belonged to Mr. Rohidas Agawane, Mr. Satyawan Agawane, and Mr. Bhimrao Mane.

19. The allegation is that despite this mortgage already being in existence, the same property was again mortgaged by Mr. Digambar Agawane with the erstwhile State Bank of Patiala (now State Bank of India) for availing credit facilities in the names of M/s Aayur Organic Agro Company Ltd., M/s Aayur Traders, and M/s Aayur Import Export Pvt. Ltd. This was done under Mortgage Deed Nos. 4407/2016, 4408/2016, and 4409/2016, respectively. By this method, a double mortgage was allegedly created, and the loan was fraudulently obtained, thereby cheating the State Bank of India of ₹1.15 crores. Out of this sanctioned amount, only ₹1.10 crores was actually disbursed.

20. The prosecution states that at the time, two properties were standing in the name of Mr. Digambar Agawane:

(A) Land admeasuring 446.66 sq. metres with a building situated at Village Mauje Girvi, Taluka Phaltan, bearing City Survey No. 599 and registered under Gram Panchayat Property Malmatta No. 1182; and

(B) Residential plots bearing Gat No. 490/2, Plot Nos. 4, 20, 34, and 51, situated at Nandal Village, Taluka Phaltan, with respective areas of 450.14 sq. metres, 219.42 sq. metres, 222.95 sq. metres, and 222.95 sq. metres.

21. According to the prosecution, the property mentioned at point (B) above had already been mortgaged with the State Bank of Patiala (now State Bank of India) for a loan of ₹2.5 crores under Equitable Mortgage Deed No. 42/2015 dated 18th April 2015. However, the same property, along with the property mentioned at point (A), was subsequently mortgaged again to the Central Bank of India under Mortgage Deed No. 2895/2015 dated 14th May 2015 for availing a credit facility of ₹4.45 crores.

22. Thus, a second double mortgage was allegedly created, this time with both the SBI and the Central Bank of India, resulting in the fraudulent availment of ₹4.45 crores from the Central Bank of India. The prosecution further submits that the loan of ₹2.5 crores availed from SBI by mortgaging the same property is also under investigation for fraudulent conduct.

23. The prosecution has also referred to FIR No. 220 of 2022 dated 16th April 2022, wherein one Mr. Mohan Kharat is stated to have invested a total sum of ₹30.02 lakhs in various schemes of Aayur Urban Multipurpose Nidhi Ltd. This investment was made partly through banking channels and partly in cash, ₹16 lakhs through RTGS transfers from Account No. 645201053158 in the name of Mohan Kharat and Account No. 655201053159 in the name of Mrs. Archana Kharat, and ₹14.02 lakhs in cash.

24. The allegation is that Mr. Agawane had assured Mr. Kharat that his investment in Aayur Urban Multipurpose Nidhi Ltd. would double in one year, and on such inducement, the investment was made. However, only ₹3.6 lakhs were repaid to Mr. Kharat, and the remaining ₹26.42 lakhs remain outstanding, thereby causing wrongful loss to the investor and wrongful gain to the accused.

25. On the basis of the FIRs referred to above, the Directorate of Enforcement, Mumbai Zonal Office–II, recorded ECIR No. MBZO-II/27/2023 on 4th May 2023 under Section 3 read with Section 4 of the PMLA. The FIRs disclose offences punishable under Sections 307, 364-A, 384, 385, 386, 387, 392, 394, 417, 418, 420, 467, and 471 of the Indian Penal Code, 1860, as well as Section 25 of the Arms Act, 1959. These offences are categorised as “Scheduled Offences” under paragraphs 1 and 5 of Part ‘A’ of the Schedule to the PMLA.

26. It is further pointed out that the applicant, accused has not only been charged with the aforesaid IPC and Arms Act offences, but is also facing proceedings under special statutes such as the Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act (“MPID Act”) and the Maharashtra Control of Organised Crime Act (“MCOCA”). This, according to the prosecution, indicates his involvement in a series of criminal activities connected with scheduled offences and in the generation, concealment, and laundering of the “proceeds of crime” for his own benefit and for the benefit of his associates.

27. During the course of investigation under the PMLA, the Directorate of Enforcement arrested Mr. Digambar Rohidas Agawane on 5th January 2024 under Section 19 of the said Act. He was produced before the PMLA Sessions Court, Mumbai, on 6th January 2024, along with Remand Application No. 33 of 2024, wherein ED custody was sought. The Sessions Court granted ED custody of the applicant until 10th January 2024.

28. While in ED custody, his statements were recorded under Section 50 of the PMLA on 6th January 2024, 7th January 2024, 8th January 2024, and 9th January 2024. The prosecution alleges that throughout the recording of these statements, the applicant was evasive, changed his version on multiple occasions, and did not cooperate with the investigation. It is alleged that he specifically refused to sign his statement dated 9th January 2024, particularly when questioned regarding the “double mortgage” transactions. On 10th January 2024, upon the expiry of ED custody, he was remanded to judicial custody by the PMLA Sessions Court.

29. Mr. Pasbola, learned Senior Advocate appearing for the applicant, has drawn attention to a complaint lodged by the applicant on 21st May 2022 with the Superintendent of Police as well as the Senior Police Inspector, Satara Police Station. He submits that the FIRs now relied upon by the prosecution, as well as those against the applicant's companies, are nothing but retaliatory "counter-blast" actions to the said complaint.

30. The Applicant alleged that one Mr. Ranjitsingh Naik–Nimbalkar had fraudulently obtained loans from the Bank of Patiala (which later merged with the State Bank of India) and sought registration of offences against the then Branch Manager and administrative officers for forging documents. According to the learned Senior Advocate, the complaint itself records that the applicant, being Director and In-Charge of M/s Aayur Organic Agro Company Ltd., M/s Aayur Traders, and M/s Aayur Import Export Pvt. Ltd., had signed loan application documents with the State Bank of India on 19th January 2015 for a loan of ₹2.50 crores, secured by mortgaging his property bearing Gat No. 64/4, Pimpalwadi, Taluka Phaltan, District Satara.

