IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CRIMINAL APPELLATE JURISDICTION
ANTICIPATORY BAIL APPLICATION NO. 1765 OF 2025

Pulin Bole ...Applicant
V/s.
The State of Maharashtra ...Respondent.

WITH
INTERIM APPLICATION NO. 2387 OF 2025
WITH
ANTICIPATORY BAIL APPLICATION NO. 1766 OF 2025

Shivani Varma ...Applicant
V/s.
The State of Maharashtra ...Respondent.

WITH
INTERIM APPLICATION NO. 2384 OF 2025
WITH
ANTICIPATORY BAIL APPLICATION NO. 1804 OF 2025

Shobhit Rajan ...Applicant
V/s.
The State of Maharashtra ...Respondent.

WITH
INTERIM APPLICATION NO. 2424 OF 2025

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Mr. Aabad Ponda, Sr. Advocate a/w. Mr. Abhay Dhadiwal, Ms Vidhi Karia and Adv. Krupanshu Nandu i/b Jaykar & Partners in ABA/1765-1766/25.

Dr. Ashwani Kumar, Sr. Advocate a/w. Mr. Virag Gupta, Ms Shourya Tiwari, Mr. Abhay Dhadiwal, Adv. Krupanshu Nandu and Ms Vidhi Karia i/b Jaykar and Partners for the Applicant in ABA/1804/25.

Mr. P.H. Gaikwad, APP for the Respondent/State.

Mr. Sidharth Luthra, Sr. Advocate (through VC) a/w. Mr. Akhil Anand, Mr. Himanshu Vij, Adv. Ahasan Allana and Adv. H. Mehta, and Adv. Kunal B. i/b JSA for Respondent No.2.
PI Avinash Pore, EOW, Mumbai present.

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CORAM : N.R. BORKAR, J.
DATE : 11.03.2026.

COMMON ORDER:

1. All these applications filed for anticipatory bail are arising out of one and the same crime. They are thus being disposed of by this common order.

2. The applicants are apprehending their arrest in Crime No. 531 of 2025 registered at Juhu Police Station and lateron transferred to Economic Offences Wings (EOW), Mumbai and registered as Crime No.59 of 2025 for the offences punishable under Sections 409, 420, 465, 467, 468, 471 read with 120-B of the Indian Penal Code.

3. It is the case of the prosecution that in the year 2018, applicant Shobhit Rajan who was one of the directors of Ecstasy Realty Private Limited (ERPL), a company engaged in the real estate business approached M/s. ECL Finance Ltd. to avail a debenture loan for the purpose of developing a residential project comprising of two phases namely Parthenon (Phase I) and Raiaskaran (Phase II). Accordingly, as per the Board Resolution and Special Resolution dated 20th March 2018, ERPL authorized borrowing funds by issuing 850 Non-Convertible Debentures (NCDs) of an aggregate value of 850 crores in two series, i.e., Series-A Debentures (Rs.600 crores) and Series-B Debentures (Rs.250 Crores). The said Series-B Debentures were never issued. The Catalyst Trusteeship Ltd. (CTL) was appointed as the

Debenture Trustee. On 27th March 2018, a Debenture Trust Deed (DTD-1) was executed by and between ERPL and CTL before the Deputy Registrar, Andheri. As per the DTD-1, the Series-A debentures of total 600 NCDs, each with a face value of Rs.1 Crore per debenture were issued by the ERPL. Out of which, 450 NCDs were subscribed by Edelweiss Group Companies and the remaining 150 NCDs were subscribed by other individual investors, thereby transferring a loan amount of Rs.600 Crores to the HDFC Bank account of ERPL. As per the DTD-1, it was agreed that the said loan will bear interest of 15% p.a. and the said NCDs will be repaid within a period of 5 years. Further as per the DTD-1, the purposes for which the said loan comprising of Series-A debentures will be utilized by ERPL were enlisted. For ease of reference, the same are reproduced below:

i. *Rs.400 Crores towards refinancing the Existing Financial Indebtedness availed from Union Bank of India and towards prepayment charges,*
ii. *Rs.21 Crores towards creation of the cash reserve of Series A,*
iii. *Rs.21 Crores towards funding the Interest Payment Reserve Amount in relation to Series A Debentures,*
iv. *Rs. 10 Lakhs towards the payment of the arranger fees and INR 4.9 Crore towards placement fees,*
v. *Rs. 8.5 Crores towards the part payment of the consultation fees with respect to the Project 2 and*
vi. *Rs.144.5 Crores towards the general corporate purpose or towards making investments or providing loans or repayment of unsecured loans availed by the Issuer.*

4. The following assets were pledged/mortgaged by ERPL with CTL for the said loan :

a. *Receivables of sold Units of Parthenon Phase-I;*

b. *Unsold Units of Parthenon Phase-I;*
c. *Land along with all development Rights of Phase II;*
d. *Collateral Land in Bandra Mortgaged by group companies Variegate Real estate Pvt. Ltd.;*
e. *Pledge of 51% of Ms. Ecstasy Realty Pvt. Ltd held by Mr.Shobhit Rajan;*
f. *Non-Disposal undertaking for 49% Shares held by Ms. Priti Rajan;*
g. Personal Guarantee by Mr. Shobhit Rajan.

5. The first informant is Edelweiss Asset Reconstruction Company Limited (Edelweiss ARC). It is alleged that in March 2022, the ERPL had returned the principal amount of Rs. 142.65 crore to the debenture holders, however, thereafter no amount was paid either towards the interest or the principal. It is alleged that despite repeated reminders, the outstanding amount of Rs.481.65 Crore was not repaid by ERPL. Consequently, on 26th June 2022, the account of ERPL was declared as a Non-Performing Asset (NPA) by ECL. Thereafter on 30th June 2022, the outstanding debt arising out of 169 NCDs of ERPL was assigned to the Asset Reconstruction Company of India Ltd. (ARCIL). On 31st March 2023, the outstanding debt arising out of 429 NCDs of ERPL was assigned by ECL in favour of the first informant. In April 2023, the said 169 NCDs were assigned by ARCIL in favour of the first informant. Accordingly, the first informant acquired all rights over 598 NCDs, out of the total 600 NCDs issued by ERPL.

6. Subsequently, the first informant hired M/s. Pipara & Company LLP to conduct due diligence of ERPL. As such a Due Diligence Report dated 7th October 2024 was submitted, wherein it

was disclosed that the ERPL had intentionally misused the debenture loan amount for fraudulent purposes other than those mentioned in the DTD-1, thereby defrauding the debenture holders. It was found that in the year 2018, the applicant Shobhit Rajan, upon receiving the said debenture loan, got issued false End Use Certificate dated 23rd April 2018 through Chartered Accountant S.J. Bajaria & Company stating that the loan amount was used for corporate purposes as per the DTD-1.

7. The allegations against the present applicants who at the relevant time were directors of the ERPL are thus of siphoning debenture funds with a criminal intent to defraud the debenture holders by utilising the said funds for unauthorised purposes. It is further alleged that instead of adhering to the purposes mentioned in the DTD-1, the applicants have misused the funds for repaying undisclosed third-party borrowings/ loans availed in personal capacity by the applicants. It is alleged that the applicants diverted funds from the Debenture Escrow Account of ERPL to their personal bank accounts as well as to accounts of shell companies, where the applicants are directors or shareholders. It is further alleged that on the basis of false and fabricated documents provided by the applicant Shobhit Rajan, S.J. Bajaria & Company issued End Use Certificate dated 23rd April 2018, without verification of transactions and falsely affirmed that utilisation of funds was in line with DTD-1. It is therefore alleged that the applicants have defrauded the first informant by not repaying the principal debenture loan amount (598 NCDs) to the

tune of Rs.480.05 Crore and the interest thereon.

