IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CRIMINAL APPELLATE JURISDICTION

Criminal Revision Application No.161 of 2025

Saeed Khan Shergul Khan
Age: 41 years of Mumbai,
Indian inhabitant,
Residing at House No.693A,
Ektanagar, Pathri,
Dist.Parbhani-431 506. …Applicant

Versus

1. The Union of India,
(Through Directorate of Enforcement,
Mumbai)

2. The State of Maharashtra
(Through the Principal Secretary,
Ministry of Law & Order,
Govt. of Maharashtra, Mumbai)

3. The Investigating Officer
(CR No.389 of 2020) Risod Police
Station, Civil Lines, Risod, Washim,
Maharashtra -444 506. …Respondents

With
Interim Application (Stamp) No.11472 of 2025
In
Criminal Revision Application No.161 of 2025

Ashok Narayan Gandole
Aged: 60 years, Occ: Retired
Having address at, 804, JDC Platinum

Tower, Mukund Nagar, near
Jambre Palace, Pune 411 037 ...Intervenor/ Applicant

In the matter between:
Saeed Khan Shergul Khan
Aged : around 40 years, Indian
Inhabitant, Residing at,
House No.693A, Ektanagar,
Pathri, Dist:Parbhani 431 506. ...Original Accused

Versus

1. The Union of India,
At the instance of
Directorate of Enforcement

2. The State of Maharashtra
(Through the Principal Secretary,
Ministry of Law & Order,
Govt. of Maharashtra, Mumbai)

3. The Investigating Officer
CR No.389 of 2020, Risod Police
Station, Civil Lines, Risod, Washim,
Maharashtra - 444 506. ...Respondents

Mr HP Sharma, Senior Advocate, along with Mr Kiran Jain, Mr Duj Jain, Mr Shrikant Shirsath, Mr Akul Krishnan, Mr Akash Kavade, Mr Ravindra Lihinar, Mr Vinayak Siraskar, Ms Aarti Nishad, Ms Sapna Hajare, and Mr Ish Jain i/by Shrikant Shirsath, for the applicant.

Mr HS Venegavkar, along with Mr Aayush Kedia, for respondent No.1/ Enforcement Directorate.

Mr Arfan Sait, APP, for respondents No.2 and 3/ State.

None for the applicant (intervenor) in IA (St.) No.11472 of 2025.

Mr Yogesh Dahiya, Asstt. Director, Enforcement Directorate.

Coram: R.N. Laddha, J.
Reserved on: 10 June 2025
Pronounced on: 12 June 2025

Order:

By way of the present revision application, the applicant (accused No.1) challenges the legality, propriety and correctness of the order dated 13 January 2025, passed by the Court of Sessions, designated as the Special Court, under the Prevention of Money-laundering Act, 2002 ('PMLA'), at Greater Bombay, in PMLA Special Case No.1476 of 2021. Through the impugned order, the Special Court rejected the applicant's prayer for discharge under Section 227 of the Code of Criminal Procedure, 1973 ('CrPC').

2. The prosecution alleges that the office bearers of the Mahila Utakarsha Pratishthan Trust ('Trust') misappropriated its funds, resulting in substantial financial loss. The matter was reported to the Risod Police Station, Washim, and registered as FIR No.389 of 2020 for the offences punishable under Sections 420, 408, and 406, read with 34 of the Indian Penal Code ('IPC'). In connection with this, respondent No.1 registered

Enforcement Case Information Report No.ECIR/MBZO-I/ 78/2021 ('ECIR') under PMLA, leading to the initiation of PMLA Special Case No.1476 of 2021 ('PMLA case').

3. The applicant is alleged to have submitted forged and fabricated documents to the Registrar of Companies to facilitate the conversion of the Trust into a Section 8 company under the Companies Act, 2013. It is further alleged that the funds collected from students enrolled in the Trust's educational institutions were siphoned off through coerced cash withdrawals. These funds were then diverted into the applicant's personal accounts and allegedly used to purchase a property in Mumbai by securing a fictitious loan.