31. It is contended that the said property was already mortgaged for an existing loan of ₹142.13 crores, and the applicant was assured that the loan from SBI would be sanctioned. However, he was later informed that the sanction would not be possible, and he abandoned all expectation of receiving the loan. The learned Senior Advocate submits that it was only in February 2022, when bank officials suddenly came to take possession of the mortgaged property, that the applicant realised the misuse of documents and lodged the complaint against the concerned bank officials.

32. The learned Senior Advocate further submits that the said Ranjitsingh Naik–Nimbalkar had fraudulently acquired 50% shareholding in the applicant's name in a Co-operative Credit

Society and misappropriated the funds for his personal benefit. It is contended that FIR No. 218/2022, concerning Swaraj Nagari Sahakari Patsanstha, was itself a retaliatory step taken against the applicant after he had lodged the complaint against Mr. Ranjitsingh Naik–Nimbalkar.

33. The applicant claims that the mortgage deed registered on 29th April 2016 at the instance of Mr. Ranjitsingh Naik–Nimbalkar falsely records that the applicant had received the loan amount, whereas in fact, no such amount was ever disbursed to him. It is alleged that these documents were forged and fabricated, including the loan application and a resolution dated 4th April 2016, which bear the signature of the present Chairman, Mr. Amarsinh Prithviraj Naik Nimbalkar, who only assumed office on 7th April 2021.

34. The applicant contends that the alleged loan was sanctioned during the tenure of Mr. Ranjitsinh Prithviraj Naik–Nimbalkar, who was Chairman from 1999 to 2021. The Branch Manager of the Co-operative Credit Society is also stated to have clarified that no security was taken for earlier loans in accordance with a Board resolution. The defence submits that apart from these forged documents, there is no record showing actual sanction or disbursement of any loan in the applicant's name.

35. It is further submitted that even if any funds were withdrawn, they were not received by the applicant, and in fact, an amount of ₹42 lakhs was redeposited with the Society. According to the defence, the alleged "proceeds of crime" are actually in the possession of the Society itself. It is also emphasised that despite the Co-operative Society being aware since 2016 of a pending civil suit regarding the mortgaged property, the FIR in question was registered only in April 2022.

36. Learned Senior Advocate for the applicant has further drawn my attention to FIR No. 220 of 2022 lodged by one Mr. Mohan Kharat. It is submitted that as per the official records of Aayur Urban Multipurpose Nidhi Ltd., the total deposits made between 10th December 2020 and 12th December 2020 amounted to ₹16,00,000/-. Out of this amount, ₹3,00,000/- was repaid on 18th September 2021, and a further ₹60,000/- was repaid on 2nd October 2021.

37. According to the learned Senior Advocate, the combined investment made by the said informant and his wife was ₹22,01,000/- and not ₹30,00,000/- as has been alleged in the FIR. It is contended that the applicant has in fact refunded an amount of ₹28,25,500/- by way of bank transfers to the informant, which is more than the total amount allegedly invested. Such repayment, according to the defence, demonstrates that there was no dishonest intention or fraudulent inducement on the part of the applicant at the inception of the transactions. It is submitted that the bank statements evidencing these repayments are already on record and were not properly considered by the investigating agency.

38. Insofar as the allegation of the applicant that the informant had unlawfully carried out rental transactions in respect of "Blue

Diamond Hotel" in the name of the informant is concerned, it is submitted that the said hotel premises were rented by the informant himself. In support of this contention, reliance is placed upon a Memorandum of Understanding (MoU) which, according to the defence, clearly shows that the informant was actively promoting the venture using his own contact details. This, it is argued, indicates his direct and voluntary participation in the business arrangement. It is further submitted that the Enforcement Directorate has failed to take into account these crucial records and documents before proceeding further in the investigation.

39. The learned Senior Advocate has also referred to FIR No. 387 of 2022 lodged by one Mr. Aimat Khan and has submitted that there is no documentary material on record to support the allegation that the applicant had obtained a loan in the names of the informant's family members. It is submitted that the only basis for this allegation is the oral statement of the informant, which, without corroboration, cannot be relied upon.

40. It is further submitted that neither the loan documents nor the statement of the concerned branch manager have been produced to substantiate the allegations. The defence contends that the informant had in fact given a hand loan of ₹41,00,000/- to the applicant, which has been fully repaid. The applicant is stated to have refunded ₹43,60,000/- to the informant and one Mr. Amir Ganim Shaikh, as reflected in the bank statement entries forming part of the record. It is also pointed out that there is no evidence whatsoever to establish that any cash loan was taken from the informant.

41. Learned Senior Advocate for the applicant has further referred to FIR No. 582 of 2022 lodged by one Mr. Vikram Dnyaneshwar Sawant. It is alleged therein that the applicant fraudulently opened a bank account in the name of M/s Namnil Trading LLP by falsely showing the informant and his wife as directors of the firm, and thereafter obtained a loan of ₹1.85 crores by mortgaging properties belonging to one Mr. Vinod Dhumal. However, the learned counsel points out that the statement of the branch manager, Mr. Umesh Kumar, clearly records that it was, in fact, the informant, his wife, and Vinod Dhumal who personally approached the bank for the said loan and executed all the relevant documents themselves.

42. It is further clarified by the branch manager that Vinod Dhumal's property was transferred to the informant as settlement towards outstanding dues owed by M/s Namnil Trading LLP. In her own statement, Mrs. Pradnya Dhumal admits that the informant had shown interest in purchasing her property and had directly negotiated and concluded the transaction with her. She makes no reference to any role or involvement of the applicant in this transaction. The registered sale deed of the mortgaged property, according to the defence, specifically records the physical presence of the informant at the Sub-Registrar's Office at the time of registration, thereby contradicting the allegation that the applicant was the driving force behind the deal.

43. With respect to FIR No. 673 of 2022 lodged by the Central Bank of India, it is submitted that the Overdraft (OD) facility in question had been enjoyed by the applicant since 2015. The limit was enhanced up to ₹4.50 crores in the applicant's individual capacity on the strength of his satisfactory repayment history and the assessed realizable value of the mortgaged properties, which was about ₹16 crores. It is submitted that the properties situated at Nandal Village, Taluka Phaltan, were mortgaged to the Central Bank of India on 13th May 2015, and were subsequently mortgaged to the State Bank of India on 22nd April 2016. On this basis, the learned counsel contends that the Central Bank of India has no locus standi to lodge an FIR against the applicant.