8. I have heard the learned senior counsel for the respective applicants, the learned APP for the respondent/State and the learned senior counsel for the intervenor/first informant.

9. The learned senior counsel Dr. Ashwani Kumar for the applicant in ABA No.1804 of 2025 submits that the prosecution case is entirely based on allegations of violations of contractual provisions, thereby making it essentially a civil dispute. It is submitted that the disclosures pertaining to the usage of Rs.144.5 Crores were made to ECL and CTL in 2018 itself. It is submitted that the said information was provided vide official emails informing about the disbursement schedule of the debenture loan and the Information Memorandum dated 27th March 2018, uploaded on the BSE portal along with balance sheets for the relevant financial years.

10. It is further submitted that at the time of acquiring the NCDs from the erstwhile debenture holders vide Assignment Agreements dated 31st March 2023 and 3rd April 2023, the first informant had conducted due diligence and at that time no objection regarding any alleged mis-utilization of funds was raised. It is therefore submitted that the element of alleged cheating or unlawful inducement at the inception of the transaction is absent. It is submitted that the present FIR at the instance of the first informant is not sustainable as there is no privity of contract

between the first informant and the applicants. It is further submitted that the FIR is lodged after an inordinate delay of the alleged offences committed between 2018 to 2023.

11. The learned senior counsel Dr. Ashwani Kumar submits that the first informant has filed the FIR as a counterblast to the orders passed by the NCLT and NCLAT dated 3rd February 2023 and 16th April 2025 respectively. It is submitted that a situation of default was orchestrated by Edelweiss, despite there being a moratorium in place and illegally declared the account of ERPL as NPA.

12. With regard to the allegation of the prosecution that funds were diverted by ERPL to the account of Prabal Infra Agro Farms Pvt. Ltd. (PIAFPL) to acquire 100% shares of Maharashtra Eco Green Pvt. Ltd (MEGPL), which is alleged to be involved in fisheries, it is submitted that the said investment in PIAFPL was duly informed to Edelweiss and CTL vide email dated 19th September 2018 along with the audited balancesheet of ERPL. It is further submitted that the company MEGPL is also involved in the business of investing, purchasing, selling or dealing in all types of immovable properties, therefore it is submitted that the said investment was well within the ambit of the DTD-1. It is submitted that ERPL had the complete power to clear up past unsecured loan/borrowings out of the amount of Rs.144 Crores, as per Clause 11 and 12 of the Information Memorandum as well as Clause 3.5 of the DTD-1.

13. With regard to the allegation of submitting a false and fabricated End Use Certificate dated 23rd April 2018, it is submitted that Mr. Mitul Doshi from S.J. Bajaria & Company, in his statement recorded that in the Report dated 05th August 2025 filed by the Investigating Officer, has accepted the fact that he prepared the original End-Use Certificate based on the documents submitted by ERPL such as the HDFC Escrow Bank Statement and Tally Ledger.

14. It is further submitted that the applicant has co-operated in the investigation and submitted relevant documents to the investigating agency during the course of the investigation. It is submitted that there are no other criminal antecedents against the applicant and the custodial interrogation of the applicant is not necessary.

15. The learned senior counsel Mr. Aabad Ponda for the applicants in ABA Nos.1765 of 2025 and 1766 of 2025 submits that the Applicants were appointed as Non-Executive Directors. It is submitted that the applicants have neither been alleged to have transferred any amount pertaining to the said transaction, nor have they received any amount in their personal bank account. It is submitted that the FIR is a clear counterblast to the NCLAT proceedings and FIRs already filed by the applicants against the Edelweiss Group and others. It is further submitted that the allegations of misuse of debenture funds for purposes other than those stated in the DTD-1 are misconceived. In support of the said

submission, the Learned senior counsel for the applicants placed reliance on Clause 3.5 of the DTD-1 which enlists the purposes for which the debenture funds will be utilized.