4. Mr HP Sharma, the learned Senior Counsel appearing on behalf of the applicant, submitted that upon the discovery of financial irregularities within the Trust's operations, the Trust's chairperson constituted an enquiry committee to investigate the matter. This committee comprised the applicant and two other members. Following a detailed investigation, the committee found that the office bearers of the Trust had engaged in fraudulent activities, including misappropriation of funds and cheating, resulting in the embezzlement of approximately Rs.18.70 crores between 2008 to 2019. In light of these findings, a resolution was passed to restructure the Trust into a

Section 8 company, with the aim of ensuring greater transparency and accountability. This transition was formally completed on 3 January 2020. Subsequently, on 2 February 2020, a charge sheet was filed in connection with FIR No.389 of 2020, registered at Risod Police Station, wherein the applicant was cited as a witness, not an accused. Based on this offence an ECIR was registered by respondent No.1 featuring the accused in FIR No.389 of 2020 as suspected persons. However, in the PMLA case, respondent No.1 arraigned the applicant as an accused.

5. The learned Senior Counsel contended that the applicant has been falsely implicated in the money laundering proceedings, asserting that no incriminating material or assets were recovered from the applicant's residence during the search conducted by respondent No.1. He further argued that the prosecution failed to establish the existence of any scheduled offence against the applicant, the generation of any monies in the predicate offence by the applicant, and the role played by the applicant in concealing or participating in the scheduled offence.

6. The learned Senior Counsel highlighted that the prosecution's reliance on statements made by individuals who are themselves accused of committing the scheduled offence is

unfounded. He asserted that these statements lack credibility and are unsupported by any substantive evidence linking the applicant to the alleged acts of money laundering.

7. In response to the prosecution's claim that the applicant submitted forged documents to the Registrar of Companies to facilitate the conversion of the Trust into a Section 8 company, Mr Sharma drew attention to the fact that the Registrar of Companies conducted an independent enquiry and, by an order dated 3 July 2023, exonerated the applicant and closed the case by dropping the allegation of forgery. This order has attained finality and has not been challenged. He further argued that respondent No.1 has acted beyond its jurisdiction by delving into matters that fall exclusively within the purview of statutory authorities, such as the Charity Commissioner and the Registrar of Companies.

8. With regard to the allegations of financial misappropriation, the learned Senior Counsel asserted that the applicant had no connection with or involvement in the Trust's operations during the period when the alleged embezzlement took place, i.e., from 2008 to 2019. The applicant's association with the Trust began only after the Chairperson constituted an internal enquiry committee to investigate the financial irregularities, at which point the applicant was inducted as a

member of that committee. It was this enquiry that unearthed significant misappropriation by the office bearers, culminating in the registration of crime report No.389 of 2020. In that case, the office bearers were named as accused, whereas the applicant was listed solely as a witness. Despite this, an ECIR was later registered based on the said FIR. While the names of the Trust's office bearers appeared in the ECIR as suspects, the applicant's name was notably absent. However, in the subsequent proceedings under the PMLA, respondent No.1 has, without sufficient basis, arraigned the applicant as an accused.

9. The learned Senior Counsel further submitted that the applicant was formally appointed as a director of the company on 3 January 2020 and has resigned on 27 August 2021. He further submitted that the Executive Body of the Trust had passed a resolution on 25 November 2019 recommending its dissolution. This decision was subsequently ratified by the General Body of the Trust on 2 January 2020. Thus, by the time the applicant assumed the role of director, the foundational steps to dissolve the Trust had already been completed. This sequence of events demonstrates that the applicant had no role in the decision making process leading to the dissolution and was brought on board only at a later stage, after the restructuring process had already been set in motion.

10. The learned Senior Counsel further referred to paragraph 5.27 of the prosecution's complaint and submitted that a mere suspicion surrounding the funding of a property purchased by the applicant is not adequate to sustain a charge of money laundering. The acquisition of the property in question was financed through a legitimate loan obtained from Master Plan Finance Limited and the purportedly embezzled sum of Rs.20 lakhs was credited to the applicant's bank account on 20 December 2019, which was well in advance of the applicant's purchase of the property in question. The alleged amount has been duly accounted for in the applicant's financial records and is reflected in his income tax returns for the relevant assessment year, evidencing the *bonafide* nature of the transaction. He, however, was not questioned regarding these specific transactions, and also was not afforded an opportunity to provide an explanation for the amounts credited to his account. Specially when the quotation dated 12 August 2019 for Rs.34,00,010/- submitted by the applicant to the Trust, along with the Trust's acceptance letter and the Work Order for land development, road, ground and parking area construction, dumping, levelling and concrete works, clearly demonstrate that the amounts received by the applicant from the Trust were legitimate payments for services rendered. Despite this, the applicant was neither questioned about these specific

transactions nor provided an opportunity to explain the credits to his account, an omission that gains significance in the light of the legitimate nature of the financial trail presented. In the reply filed by respondent No.1 before the Sessions Court, it was admitted that the amount of Rs.34,00,010/- has gone from the applicant's account to the account of the sub-contractor.