44. It is further urged that the State Bank of India has not lodged any FIR in respect of the loan amount of ₹2.50 crores, which, according to the applicant, had been forwarded to one Mr. Ranjitsinh Nimbalkar. The defence points out that the value of the mortgaged properties stands at approximately ₹7 crores as against the total outstanding loan of ₹4.50 crores. It is also argued that the Enforcement Directorate has failed to trace any money trail from the alleged fraudulent accounts, including the alleged transfer of ₹2.15 crores to Mr. Nimbalkar on 20th January 2015. According to the defence, Mr. Nimbalkar himself acknowledged this liability in his election affidavit filed for the Maharashtra Legislative Assembly Elections in 2019. Significantly, Mr. Nimbalkar has neither been examined as a witness nor named as an accused, and has not been arrested in connection with these transactions. It is therefore submitted that, applying the principle of parity, the applicant also deserves to be enlarged on bail.

45. The learned Senior Advocate has also invited attention to FIR No. 892 of 2022 lodged by M/s JD Chemicals. It is the prosecution's allegation that the applicant met one Mr. Ranjit Sandeep Dhumal, who was unemployed at the time, and under the pretext of offering him a lucrative future, promised to appoint him as a director of M/s JD Chemicals & Fertilizers Pvt. Ltd. The FIR further alleges that the applicant thereafter appointed the informant and one Mrs. Pradnya Matkar as directors and made several false assurances, eventually obtaining a loan of ₹2.75 crores in the company's name by colluding with one Mr. Snehal Bansode and certain officials of the Bank of Maharashtra.

46. However, the defence submits that the loan amount credited to M/s JD Chemicals & Fertilizers Pvt. Ltd. was utilised either by Mr. Ranjit Dhumal himself, by JD Fertilizer, or for the operational requirements of JD Chemicals. Upon a scrutiny of the transaction records of the loan account, the defence claims that there is no evidence of misappropriation or diversion of funds. Accordingly, it is argued that the allegations in this FIR, even if taken at face value, do not fulfil the legal ingredients of the offences alleged against the applicant.

47. As regards FIR No. 1086 of 2022 lodged by the State Bank of India, the learned Senior Advocate submits that the property situated at Pimpalwadi, Taluka Phaltan, was originally mortgaged by the applicant's father, with the applicant's uncle acting as guarantor, for a loan availed by Swaraj Agro India Limited sugar factory. At the time the property was mortgaged for a loan of ₹1.15 crores, there was no subsisting charge on it in favour of the consortium of banks. It is stated that any such charge was created subsequently and had been duly released in the year 2015.

48. Therefore, as on the date of lodging of the FIR in 2022, the only valid mortgage on record was the one in favour of the State Bank of India. The defence further submits that the loan amount was disbursed among three different parties, and the applicant himself did not receive any part of the loan proceeds. Despite this, possession proceedings have been initiated in respect of the mortgaged properties, and the applicant has remained in judicial custody for the last three years.

49. The learned Senior Advocate further submitted that the applicant was first arrested on 13th December 2022 in connection with FIR Nos. 892 and 1086 of 2022. Thereafter, he was arrested by the Directorate of Enforcement on 5th January 2024 in connection with the present ECIR. It is pointed out that in respect of the remaining FIRs relating to the predicate offences, the applicant has already been granted bail by the concerned trial courts.

50. It is further submitted that apart from the present matters, the investigation is still ongoing in respect of approximately 50 other FIRs registered against the applicant. In these circumstances, it is urged that the applicant is entitled to be released on bail on the ground of prolonged incarceration, more so when the trial is likely to take a considerable time to conclude. Reliance is placed upon various judgments of the Supreme Court and High Courts where bail has been granted in PMLA cases on the ground of long custody, including *Anil Tuteja v. Directorate of Enforcement (SLP (Crl.) No. 3148/2025), Udhaw Singh v. Directorate of Enforcement*

(SLP (Crl.) No. 18369/2024), V. Senthil Balaji v. Directorate of Enforcement (SLP (Crl.) No. 3986/2024), Prem Prakash v. Union of India through Directorate of Enforcement (SLP (Crl.) No. 5416/2024), Kalavakuntla Kavitha v. Directorate of Enforcement (SLP (Crl.) No. 10778/2024), Manish Sisodia v. Directorate of Enforcement (SLP (Crl.) No. 3205/2024), Mangaldas Bandal v. Directorate of Enforcement (Cr. Bail Application No. 4998/2024), Ramchand Kotumal Issrani v. Directorate of Enforcement (Cr. Bail Application No. 5350/2024) and Suraj Chavan v. Directorate of Enforcement (Bail Application No. 4141/2024).

51. Per contra, Ms. Jagtap, learned Advocate appearinIt is further submitted that apart from the present matters, the investigation is still ongoing in respect of approximately 50 other FIRs registered against the applicant. In these circumstances, it is urged that the applicant is entitled to be released on bail on the ground of prolonged incarceration, more so when the trial is likely to take a considerable time to conclude. Reliance is placed upon various judgments of the Supreme Court and High Courts where bail has been granted in PMLA cases on the ground of long custody, including *Anil Tuteja v. Directorate of Enforcement (SLP (Crl.) No. 3148/2025), Udhaw Singh v. Directorate of Enforcement (SLP (Crl.) No. 18369/2024), V. Senthil Balaji v. Directorate of Enforcement (SLP (Crl.) No. 3986/2024), Prem Prakash v. Union of India through Directorate of Enforcement (SLP (Crl.) No. 5416/2024), Kalavakuntla Kavitha v. Directorate of Enforcement (SLP (Crl.) No. 10778/2024), Manish Sisodia v. Directorate of Enforcement (SLP (Crl.) No. 3205/2024), Mangaldas Bandal v.*

*Directorate of Enforcement (Cr. Bail Application No. 4998/2024), Ramchand Kotumal Issrani v. Directorate of Enforcement (Cr. Bail Application No. 5350/2024) and Suraj Chavan v. Directorate of Enforcement (Bail Application No. 4141/2024).*g for the Directorate of Enforcement, submitted that in so far as FIR No. 892 of 2022 dated 13th December 2022 lodged by Mr. Rajit Dhumal concerning M/s JD Chemicals & Fertilizers Pvt. Ltd. is concerned, the total "proceeds of crime" involved amount to ₹2.64 crores. She submitted that the said company was incorporated on 24th March 2021, and that although Mr. Ranjit Dhumal and Mr. Pranay Matkar were appointed as directors, they were so appointed only in name.