16. The learned senior counsel Mr. Ponda submits that the utilization of funds squarely falls within the permitted purposes as per Clause 3.5 (a)(vi), which mentions about utilizing Rs.144.5 Crores towards the general corporate purpose or towards making investments or providing loans or repayment of unsecured loans availed by the Issuer. It is submitted that Clause 20.8 of the DTD-1 is concerned with the proceeds of sales and not related to the disbursement of loans as mentioned in Clause No. 3.5 of DTD-1. It is further submitted that from the conjoint reading of Clauses 20.8 and 3.5(a)(vi), it can be established that ERPL was permitted to repay its unsecured debts, including for all purposes, such as general corporate purpose, providing loans, making investments, only from a sum of Rs. 144.5 Crores and not from the funds received otherwise. It is therefore submitted that the utilization of the funds worth Rs.144.5 Crores clearly falls within the purview of the permitted usage clauses and no violation of the DTD-1 has occurred. It is submitted that a comprehensive due diligence was conducted prior to the acquisition of debt by the first informant and the said diligence process was concluded with a formal certification of absence of fraud. It is submitted that a subsequent report dated 7th October 2024, through Pipara & Company was procured only for the purpose of to lodge a false complaint against the applicants. It is further submitted that S.J. Bajaria & Company

who have been alleged of issuing the fake and fabricated End Use Certificate, have not been made accused in the present crime as well as the issuance of the same has neither been challenged by CTL nor by the debenture holders for the seven years. It is submitted that the applicants attended the EOW Office as and when called and have submitted relevant documents. It is submitted that the applicants are ready and willing to co-operate in the investigation and that their custodial interrogation in the present crime is not necessary.

17. The learned senior counsel for the respective applicants submits that where the allegations do not disclose compelling need for custodial interrogation, denial of pre-arrest bail would result in disproportionate deprivation of liberty. It is submitted that the Hon'ble Supreme Court has constantly held that bail is the rule and jail is the exception. In support of the said submissions, the learned counsel for the applicants have relied upon the following decisions : ***(i) Sanjay Chandra vs. CBI[1], (ii) Apurva Kiriti Mehta vs. State of Maharashtra[2], (iii) Manish Sisodia Vs. Directorate of Enforcement[3], (iv) Arnab M. Goswami vs. State of Maharashtra[4], (v) Sushila Aggarwal & Ors. vs. State (NCT of Delhi)[5], (vi) P. Chidambaram vs. Directorate of Enforcement[6], (vii) Rajbir Singh Dalal vs. Chaudhary***

1 (2014) 16 SCC 622
2 (2025) SCC OnLine 336
3 (2023) SCC ONLine 1393
4 (2021) 2 SCC 427
5 (2020) 5 SCC 1
6 (2019) 9SCC 24

***Devi Lal University, Sirsa*[7], *(viii) State of Andhra Pradesh vs. M. Radha Krishna Murthy*[8], *(ix) Megh Singh vs. State of Punjab*[9], *(x) Sushil Suri vs. CBI*[10], *(xi) State (CBI) vs. Anil Anil Sharma*[11] *& (xii) State of Gujarat vs. Mohanlal J. Porwal*[12]**.

18. On the other hand, the learned APP for the Respondent/State and the learned senior counsel Mr. Siddharth Luthra for the first informant/intervener submit that during the period from 2018 to 2023, the present applicants in connivance with the other co-accused, systematically diverted substantial funds secured against debentures, issued under DTD-1 dated 27th March 2018, for purposes other than those specified therein. It is submitted that a debenture loan worth Rs.600 Crores was secured under the pretext of financing the real estate projects of the applicants' company, however, a substantial amount out of the secured funds was utilized by the applicants for repaying undisclosed third-party borrowings as well as funds were diverted to the personal bank accounts of the applicants. It is submitted that the applicants diverted funds from the Debenture Escrow Account to bank accounts of shell companies where the applicants are directors or shareholders, under the guise of utilizing the funds for 'general corporate purposes.'