11. Moreover, the learned Senior Counsel pointed out that the cash withdrawals were made by the Trust during the COVID-2019 pandemic to ensure the continued operation of the educational institutions run by the Trust. As regards these cash transactions, the applicant was neither involved nor concerned with the activities of the Trust. He asserted that the applicant neither received nor dealt with any proceeds of crime. Mr Sharma contended that aside from the statements of individuals named as accused in the ECIR, whose credibility is inherently questionable, there is no independent corroborative material linking the applicant to the alleged offence of money laundering. According to the learned Senior Counsel, the individuals whose statements have been cited as incriminating material are, in fact, accused in the very scheduled offence (CR No.389 of 2020), and they have a vested interest in deflecting responsibility or minimising their own involvement in the alleged offences. Their statements are self-serving or aimed at

shifting blame onto the applicant. The learned Senior Counsel further contended that, in the absence of any independent or objective corroboration, reliance solely on these statements, which are contrary to the documentary evidence, significantly undermines the evidentiary value of the case sought to be made out against the applicant. As such, the evidentiary foundation of the prosecution's case raises serious doubts regarding the authenticity of the allegations levelled against the applicant, particularly when no direct or independently verifiable material links the applicant to the alleged crime.

12. Mr Sharma further drew the attention of this Court to a Notification dated 5 February 2016 issued by the Central Government in the exercise of its powers under Section 43 of the PMLA. This Notification demarcates the territorial jurisdiction of the Special Courts designated to try offences punishable under the PMLA. Relying on this Notification, the learned Senior Counsel submitted that all PMLA cases arising from the Washim District are statutorily required to be tried by the Court of Sessions at Nagpur. Consequently, he argued that the Court of Sessions at Mumbai lacks territorial jurisdiction to adjudicate the present PMLA case, which is directly linked to the predicate offence originating in Washim. In support of this contention, the learned Senior Counsel pointed out that

respondent No.1 recognised the jurisdictional issue and accordingly filed an application before the learned Sessions Judge at Washim, seeking transfer of the predicate offence to the jurisdiction of the Special Court at Mumbai. This application was registered as Special ACB Case No.35 of 2022. By a reasoned order dated 31 December 2024, the learned Sessions Judge dismissed the said application, explicitly holding that such a transfer was impermissible in light of the Central Government Notification dated 5 February 2016.

13. Additionally, Mr Sharma invited this Court's attention to Section 54 of the PMLA, which mandates various public authorities and offices, including those from the police, customs, income tax, and other enforcement agencies, to assist respondent No.1 in discharging its functions under the Act. Despite this statutory obligation, according to the learned Senior Counsel, respondent No.1 failed to secure any assistance from the Risod Police Station, which had initially registered the offence under FIR No.389 of 2020. No police officer from the said station was examined, nor were any records or panchanamas procured or produced during the course of the investigation. This procedural omission raises serious concerns about the legality and completeness of the investigation conducted under the PMLA and further undermines the

jurisdictional and evidentiary foundation of the present proceedings.

14. In support of his contentions, Mr Sharma relied on *Willie (William) Slaney v. State of M.P., 1955 SCC OnLine SC 34; Kaushik Chatterjee v. State of Haryana, (2020) 10 SCC 92; Sagarbai v. State of Maharashtra, 2018 SCC OnLine Bom 3403; State of Rajasthan v. Bhagwan Das Agrawal, (2013) 16 SCC 574; Vimal Singh v. Khuman Singh, (1998) 7 SCC 223; Ashok Munilal Jain v. Directorate of Enforcement, (2018) 16 SCC 158; Dharmesh v. State of Gujarat, (2002) 6 SCC 370; Rajender Kumar Jain v. State, (1980) 3 SCC 435; RBANMS Educational Institution v. B. Gunashekar, 2025 INSC 490; Amit Kapoor v. Ramesh Chander, (2012) 9 SCC 460; Raghunatha v. State of Karnataka, 2024 INSC 238; Shashikant Sharma v. State of U.P., 2023 SCC OnLine SC 1599; Sachin Garg v. State of U.P., 2024 SCC OnLine SC 82; Attorney General for India v. Amratlal Prajivandas, (1994) 5 SCC 54; P.P. Abdulla v. Competent Authority, (2007) 2 SCC 510; SMS Pharmaceuticals Ltd v. Neeta Bhalla, (2007) 4 SCC 70; Chief Engineer, Hydel Project v. Ravinder Nath, (2008) 2 SCC 350; Jeewan Kumar Raut v. CBI, (2009) 7 SCC 526; Babubhai v. State of Gujarat, (2010) 12 SCC 254; State of Punjab v. Davinder Pal Singh Bhullar, (2011) 14 SCC 770; CBI v. Ashok*