52. According to her, Mr. Dhumal was not even aware of the staff strength, profitability, or financial statements of the company. In reality, all business and financial affairs were being managed by the applicant and one Mr. Snehal Bansode. The applicant was also using the registered trademark "Ayur Max" for the products of M/s JD Chemicals & Fertilizers Pvt. Ltd. Photographs and newspaper clippings, which are part of the record, show the presence of Mr. Ranjit Dhumal but reflect the applicant as the main person heading the company.

53. Learned counsel for the Enforcement Directorate also invited attention to a flow chart forming part of the charge-sheet. She submitted that the cash credit loan amount of ₹2.75 crores was divided into six parts. Out of this, ₹1.73 crores was transferred to the account of M/s JB Agro between 10th June 2021 and 10th September 2021, from which ₹90.1 lakhs were utilised for purchasing fertilizers and other agricultural products in the name of various entities controlled by the applicant.

54. Further, ₹82.9 lakhs were transferred to the account of M/s Ayur All In One Shopee Pvt. Ltd., also controlled by the applicant. An amount of ₹42.06 lakhs was transferred to the account of Shri Samarth Traders between 10th June 2021 and 3rd August 2021, from which ₹22.8 lakhs were transferred to the account of the applicant between 29th June 2021 and 1st July 2021. Another ₹15 lakhs was transferred from Shri Samarth Traders to M/s Ayur All In One Shopee Pvt. Ltd. on 4th August 2021.

55. It is submitted that the property shown as collateral for the loan was purchased by Mrs. Sunita Deepak Nimbalkar for ₹17 lakhs, but for the purpose of availing the ₹2.75 crore loan from the Bank of Maharashtra, its valuation was inflated and shown as ₹2.39 crores. The said property was purchased merely two days after the incorporation of the company. It is further alleged that ₹15 lakhs were diverted to New Famous Mobile Shopee and subsequently ₹8.3 lakhs to Mr. Pranay Matkar, ₹6.7 lakhs to Mr. Ranjit Dhumal, and ₹48 lakhs to M/s Ayur All In One Shopee Pvt. Ltd.

56. With respect to FIR No. 582 of 2022 lodged by Mr. Vikram Dnyaneshwar Sawant, it is submitted that the "proceeds of crime" amount to ₹2.51 crores. According to the ED, Mr. Sawant, who is a 12th pass, had little knowledge about the business activities of M/s Namnil Trading LLP. It is alleged that the loan was taken in his name by the applicant.

57. It is further alleged that Mr. Vinod Dhumal, an associate of the applicant, facilitated Mr. Sawant in obtaining another loan of ₹1 crore in the name of M/s Tejasavi Petroleum Kisanseva Kendra from Dombivli Nagari Sahakari Bank, Satara. For the purpose of availing the loan for Namnil Trading LLP, the applicant purchased the said LLP for ₹51 lakhs and transferred it in the name of Mr. Sawant and his wife, Mrs. Chaitali Sawant, with the assistance of Chartered Accountant Mr. Vijay Lotekar. By a sale deed dated 20th October 2020, a property located in Raigad, which was in the name of Mrs. Pradnya Vinod Dhumal, was registered in the name of Namnil Trading LLP. It is alleged that the sale consideration mentioned in the sale deed was never actually paid to Mrs. Pradnya Dhumal.

58. The flow chart for the cash credit account of Namnil Trading LLP, according to the ED, shows that the loan amount was divided into five parts. Out of this, ₹75 lakhs was transferred to the account of Mrs. Pradnya Dhumal, which was then transferred to Mr. Vinod Dhumal and one Mr. Kirti Hemchand Shah, and thereafter utilised for setting off earlier liabilities of Mr. Vinod Dhumal.

59. Learned counsel for the Enforcement Directorate next referred to FIR No. 218 of 2022 dated 16th April 2022 lodged by Swaraj Nagari Sahakari Patsanstha. She submitted that the "proceeds of crime" in this case amount to ₹1 crore, out of which ₹1 lakh has been specifically traced. It is alleged that the applicant availed a loan of ₹1 crore from the said society without disclosing that Special Civil Suit No. 44 of 2015 was already pending, which had been instituted on 9th March 2015. The said suit came to be decreed on 12th January 2023, declaring the sale deed in favour of the applicant to be illegal.

60. It is the prosecution's case that on 2nd May 2016, the loan was disbursed through seven cheques totalling ₹99,48,000/- in the applicant's name, while the balance ₹52,000/- was deducted towards the allocation of shares in his name in the society. On the same day, the applicant deposited these cheques in Satara District Central Co-operative Bank Ltd. and withdrew the amount in cash. The Swaraj Nagari Sahakari Patsanstha was admittedly not a party to the civil suit before the creation of the charge on the property, which, according to the ED, reflects a deliberate concealment on the part of the applicant.

61. With regard to FIR No. 220 of 2022 lodged by Mr. Mohan Laxman Kharat, it is submitted that the "proceeds of crime" amount to ₹30.02 lakhs. The informant is stated to have invested this amount through various modes, partly in his own name and partly in his wife's name, on the assurance given by the applicant that his investment would be doubled within one year. Out of the total amount, only ₹3.6 lakhs were returned to the informant.

62. The prosecution alleges that ₹16 lakhs from the said investment was transferred to Aayur Urban Multipurpose Nidhi Ltd. The flow chart forming part of the charge-sheet shows that out of ₹21 lakhs received from the informant, ₹19.9 lakhs were subsequently transferred on 14th December 2020 to the account of M/s Aayur All In One Shopee Pvt. Ltd., which was managed and controlled by the applicant. Further, ₹1 lakh was transferred directly to the applicant's personal account, which, as per the ED, was utilised for his personal expenses.