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7 (2008) 9 SCC 284
8 (2009) 5 SCC 117
9 (2003)8 SCC 666
10 (2011) 5 SCC 708
11 (1997)7 SCC 187
12 (1987)2SCC364

19. Learned senior counsel Mr. Luthra submits that the phrase 'general corporate purposes', as specified in Clause 3.5(a)(vi) of the DTD-1, is analogous to 'ordinary course of business' and cannot be interpreted to include transactions completely unrelated to the borrower's business. It is further submitted that the dishonest intent of the applicants from the inception is apparent from the fact that immediately upon disbursement of funds, an amount of Rs. 141 Crores was transferred to ERPL's Bank of India account under the pretext of 'general corporate purposes.' It is submitted that out of the said transferred amount, at least Rs.139 Crores were diverted and misappropriated by the applicants through complex layered transactions and shell companies for repaying the applicants' personal liabilities.

20. It is submitted that initially Rs. 84.6 Crores were transferred from ERPL to Prabal Infra Agro Farms Pvt. Ltd. (PIAFPL) to acquire 100% shares of Maharashtra Eco Green Pvt. Ltd. (MEGPL), a company that is involved in the business of fisheries and therefore the applicants could not have invested in the said business as per the terms of the DTD-1. Thereafter, PIAFPL transferred Rs. 71 Crores to Minix Holdings Pvt. Ltd. towards a loan taken from Variegate Realestate Pvt. Ltd. (VRPL), which is a sister concern of ERPL. Subsequently, the balance Rs.13 Crores were transferred to the personal bank account of applicant Shobhit Rajan, out of which Rs. 12.77 Crores was used to repay his borrowing from KKR India Asset Finance Ltd. It is further submitted that PIAFPL and MEGPL are Shell Companies incorporated by the applicants and

other co-accused for entering into transactions and layering the siphoned funds. It is submitted that on 31st March 2018, an amount of Rs.15.6 Crores was transferred from ERPL's Bank of India account directly into the personal bank account of Applicant Shobhit Rajan, out of which Rs.12 Crores were utilized to liquidate his personal overdraft facility. It is submitted that to evade the suspicion of siphoning, applicant Shobhit Rajan on the basis of false documents got issued an End Use Certificate dated 23rd April 2018, through Chartered Accountant S.J. Bajaria & Company, thereby confirming that the disbursed funds were utilized in line with the DTD-1.

21. As regards the contention of the applicant Pulin Bole that he is merely a non-executive director, it is submitted that the applicant Pulin Bole is the director of ERPL, PIAFPL and VRPL, all entities that are involved in the present crime. It is submitted that the applicant Pulin Bole is involved in authorizing the transaction whereby Rs.84.46 Crore was transferred from ERPL's Bank of India Account to PIAFPL, from where Rs.71 Crores was diverted to MHPL for repaying an unsecured loan taken from VRPL, wherein he is a stakeholder and director since 2005. It is submitted that the contention of the applicant Shivani Varma that she has no role in the present crime merely because she was appointed as a non-executive director after the diversion of funds is misleading. It is submitted that there is a likelihood that she is involved in concealing the actual flow of funds by sustaining the façade created on the basis of the false End Use Certificate.

22. Learned senior counsel Mr. Luthra further submits that the dishonest intention of the applicant is further apparent from the fact they filed Commercial Suit No.200 of 2022 for the declaration that debenture holders are not entitled to repayment under DTD.

23. With regard to the contention of delay in filing the FIR, it is submitted that the diversion of funds was concealed through layered transactions and the End Use Certificate dated April 2018 which masked the diversions. It is submitted that the present offence came to light only after forensic due diligence was conducted by the first informant in 2024. It is submitted that the custodial interrogation of the applicants is necessary for the purpose of in-depth investigation of the money trail and connected entities in the present crime. It is submitted that the applicant Shobhit Rajan immediately left the country upon registration of the FIR and returned only after ad-interim protection was granted by this Court on 11th July 2025. It is therefore submitted that there is an apprehension that the applicants may flee the country upon grant of anticipatory bail. It is submitted that considering the nature of crime, the applicants may not be released on anticipatory bail.