Kumar Aggarwal, (2014) 14 SCC 295; Chilakamarthi Venkateswarlu v. State of A.P., (2020) 17 SCC 595; Shafiya Khan v. State of U.P., (2022) 4 SCC 549; Rana Ayyub v. Directorate of Enforcement, (2023) 4 SCC 357; R. Viswanathan v. Rukn-ul-Mulk Syed Abdul Wajid, 1962 SCC OnLine SC 112; Union of India v. Ashok Kumar Sharma, (2021) 12 SCC 674; Pavana Dibbur v. Directorate of Enforcement, (2023) 15 SCC 91; Vijay Madanlal Choudhary v. Union of India, (2023) 12 SCC 1; Opto Circuit India Limited v. Axis Bank, (2021) 6 SCC 707; Girish Kumar Suneja v. CBI, (2017) 14 SCC 809; Jagati Publication Ltd v. Enforcement Directorate, 2022 SCC Online TS 1607; Directorate of Enforcement v. Bharati Cement Corporation Private Limited, SLP (Cri) Diary No.22328 of 2023 dated 23 September 2024; Rakesh Brijlal Jain v. State of Maharashtra, 2025: BHC-AS:2680; and Directorate of Enforcement v. Rakesh Brijlal Jain, SLP (Cri) No.4429 of 2025 dated 1 April 2025.

15. On the other hand, Mr HS Venegavkar, the learned Counsel representing respondent No.1/ the Enforcement Directorate, strongly opposed the applicant's plea. He argued that the mere fact that the applicant is not named as an accused in CR No.389 of 2020 does not, by itself, exempt him from prosecution under the provisions of the PMLA. According to

him, the applicant engaged in a calculated and fraudulent scheme by converting the Trust into a Section 8 company, where he presently serves as a director, with the intent of unlawfully acquiring control over the Trust's assets. The investigation, as detailed by respondent No.1, has uncovered several serious financial irregularities in the Trust's accounts that are directly attributable to the applicant. The applicant withdrew funds from the Trust and diverted these amounts for his own personal benefit. In an attempt to dissolve the Trust and consolidate control, the applicant orchestrated the forging of eleven signatures and fabricated documents to the effect of the transfer of the Trust's properties to the newly formed Section 8 company. Further scrutiny revealed that the No-Objection Certificate ('NOC') purportedly issued by the Pusad Urban Credit Cooperative Bank and submitted to the Registrar of Companies was, in fact, never issued by the Bank. Likewise, the NOC allegedly granted by the Charity Commissioner was also found to be forged, as the application seeking conversion of the Trust was still pending adjudication before the Assistant Charity Commissioner at the relevant time.

16. Additionally, Mr Venegavkar submitted that the applicant applied undue pressure on the Trustees, coercing them into resigning from the Trust and compelling them to enter into a

closure agreement to resolve all disputes amicably. These Trustees were also forced to execute affidavits declaring their willingness to hand over the Trust and relinquish all rights and claims in favour of the Section 8 company.

17. The learned Counsel concluded by asserting that the applicant is not merely involved in the offence but is, in fact, the principal architect and driving force behind the fraudulent scheme. The misappropriated funds were subsequently used, in part, to make a cash payment of Rs.3.58 crores to one Deepak Prajapati, allegedly towards repayment of a loan, thereby raising further suspicion on money laundering activity.

18. According to the learned Counsel, respondent No.1, the Enforcement Directorate, is vested with the lawful jurisdiction to investigate offences under PMLA, as such investigations are predicated upon the existence of a scheduled offence as defined under PMLA. He further referred to the Notification dated 1 June 2006 to submit that the jurisdiction vests with the Court of Sessions in Mumbai to try offences under the PMLA and any challenge to the *locus* or authority of respondent No.1 to investigate or prosecute the present matter is misconceived.