63. Insofar as FIR No. 387 of 2022 lodged by Mr. Aimat Ganim Shaikh is concerned, the "proceeds of crime" are stated to be ₹95 lakhs. It is alleged that the informant took a loan of ₹45 lakhs and transferred the amount to the applicant on the promise that he would be made a partner in M/s Aayur Traders and would receive a monthly salary of ₹2 lakhs upon investing a total sum of ₹1 crore. However, according to the prosecution, the promise was never fulfilled. The flow chart in the charge-sheet, according to the ED, traces the movement of funds and indicates that the applicant ultimately received the amount transferred by the informant.

64. In respect of FIR No. 673 of 2022 lodged by the Central Bank of India, it is submitted that the "proceeds of crime" amount to ₹4.54 crores. It is alleged that the property mortgaged to the Central Bank of India was again mortgaged to the State Bank of India on 22nd April 2016, thereby creating a double mortgage. The prosecution states that from the loan amount received from the Central Bank of India, ₹2.35 crores were withdrawn in cash through bearer cheques issued in the names of various individuals.

65. Additionally, ₹5 lakhs were transferred to the account of one Mr. Satyawan Agawane, and ₹1.20 crores were transferred to various accounts belonging to the applicant. It is alleged that the loan funds were thus siphoned off and diverted for the applicant's unauthorised personal use. The statement of Mr. Abhijit Jadhav, who was working as the applicant's office boy, was recorded, wherein he stated that he withdrew ₹99.69 lakhs in cash for the applicant and handed it over to him.

66. Insofar as FIR No. 1086 of 2022 lodged by the State Bank of India is concerned, it is submitted that the "proceeds of crime" involved in the said matter amount to ₹97 lakhs. According to the prosecution, the land bearing Gat No. 64/4 situated at Pimpalwadi, Taluka Phaltan, District Satara was originally mortgaged with a consortium of banks consisting of the Central Bank of India, Canara Bank, and Bank of India, as security for a loan of ₹142.13 crores, under Mortgage Deed No. 1906/2014 dated 7th April 2014. This loan had been availed in the name of Swaraj Agro India Limited, a company belonging to Mr. Rohidas Agawane, Mr. Satyawan Agawane, and Mr. Bhimrao Mane.

67. It is the case of the Enforcement Directorate that despite this prior mortgage, the same property was again mortgaged with the State Bank of India in the names of M/s Aayur Organic Agro Company Ltd., M/s Aayur Traders, and M/s Aayur Import Export Pvt. Ltd. in the years 2016 and 2018. Out of the sanctioned loan amount of ₹1.15 crores, ₹1.10 crores were disbursed. The ED alleges that the applicant diverted these funds, the "proceeds of crime", to Shiv Manufacturing Pipes Pvt. Ltd.

68. The transactions with Shiv Manufacturing Pipes Pvt. Ltd. are stated to have taken place in May and June 2016. On 18th August 2016, an amount of ₹1,04,50,000/- was transferred from the account of Shiv Manufacturing Pipes Pvt. Ltd. to the applicant's personal account. This transfer, according to the prosecution, was routed through various accounts controlled by Mr. Vinod Dhumal, making the applicant the ultimate beneficiary of the funds.

69. The learned counsel for the Enforcement Directorate further submitted that the applicant was arrested by the ED on 6th January 2024, and that the prosecution filed the charge-sheet on 2nd March 2024. It is contended that if the applicant is released on bail at this stage, there is a strong likelihood of his absconding to evade the due process of law, thereby hampering further investigation and trial.

70. It is emphasised that the offence of money laundering is a serious economic offence of grave nature, and that unless the Court is fully satisfied regarding the “twin conditions” stipulated under Section 45 of the PMLA, bail ought not to be granted. The prosecution asserts that during the recording of his statement, the applicant remained evasive, frequently changed his version, and failed to cooperate with the investigating agency. It is further pointed out that on 9th January 2024, the applicant refused to sign his statement recorded by the ED.

71. According to the prosecution, the material on record satisfies the conditions necessary to attract the offence under Section 3 of the PMLA, 2002, inasmuch as the applicant has actively assisted in the processes of generation, concealment, possession, and acquisition of the “proceeds of crime”. It is therefore urged that the applicant has committed the offence of money laundering within the meaning of Section 3 of the Act, and that his bail application deserves to be rejected.

Analysis (predicate offence wise)

72. At the stage of bail, the Court does not weigh evidence as at trial. The Court is to see (i) existence of a prima facie case, (ii) nature and gravity of accusation, (iii) role attributed to the applicant, (iv) possibility of tampering or influencing witnesses, (v) likelihood of fleeing justice, and, where PMLA is invoked, the additional "twin conditions" under Section 45, namely, reasonable grounds for believing that the accused is not guilty of such offence and that he is not likely to commit any offence while on bail.

73. The material placed by the ED presently consists of (a) the money-trail charts mapping the cash-credit drawals and inter-account transfers, (b) bank statements of JD Chemicals and the connected concerns, (c) documents regarding the collateral property's purchase value and the valuation furnished to the lending bank, and (d) statements indicating that the two directors were, in practice, not managing the affairs. On the other hand, the Applicant alleges business purchase entries and asserts that the movements were working-capital cycling and that no personal enrichment of the applicant is demonstrable.

74. **(FIR No. 892 of 2022)** On a prima facie view, the following aspects stand out: The case against the applicant is based almost fully on documents such as bank transactions, property deeds, valuation reports, and company records. All these papers are already seized and are safely kept with the investigating agency. When the evidence is mostly documentary in nature, there is very little chance that the applicant can destroy, hide, or tamper with it during trial. Therefore, it is difficult to say that the applicant must remain in custody only to protect such records.

75. The investigation has already ended and a complaint/charge-sheet has been filed. The role of the applicant has been clearly mentioned in that complaint. Once this stage is reached, keeping the applicant further in custody does not serve any direct purpose of investigation. If detention continues beyond this point, it begins to look like punishment before conviction, which the law does not allow.

76. The applicant has shown certain material to the Court suggesting that the money transfers between JD Chemicals and other group companies were part of normal business adjustments, such as payments for goods and day-to-day business expenses. Whether this explanation is ultimately correct or not will be decided by the trial court after looking at all the evidence and hearing witnesses. But at this stage, it cannot be said that the defence is fake or without any basis.