24. Learned senior counsel for the intervener/first informant submits that anticipatory bail must not be granted as a matter of routine in serious economic offences. It is submitted that non requirement of custodial interrogation cannot be a ground for grant of anticipatory bail. In support of the said submission, he has

relied upon the following decisions : **(i) Mohd. Ahmed Deen Habib & Anr vs. Enforcement Directorate and Anr.**[13]**, (ii) P.Krishna Mohan Reddy vs. State of Andhra Pradesh**[14]**, (iii) Serious Fraud Investigation Office vs. Aditya Sarda**[15]**, (iv) Munnesh vs. State of Uttar Pradesh**[16]**, (v) Sumitha Pradeep vs. Arun Kumar C.K. & Anr.**[17] **and (vi) State of Andhra Pradesh vs. N. Sanjay**[18].

25. At the outset, I must state that the Hon'ble Supreme Court by judgment and order dated 24th February 2026 in Civil Appeal No.7424 of 2025 has quashed the orders passed by the NCLT and NCLAT. The submissions made on the basis of the said orders are therefore of no relevance.

26. I have perused the FIR and the other relevant materials on record. It is not in dispute that the ERPL had secured a debenture loan to the tune of Rs.600 Crores upon issuance of Series-A Debentures of total 600 NCDs, each with a face value of Rs.1 Crore per debenture. The said loan was availed for the purpose of developing a residential project along with the other purposes enlisted in the Debenture Trust Deed. However, *prima-facie, it appears tha*t a substantial amount from the said funds was diverted to the applicants' personal accounts, shell company accounts incorporated by the applicants for layering siphoned

13 Cri.M.P.No.1152 of 1998
14 2025 SCC OnLine SC 1157,
15 2025 SCC OnLine SC 764
16 2025 SCC OnLine SC1319
17 2022 17 SCC 391
18 2025 SCC ONLine SC 1747

funds as well as utilized funds for the purpose of repaying undisclosed third-party borrowings by the applicants.

27. With regard to the contention of delay in filing the FIR, there is a merit in the submission of the learned senior counsel Mr. Luthra that in large-scale economic offences involving substantial diversion and concealment of funds, the cause of action runs from discovery and not the date of commission of the offence.

28. Considering the facts and circumstances of the case, I am of the view that custodial interrogation of the applicants is necessary for the purpose of investigating the substantial diversion of funds.

29. It is well settled that anticipatory bail can be granted only in exceptional circumstances. The Hon'ble Supreme Court has consistently emphasized that anticipatory bail should not be granted as a matter of routine, particularly in serious economic offences involving large-scale fraud, public money or complex financial crimes. The Hon'ble Supreme Court in **Serious Fraud Investigation V/s. Aditya Sarda**[19] has observed:

> 23. In view of the above settled legal position, it is no more res integra that economic offences constitute a class apart, as they have deep rooted conspiracies involving huge loss of public funds, and therefore such offences need to be viewed seriously. They are considered as grave and serious offences affecting the economy of the country as a whole and thereby posing serious threats to the financial health fo the country.

19 (2025) 256 Comp Cas 395 : 2025 SCC OnLine SC 764

30. Considering the overall facts and circumstances of the present case, I am not inclined to release the applicants on anticipatory bail. Hence, all the Applications are rejected.

31. At the request of learned senior counsel for the applicants to enable the applicants to approach the Hon’ble Supreme Court against this order, the interim order passed by this Court dated 11th July 2025 shall remain in operation for a period of four weeks from today.

32. Pending Interim Applications stand disposed of.

[N.R.BORKAR, J.]