19. Moreover, the learned Counsel argued that Section 54 of the PMLA explicitly delineates the powers and assistance

afforded to investigating authorities during the course of enquiries. The applicant, he contended, has no *locus standi* to dictate the course or manner in which such investigation is to be conducted. The process of investigation under the PMLA is an independent statutory function that cannot be influenced or directed by accused persons. The foundational requirement for initiating proceedings under the PMLA is the registration of a scheduled offence under a corresponding law. Once such an offence is registered, the Enforcement Directorate is fully empowered to initiate and carry out an independent investigation under the PMLA. There exists no legal requirement for the Enforcement Directorate to await or replicate the progress of the investigation into the scheduled offence by other law enforcement agencies.

20. Mr Venegavkar also submitted that the Enforcement Directorate, in its complaint, has set out in detail the role played by the applicant in the commission of the offence, establishing his culpability. According to him, the impugned order is well reasoned, supported by the material on record, and does not warrant any interference.

21. Mr Arfan Sait, the learned Additional Public Prosecutor appearing on behalf of respondents No.2 and 3/ the State, aligned himself with and fully endorsed the submissions

advanced by Mr HS Venegavkar, the learned Counsel for respondent No.1/ the Enforcement Directorate. He submitted that the reasoning and conclusions drawn by the learned trial Court are well-founded in law and supported by the material on record. The impugned order is neither arbitrary nor perverse and, therefore, does not warrant interference.

22. This Court has given anxious consideration to the rival contentions and perused the records, including the affidavit-in-reply of respondent No.1, the written notes of arguments and the compilation of documents tendered by the applicant.

23. It is a well-established principle in law that the revisional Court's jurisdiction is confined to examining the correctness, legality, or propriety of the order passed by the trial Court. The revisional Court does not serve as an appellate Court and, therefore, cannot reassess factual determinations or re-appreciate evidence unless there exist a manifest error, legal infirmity, or perversity in the impugned order. In the absence of such material defects or irregularities, any interference by the revisional Court would be unwarranted and would amount to an overreach of its limited statutory powers.

24. At the same time, in the context of discharge proceedings, it is equally well settled that in the absence of any legal

evidence connecting the accused to the alleged offence, the very act of framing a charge would be unjustified. Compelling an individual to stand trial without a foundational basis in law not only undermines the fairness of the process but also offends the rights guaranteed under Article 21 of the Constitution of India. While exercising jurisdiction under Section 227 of the CrPC, the trial Court is not expected to function merely as a conduit for the prosecution. Rather, it must independently apply its judicial mind to the material placed before it. Although the Court is not to conduct a meticulous examination or weigh the evidence as would be done during the trial, it must assess the broad probabilities of the case, consider the overall effect of the evidence and accompanying documents, and determine whether the prosecution has made out a *prima facie* case sufficient to proceed to trial. Mere suspicion cannot form the basis for framing of a charge. There must be a reasonable degree of material indicating the accused's involvement; otherwise, the continuation of the criminal proceedings would be contrary to the established legal procedure and would amount to a misuse of the criminal justice process.

25. Further, upon a plain and textual reading of Section 3 of the PMLA, it becomes unequivocally evident that the offence of money laundering constitutes a distinct and independent

offence in itself. It pertains specifically to the process or activity connected with the proceeds of crime, which are defined as any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence.

26. The statutory formulation under Section 3 is comprehensive and inclusive, encompassing a wide range of activities involving the proceeds of crime. These activities include, but are not limited to, concealment, possession, acquisition, or use of such proceeds, as well as processes intended to project or represent such tainted property as untainted, or to claim it to be so. Therefore, the commission of any one of these acts in relation to the proceeds of crime, irrespective of whether it is done in isolation or conjunction with others, is sufficient to attract culpability under the money laundering as defined by the PMLA. The offence of money laundering is not predicated upon the commission of the underlying scheduled offence *per se,* but rather upon the handling of the proceeds generated therefrom. The nexus between the two is limited to the origin of the proceeds; the money laundering offence arises solely on account of the illicit property being dealt with in a manner contemplated under Section 3. Thus, while the scheduled offence provides the

foundation for the generation of proceeds of crime, the offence of money laundering stands on an independent legal footing and is not merely accessory or ancillary to the underlying criminal activity.