77. Another allegation is that the property given as collateral security for loans was shown at an inflated value, thereby misleading the banks. This point itself requires expert assessment. Property valuation is done by approved valuers and is accepted by banks after their own due diligence. Whether there was any negligence, deliberate overvaluation, or connivance is something that can only be decided during trial, by examining the valuers, bank officials, and other experts. At this stage, to fix criminal liability on the applicant on the basis of disputed valuation would be premature.

78. (FIR No. 582/2022)—On careful perusal of the material available on record, the following aspects assume significance: The prosecution case mainly rests on documents such as sale deeds, bank account records, loan applications, and statements recorded under Section 50 of the PMLA. All these papers are already seized and are in the safe custody of the Enforcement Directorate. In such a situation, the fear that the applicant may tamper with or destroy the evidence if released on bail does not hold much ground, because the evidence is documentary in nature and already secured.

79. The statement of the concerned Branch Manager shows that the complainant and his wife themselves appeared before the bank and signed the necessary documents. The sale deed also records their presence at the time of registration. This clearly indicates that the complainant was not kept completely in the dark. His direct participation in banking and registration formalities weakens the sweeping charge that the applicant acted entirely behind the curtain without the complainant's knowledge. Though this does not in itself clear the applicant of all blame, it does create a reasonable doubt at this stage about the extent of his sole responsibility.

80. The property involved belonged to Mrs. Pradnya Dhumal. Importantly, in her statement, she has not implicated the applicant. On the contrary, she has stated that it was the complainant himself who had negotiated the sale transaction with her. This absence of any direct allegation from the property owner against the applicant somewhat weakens the prosecution's claim that the applicant alone engineered the entire transaction in a fraudulent manner. Such facts will of course be tested in trial, but they are relevant at the stage of deciding bail.

81. The charge that the consideration was inflated or that the collateral property was wrongly valued is mainly a technical issue, falling within the domain of expert valuers and bank officials. Valuation of property is done by empanelled valuers and is later verified by the lending bank through its own due diligence. Whether there was any overvaluation, negligence, or misrepresentation can only be settled during trial by examining such valuers and bank officers. At the bail stage, it would not be proper for the Court to give a final finding on these disputed technical aspects.

82. **FIR No. 218 of 2022**—In this case, upon examining the material placed before the Court, the following circumstances deserve to be noted: The prosecution's entire case against the applicant is based on documents like loan papers, mortgage deeds, bank statements, and resolutions of the society. All these papers, which form the backbone of the case, are already taken into custody by the investigating agency. Nothing further is to be recovered from the applicant. In such a situation, the fear that the applicant may interfere with or destroy evidence is far-fetched. This consideration naturally goes in favour of granting bail.

83. The applicant has strongly argued that some of the documents are fabricated, especially the resolution dated 4th April 2016. It is pointed out that this resolution carries the signature of a person who, as per records, became an office-bearer only years later. Whether this document is genuine or false can only be decided at trial after expert examination and evidence. At this stage, it cannot be presumed that the document is authentic, nor can the defence be rejected outright as false. This doubt at the preliminary stage weighs in favour of bail.

84. Another important point is the delay in filing the FIR. The transaction took place in April–May 2016, but the FIR was lodged in April 2022, nearly six years later. During this period, the society was already aware of the loan and was contesting a civil case about the same property. Such an unexplained delay does not conclusively prove mala fides but does lend some support to the applicant's argument that the prosecution may be coloured by retaliation due to the civil dispute. Delay of this nature is a relevant factor while considering bail.

85. It is also on record that the property given as mortgage was already the subject of civil litigation when the mortgage was created. Whether this fact was disclosed by the applicant or was already known to the society is a question of evidence, which will be decided at trial. At this stage, the fact that the same property is tied up in civil proceedings shows that the case has elements of a civil dispute, which reduces the gravity of the purely criminal allegations.

86. The defence has further pointed out that an amount of ₹42 lakhs was redeposited in the society's account. If this is confirmed by the bank records, it directly reduces the charge of wrongful gain attributed to the applicant. While such restitution does not fully absolve him of liability, it is an important factor showing that the alleged loss is not total, and that the case may not be one of complete misappropriation.

87. **FIR No. 387 of 2022**—In this case, upon close consideration of the material, the following aspects stand out and must be weighed while deciding the question of bail: The prosecution's case mainly depends on the oral statement of the informant. Beyond this, there is no supporting documentary proof. No bank record, loan agreement, partnership deed, or statement of any independent witness has been brought to show that the applicant ever induced the informant to invest in M/s Aayur Traders with a promise of partnership. Further, no company records or ROC extracts have been filed to indicate that such an offer was ever made by the applicant in an official or binding manner. At the bail stage, this absence of basic documentary support considerably weakens the prosecution case.

88. The defence, on the other hand, has relied upon bank statements which are already part of the record. These statements reflect repayments to the tune of ₹43,60,000/-. Whether these payments were made towards the informant's alleged investment or were part of some independent business dealings will be determined only during the trial through evidence and cross-examination. However, the very fact that these repayments are recorded through official banking channels makes it difficult to accept the prosecution's claim that the entire amount was misappropriated. At this stage, it certainly raises a doubt about the existence of dishonest intention from the very beginning, which is a key ingredient for the alleged offence.

89. It is also important to note that the case is based almost entirely on documents such as bank statements, fund flow charts prepared by the Enforcement Directorate, and a few witness statements. All of these have already been collected and are in the safe custody of the investigating agency. There is nothing on record to suggest that further recovery is pending from the applicant or that his continued custody is essential for gathering more evidence. This fact strongly reduces the justification for keeping him in jail for an indefinite period while the trial is yet to commence.

90. Another significant circumstance is the delay of nearly six years between the alleged transactions of 2016 and the lodging of the FIR in 2022. Though delay is not by itself enough to throw out the prosecution case, at the stage of bail it becomes a relevant consideration. Such unexplained delay gives rise to a reasonable doubt whether the initiation of criminal proceedings was influenced by factors other than genuine law enforcement. When this delay is considered together with the absence of corroborating documents and the evidence of repayment, it tilts the balance in favour of granting bail rather than prolonging custody.

91. FIR No. 673 of 2022—In the present case, certain features of the record stand out and must be considered while deciding the applicant's plea for bail: The prosecution's main allegation is that the applicant fraudulently mortgaged the same properties to two different banks. However, the record shows that the Central Bank mortgage came first and only later was the mortgage created in favour of the State Bank of India (SBI). Whether this later mortgage to SBI, without formally clearing Central Bank's charge, amounts to a dishonest act of concealment or whether it was done with the knowledge and approval of the bank officials, is essentially a question of fact. This can only be decided by way of proper evidence during trial, and not at this initial stage of considering bail.

92. The applicant has contended before the Court that the value of the mortgaged properties is around ₹7 crores, whereas the loan outstanding is only about ₹4.50 crores. Although the exact valuation will need to be tested by expert witnesses during trial, the very existence of security that is apparently more than sufficient reduces the immediate risk of loss to the bank. This is important when deciding bail, because it indicates that the alleged wrongful gain or loss is not irretrievable and is in fact cushioned by the value of the securities already with the lender.

93. Another circumstance of weight is that SBI itself, which is said to be the affected bank, has not lodged any FIR against the applicant. Instead, proceedings were initiated only later.

94. The Enforcement Directorate relies on statements recorded under Section 50 of the PMLA to allege that the applicant directed employees and associates to make large cash withdrawals. But whether these withdrawals were made for the applicant's personal benefit or for the purpose of legitimate business activities is a question which can only be answered in trial after witnesses are cross-examined and business records are examined. At the stage of bail, such statements are not conclusive proof and cannot, by themselves, justify prolonged incarceration.

95. One of the most important elements in money laundering cases is the tracing of the proceeds of crime to the personal assets of the accused. In this case, no such clear tracing has been shown. The prosecution has not demonstrated that the loan funds were actually diverted into the applicant's personal accounts or used for acquiring his personal properties. This absence of a definite money trail, at least at the present stage, weakens the justification for denying bail.

96. Finally, it must be noted that the entire case revolves around loan documents, mortgage deeds, valuation reports, and banking records. All of these documents are already seized and are in the safe custody of the investigating agency. There is no allegation that further recovery is expected from the applicant. In such a situation, the need for continued judicial custody is not compelling.

97. **FIR No. 1086 of 2022—**In this FIR, the following aspects assume significance in the present case: The accusations against the applicant are not based on secret information, oral testimony, or personal statements alone. Instead, the entire case is built almost wholly on documents such as bank statements, mortgage deeds, money transfer entries, and corporate records. All of these documents have already been seized by the investigating agency and are safely preserved in its custody. Once such documents are secured, there is hardly any real possibility that the applicant can tamper with or destroy them. In such a situation, the continued detention of the applicant does not serve the purpose of investigation. The Courts have repeatedly observed that when the evidence is mainly documentary, keeping an accused in jail before conviction does not advance the investigation but only amounts to punitive confinement, which is not permitted under law.

98. Another important factor is the delay. The transactions which form the subject matter of the FIR date back to the year 2016. Yet, the FIR came to be lodged only in 2022 – almost six years later. This unexplained delay is significant because if there was fraudulent conduct, one would ordinarily expect the bank to act promptly. Moreover, it is not as if the bank remained unprotected. The State Bank of India has already taken possession of the mortgaged properties under the SARFAESI Act, thereby safeguarding its financial interests. When there is such a long delay in registering the FIR and when the bank's assets are already secured under law, the element of urgency in keeping the applicant behind bars is reduced. At the stage of bail, the Court must take note that such delay, combined with the bank's own protective steps, tilts the balance in favour of granting conditional liberty rather than insisting on further custody.

99. The Enforcement Directorate seeks to link the applicant by tracing the flow of funds through Shiv Manufacturing Pipes Pvt. Ltd., eventually showing that money landed in his account. The applicant, on the other hand, has offered an explanation that these were intra-group transactions connected to legitimate business dealings among related entities. Whether this defence is ultimately proved correct or not is a matter for the trial Court to decide on the basis of evidence. At the present stage, however, the explanation cannot be dismissed as frivolous or baseless. Especially when the prosecution itself admits that the money trail is incomplete and does not conclusively establish that the applicant enriched himself personally, the benefit of doubt at the stage of bail must go to the applicant. As held by the higher Courts, bail is the rule and jail is the exception, and pre-trial incarceration cannot be prolonged merely on suspicion when a plausible commercial explanation exists.

100. The very object of mortgage is to secure the lender's financial interests in case of default. In this case, the State Bank of India has already invoked SARFAESI proceedings and taken possession of the mortgaged assets. This means that the bank's exposure is already substantially protected through civil law mechanisms. When recovery is safeguarded in this manner, the potential loss to the financial system is reduced. This is a relevant factor at the stage of bail because continued custody of the applicant is not required to secure repayment. The dispute is at least partly addressed within the banking and civil law framework, and therefore, the balance of justice lies in granting bail with appropriate conditions rather than insisting on further detention.

101. FIR No. 220 of 2022 —In the present case, one striking feature is the dispute regarding the actual investment amount said to have been made by the informant. The FIR mentions the figure as ₹30.02 lakhs, whereas the applicant has produced society records showing deposits of only ₹16 lakhs. To add to this, it is also shown that certain repayments were made, which, in fact, exceed the figure stated in the FIR. This inconsistency in numbers cannot be conclusively decided at this preliminary stage. Such a conflict is a matter for proper adjudication during trial, after examining all the records and witnesses. At the stage of bail, however, this very discrepancy introduces a doubt and thereby weakens the strength of the accusation against the applicant.

102. The applicant has further produced bank statements which appear, on a prima facie view, to reflect repayments to the informant of about ₹28,25,500/-. If this material is correct, then it significantly undermines the prosecution's case that there was dishonest inducement right from the inception. Dishonest intention at the beginning is the very foundation of the alleged scheduled offence. But when repayments are visible on record through recognised banking channels, it cannot be confidently said at this stage that the applicant had fraudulent intent from the very start. Whether these repayments constituted full settlement or partial adjustments is a matter of evidence to be tested during trial, but their existence at least tilts the balance towards bail rather than continued custody.