27. A perusal of the complaint, reveals that the applicant is alleged to have fraudulently transformed the Trust into a Section 8 company by submitting forged and fabricated documents to the Registrar of Companies. By doing so, the applicant, who subsequently assumed the role of a director in the newly formed company, is further accused of misappropriating funds belonging to the Trust. Specifically, the allegation includes the diversion and siphoning of funds received from educational institutions affiliated to the Trust through substantial cash withdrawals.

28. It is alleged that the applicant, in collusion with co-accused individuals, fraudulently misappropriated funds belonging to the Trust and diverted the same for his personal benefit. The applicant deposited cash amounting to Rs.3.58 crores into the account of one Deepak Prajapati. Thereafter, the said funds were transferred by Deepak Prajapati to the account of Master Plan Finance Limited. This transaction is alleged to be part of a scheme to launder money, whereby Deepak Prajapati facilitated a loan entry to lend a facade of legitimacy

to the illicit funds, thereby concealing their criminal origin. The laundered amount was then allegedly used by the applicant to purchase immovable property in Mumbai. It is an undisputed fact that the Trust in question operates multiple educational institutions. The President of the Trust, along with her personal assistant and Secretary Ashok Gandole, held the authority to operate the Trust's bank accounts. The records indicate that upon noticing irregularities in the financial transactions of the Trust, the President constituted a Fraud Detection Committee, which was headed by the applicant. The committee purportedly examined the Trust's financial records and identified suspicious cash vouchers, allegedly issued either in fictitious names or in the names of relatives of Ashok Gandole and certain other Trustees.

29. Subsequently, the President of the Trust engaged a Chartered Accountant to conduct a detailed audit of the financial affairs of the Trust. Based on the findings submitted in the audit report, an FIR dated 12 May 2020 was lodged by the President, leading to the registration of the crime vide CR No.389 of 2020 against Ashok Gandole and other individuals associated with the Trust. The offences alleged included fraud, cheating and misappropriation of a sum of Rs.18,18,40,867/- from the Trust's accounts. While the criminal investigation into

this offence was ongoing, the Enforcement Directorate took cognisance of potential money laundering activities arising from the same transaction trail. Consequently, the Enforcement Directorate registered ECIR/MBZO-I/78/21 and arrested the applicant on 27 September 2021. Further allegations indicate that, on 16 November 2019, an amount of Rs.14,00,000/- was transferred to the applicant's account from the account of the Principal of one of the colleges managed by the Trust. Additionally, on 20 December 2019, Rs.20,00,000/- was transferred from the Trust's Bank account to the applicant's personal account. From this amount, the applicant allegedly transferred Rs.9,00,000/- to the account of Naser Khan Sattar Khan on the same day, and Rs.10,00,000/- to M/s Ellora Constructions on 2 January 2020. It is worth noting that an amount of Rs.14,00,000/- transferred to the applicant was effected through RTGS, whereas, an amount of Rs.20,00,000/- was paid by cheque.

30. A perusal of the applicant's statement recorded under Section 50 of the PMLA reveals that he was not questioned regarding these specific transactions. He was also not afforded an opportunity to provide an explanation for the amounts credited to his account. Moreover, there appears to be no inquiry or verification on whether the sums received via cheque

and RTGS were declared in his income tax returns or included in his total income for the assessment year 2020-2021. The complaint also fails to mention whether any statements of Naser Khan, Mohd Sattar Khan, or the authorised representative of M/s Ellora Constructions, the individuals/ entities to whom the applicant transferred the funds, were recorded. *Prima facie,* it appears that the allegations of cheating and misappropriation appear to have been made without determining whether the funds in question were paid to the applicant in settlement of legitimate financial obligations.

31. Furthermore, the property which was purchased by the applicant was originally owned by Madras Petrochem Limited, Mumbai. Following its liquidation proceedings, the company was ordered to be wound-up by the Court. In accordance with the Court's directions, the Official Liquidator was entrusted with the responsibility of disposing of the company's assets, including the said property, through a court auction. Pursuant to this process, the applicant submitted a bid to purchase the property. By an order dated 26 July 2019, the Court accepted the applicant's offer and confirmed the sale of the property in his favour for a total consideration of Rs.3.75 crores. To finance the purchase, the applicant secured a loan of Rs.3.58 crores from Master Plan Finance Limited. This loan amount

was directly deposited into the account of the Official Liquidator on 28 August 2019, thereby completing the transaction in accordance with the terms approved by the Court. This sequence of events indicates that the purchase of the property was carried out through a formal judicial process, under the supervision of the Court and the Official Liquidator, and that the primary source of funding for the acquisition was a documented loan from a financial institution.