103. It is also relevant that the prosecution case is built almost entirely on documentary material, such as bank statements, society records, memoranda of understanding, and account transfer details. All these documents have already been seized and are securely in the possession of the Enforcement Directorate. Since the main evidence is documentary and not dependent upon oral testimony of individuals susceptible to pressure or influence, the possibility of tampering or suppression is negligible. Courts have time and again recognised that where evidence is documentary in nature and already in safe custody, there is no compelling reason to prolong incarceration pending trial.

104. Another feature is the nature of the relationship between the parties. The applicant has pointed out that the informant was not a mere outsider lured into a scheme, but was himself actively involved in connected ventures, including the rental arrangement of Blue Diamond Hotel. Moreover, there exists an MoU suggesting that the informant had voluntarily participated in the transactions. These aspects do not by themselves absolve the applicant, but they are significant in showing that the dealings between the parties bear the colour of business or financial disputes rather than a clear case of criminal conspiracy or cheating. At the bail stage, such circumstances cannot be brushed aside, and they legitimately weigh in favour of granting the applicant conditional liberty.

105. On a holistic consideration of the totality of circumstances emerging from the record, certain facets merit emphasis. The Supreme Court in *Vijay Madanlal Choudhary v. Union of India*, (2022) 10 SCC 1, while upholding the constitutional validity of

Section 45 of the PMLA, has clarified that the satisfaction required of the Court is to be formed on a broad and reasonable view of the totality of material. It is not a finding of acquittal or a conclusive declaration of innocence, but only a prima facie assessment as to whether the accused deserves to be released on bail. The law presumes innocence until conviction, and at the bail stage, the Court is not expected to conduct a meticulous trial of facts, but only to test whether reasonable grounds exist to believe that continued custody is necessary.

106. The prosecution case mainly rests on documents like bank statements, registered mortgage deeds, corporate filings, valuation reports and related records. All these papers are already taken into custody by the Directorate of Enforcement. Such documents cannot be easily destroyed or altered now. Hence, the chance of the accused interfering with this kind of evidence is more imaginary than real.

107. The main part of the investigation is already completed. A complaint under Section 44 of the PMLA has been filed, along with all the documents relied upon. The Applicant has given some plausible commercial explanations for the questioned transactions. These explanations are supported by records showing that substantial repayments or redeposits were made. Whether these explanations are ultimately true or not will be decided at trial. But their existence at this stage creates a reasonable doubt about whether the mens rea (guilty mind) required to prove “laundering” under Section 3 of PMLA is really present. At the stage of bail, the Court does not decide guilt or innocence but only sees whether there are “reasonable grounds for believing” that the accused is not guilty.

108. Another important factor is the presence of secured recovery mechanisms. The properties mortgaged to banks are valued much higher than the loan amounts. The banks have already started possession proceedings under the SARFAESI Act. This reduces the risk of financial loss to the banks till the case is decided.

109. In other related FIRs bearing Nos. 582/2022, 218/2022, 387/2022, 673/2022 and 220/2022, which are part of the very same ECIR, it is an admitted position that this applicant has already been granted bail by competent courts. This circumstance is of considerable relevance.

110. The constitutional guarantee of liberty under Article 21 also demands careful consideration. The applicant has been in custody since 13th December 2022 in two predicate offences, and since 6th January 2024 in the present ECIR. Given the number of FIRs, volume of witnesses, and complexity of financial records, there is no likelihood of the trial concluding in the near future. The Supreme Court has consistently held that undertrial detention cannot become punitive. In *V. Senthil Balaji v. Directorate of Enforcement* (2023 SCC OnLine SC 934) and *Manish Sisodia v. CBI* (2023 SCC OnLine SC 1393), it has been emphasised that prolonged incarceration, in the face of a long-drawn trial, tilts the balance in favour of granting conditional liberty.

111. Regarding the fear of the prosecution that the accused may abscond or influence witnesses, the Court can always impose strict conditions such as surrender of passport, regular attendance before the agency, and no contact with witnesses. Liberty should not be denied merely on speculative fears when safeguards can control those risks.

112. Looking at all these aspects together, this Court is satisfied, for the limited purpose of this bail application, that there are reasonable grounds for believing that the applicant is not guilty of the offence under Section 3 of PMLA and that he will not commit any offence while on bail. Therefore, prima facie, the twin conditions under Section 45 PMLA stand satisfied.

113. The application is allowed. The applicant Mr. Digambar Agawane shall be released on bail in ECIR No. MBZO-II/27/2023 (and all proceedings therein relatable to the above predicate FIRs), subject to the following conditions:

(i) Personal bond of ₹5,00,000/- with two solvent sureties of like amount to the satisfaction of the Special Court (PMLA).

(ii) Surrender passport within one week to the Special Court; shall not apply for a fresh passport without prior leave.

(iii) Shall not leave India without prior permission of the Special Court.

(iv) Shall appear before the ED, Mumbai ZO-II, once in a fortnight (between 10:00 a.m. and 1:00 p.m.) until further orders; and shall attend the Trial Court on all dates unless exempted by a reasoned order.

(v) Shall not directly or indirectly make any inducement, threat or promise to any person acquainted with the facts, particularly bank/valuers/society officials, complainants, name-lenders and employees whose statements are relied upon.

(v) Contact/Communication restraints: Shall not contact or communicate with co-accused/witnesses except through counsel and for legitimate defence needs.

(vi) Shall provide to the ED and the Trial Court his current residential address, mobile numbers and email, and intimate any change within 72 hours.

(vii) Shall not alienate or encumber any property identified in the complaint as alleged “proceeds of crime” without prior permission of the Special Court; this shall not preclude compliance with subsisting bank recovery/possession proceedings.

(viii) Any breach of the above conditions will entail liberty to the ED to seek cancellation of bail.

114. The observations herein are prima facie, confined to the adjudication of bail, and shall not influence the Trial Court at trial.

115. It is clarified that any secured creditor’s rights under applicable recovery laws remain unaffected by this order; banks/societies may proceed in accordance with law.

116. The Bail Application stands disposed of.

(AMIT BORKAR, J.)