32. It is alleged that the applicant illicitly withdrew a substantial sum from the accounts of the Trust and subsequently credited the said amount into the bank accounts of Deepak Prajapati and his family members. These alleged transactions, both the withdrawal from the Trust accounts and the deposits into the accounts of Prajapati, are stated to have occurred in the year 2019. However, it is pertinent to note that during the relevant period, the applicant neither held the position of Trustee nor was he an authorised signatory empowered to operate the Trust's bank accounts. In fact, he only assumed the role of a director of the Section 8 company on 3 January 2020, which was several months after the completion of the alleged financial transactions. Notably, the purchase of the immovable property in question was concluded in August 2019, well before the applicant assumed any formal position within the

Trust's organisational structure. At the time of the alleged withdrawals and transactions, the applicant had no official capacity to conduct or authorise any financial dealings on behalf of the Trust. His only association with the Trust during that time was in a limited capacity as the head of the Fraud Detection Committee, which was constituted by the President of the Trust in September 2019, after the impugned transactions had already taken place.

33. In light of these facts, it is *prima facie* evident that the applicant cannot be held responsible for any financial misconduct in relation to the Trust's affairs during the said period, as he had neither control over the Trust's finances nor any decision-making authority at the relevant time.

34. The only material relied upon against the applicant, which is alleged to be incriminating in nature, consists of statements made by individuals such as Upendra Muley, Ashok Gandole, Uddhav Gandole, Vinod Pandare, Santosh Somani, Bharat Devgire, and certain others. Notably, all these individuals are themselves named as accused persons in CR No.389 of 2020, which was registered at Risod Police Station. This case was initiated pursuant to a complaint lodged by the President of the Trust, alleging cheating and misappropriation of Trust funds.

35. Upon a careful examination of the records, and in particular the order dated 3 July 2023 passed by the Registrar of Companies, it emerges that the issue pertaining to the alleged submission of forged documents for the purpose of converting the Trust into a Section 8 company was duly considered and adjudicated by the competent authority. The inquiry into this matter was formally concluded by the said order. Notably, this order has not been challenged by any party and, as a consequence, has attained finality in law. Further, the records do not reveal if any legal proceedings were initiated *qua* the alleged forged NOC issued by the Charity Commissioner.

36. Furthermore, in paragraph 5.27 of the complaint, respondent No.1 characterises the financial transactions undertaken by the applicant as “suspicious”. However, beyond this bare assertion of suspicion, the record is devoid of any concrete evidence or substantial material linking the applicant to the offence of money laundering, particularly in relation to the alleged misuse of embezzled funds for the purchase of the property in Mumbai. Significantly, the property in question was acquired by the applicant through a court-conducted auction overseen by the Official Liquidator, and this transaction was completed well before the alleged cash withdrawals took place.

The chronological sequence of events itself negates any presumed nexus between the alleged withdrawn funds and the property acquisition. Thus, no element of proceeds of crime can be demonstrated in relation to the applicant, as the subject property was acquired before the alleged wrongful withdrawals took place. Significantly, in order to facilitate the purchase of the immovable property under consideration for a total purchase price of Rs.3.75 crores the applicant secured a loan amounting to Rs.3.58 crores from Master Plan Finance Limited. The prosecution has relied solely on the uncorroborated statements of certain witnesses, which are not in consistence with each other and remain unsupported by any documentary evidence.

37. The material relied upon by respondent No.1 to implicate the applicant is primarily based on the statements of witnesses who themselves stand accused in the offence registered vide CR No.389 of 2020 at Risod Police Station. According to these statements, it is alleged that the applicant siphoned approximately Rs.3.58 crores, of which Rs.34 lakhs were directly credited to his bank account. However, *prima facie* there appears to be sufficient documentary material, including the quotation, acceptance letter and the work order for construction works, supporting the legitimacy of this

transaction. Furthermore, the applicant has duly disclosed this transaction in his income tax returns for the relevant financial year. Significantly, respondent No.1 never questioned the applicant about the legitimacy of these funds, nor was the applicant afforded an opportunity to explain the credits received in his account. The record also indicates that respondent No.1, in its reply filed before the Sessions Court in response to the applicant's discharge application, acknowledged that the amount of Rs.34 lakhs was subsequently transferred from the applicant's account to that of a sub-contractor.

38. It is an admitted position that, at the time the property in question was purchased, the applicant had no association whatsoever with the Trust, either in an official capacity or as an authorised signatory to any of the Trust's bank accounts. As regards the allegation that a forged NOC from the Pusad Urban Credit Cooperative Bank was submitted to the Registrar of Companies during the process of converting the Trust into a Section 8 company, the learned Senior Counsel drew the attention to a letter issued by the said bank dated 6 September 2022. In that communication, the bank unequivocally confirmed the authenticity/ validity of the NOC certificate originally issued on 24 December 2019. This affirmation directly contradicts the prosecution's claim and reinforces the

applicant's position that no forgery was involved in the submission of the NOC to the Registrar of Companies during the conversion process.

39. There is a conspicuous absence of a banking trail, documentary proof, or seizure of cash that could demonstrate a financial link between the applicant and the alleged proceeds of crime. Furthermore, the prosecution has not asserted that the applicant personally withdrew the alleged amounts. In fact, it is admitted position that the applicant did not exercise control over the collection or disbursement of fees, donations or other institutional receipts managed by the Trust. Notably, even as per the prosecution's own material, one Ashok Gandole, an accused in the offence registered vide CR No.389 of 2020 at Risod Police Station and whose statement was recorded by respondent No.1 in the present matter, affirmed that he along with another individual were the authorised signatories for fund withdrawals. The witnesses' statements themselves are not consistent. This position is further contradicted by the recoveries effected from the said individuals during the course of the investigation in the aforesaid CR No.389 of 2020. The seizure memos prepared during the investigation clearly reflect the nature and extent of incriminating material and assets recovered from them. Moreover, the findings of the local police

investigation, as well as the independent inquiry conducted by the officer of the Registrar of Companies, further reinforce the conclusion that the culpability primarily lies with those from whom recoveries have been made. These parallel investigations, carried out by the independent authorities add weight to the assertion that the applicant's role in the alleged offence has not been substantiated by any direct or material evidence, thereby casting further doubt on the veracity of the allegations made against him.

40. Additionally, a plain reading of Notification No.372(E) dated 5 February 2016, issued by the Ministry of Finance, indicates that this Notification, *inter alia*, supersedes the earlier Notification dated 1 June 2006. In terms of jurisdiction, the 2016 Notification stipulates that offences under the PMLA, arising from the judicial district of Washim, are to be tried by the Court of Sessions at Nagpur. Consequently, the Court of Sessions designated as the Special Court under the PMLA, 2002, at Greater Bombay, lacks the territorial jurisdiction to entertain or try PMLA Special Case No.1476 of 2021. The matter, therefore, falls outside the jurisdiction of the trial Court presently seized of it. It is significant to highlight that respondent No.1 had previously moved a request seeking the transfer of the trial pertaining to the predicate offence from the

Sessions Court at Washim to the Special Court at Mumbai. However, this request was unequivocally rejected by the learned Sessions Judge by passing a reasoned order dated 31 December 2024 in Special ACB Case No.35 of 2022. In doing so, the learned Judge specifically relied upon the Notification dated 5 February 2016, which governs the territorial and subject-matter jurisdiction of PMLA cases. Notably, despite being fully cognisant of the said Notification and the judicial reasoning set forth in the aforementioned order, respondent No.1 did not take any corresponding steps to seek the transfer of the PMLA proceedings to the Court of Sessions at Nagpur, which may have been consistent with the jurisdictional framework. The inaction on the part of respondent No.1 in this regard, for reasons best known to it, raises pertinent questions and lends further weight to the applicant's contention regarding the improper assumption of jurisdiction by the present forum.

41. In light of the foregoing, this Court is of the considered opinion that the learned trial Court committed an error in law by rejecting the applicant's application for discharge. The impugned order dated 13 January 2025, passed by the Court of Sessions, designated as the Special Court under the PML Act, 2002, Greater Bombay, in PMLA Special Case No.1476 of 2021, cannot be sustained and is accordingly quashed and set

aside. As a sequel, the applicant stands discharged from the proceedings in PMLA Special Case No.1476 of 2021, pending before the Court of Sessions, designated as the Special Court under the PML Act, 2002, Greater Bombay.

42. Accordingly, the revision application is disposed of. The interim application is also hereby disposed of.

(R.N. Laddha, J.)