Shabnoor

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CRIMINAL APPELLATE JURISDICTION

BAIL APPLICATION NO.4049 OF 2024

Shrikant Gangadhar Rao … Applicant
V/s.
State of Maharashtra … Respondent

Mr. Ammar Nizami, for the applicant.

Mrs. Megha S. Gajoria, APP for the State – respondent.

Mr. Vinod Patil, API, Mahatma Phule Chowk Police Station.

CORAM : AMIT BORKAR, J.

DATED : JUNE 30, 2025

P.C.:

1. This is an application for bail filed by the applicant under Section 439 of the Code of Criminal Procedure, 1973, seeking his release in connection with Crime Register No.630 of 2020, registered with Mahatma Phule Chowk Police Station. The applicant has been charged with offences punishable under Sections 420 and 406 read with Section 34 of the Indian Penal Code, 1860. In addition, offence under Section 3 of the Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999, has also been invoked.

2. The case of the prosecution, in brief, is that the applicant, along with the co-accused, in furtherance of a common intention, lured innocent investors by giving them assurance that their invested amount would be doubled within a period of 18 months.

It is alleged that the amounts collected from the investors were misappropriated and not returned. The applicant is stated to be the principal accused and proprietor of an entity named "Multitreated Services Private Limited (ATM)". Specific allegations have been made that the applicant collected investments to the tune of ₹2,00,85,000/- from 114 persons, including the informant and other witnesses. However, despite promises, the said amount has not been returned.

3. As per the prosecution, the informant, who was a housewife, was informed that if she invested money in the aforesaid company, her money would double within 18 months. She was further told that if she brought new investors to the company, she would get a commission of ₹5,000/- per new investor of ₹1 lakh. Believing the representations, the informant initially invested ₹1,15,000/-, followed by another ₹1 lakh. The applicant is said to have prepared an agreement on ₹100/- stamp paper wherein he promised to pay ₹12,000/- every month on investment of ₹1 lakh. During 2014, the informant invested a total amount of ₹6,50,000/-, and persons residing in her locality invested ₹30,44,000/-. In all, an amount of ₹2,00,85,000/- was allegedly siphoned by the applicant from 114 investors. The Investigating Officer has seized relevant documents, such as receipts, cheques, and written agreements signed by the applicant. The applicant was arrested on 18th December 2020.

4. Learned Advocate for the applicant submitted that the applicant has been in custody since 18th December 2020. The investigation is complete and chargesheet has already been filed. It was pointed out that the alleged transactions are of the year 2016, whereas the FIR came to be registered in the year 2020, which shows delay. It was further submitted that the applicant has repaid part of the amount, and if released on bail, he would make efforts to repay the remaining dues. On these grounds, prayer for bail was made.

5. On the other hand, learned APP strongly opposed the bail application. She pointed out that the prosecution has collected substantial documentary evidence to show that the applicant received a total amount of ₹2,00,85,000/- from various investors. She submitted that the agreements executed by the applicant promising to double the invested amount within 18 months are on record, and post-dated cheques were issued by the applicant, but the investors were told not to deposit the same. It was further submitted that the applicant shut down his office in December 2015 and flatly refused to return the money despite repeated requests. The learned APP submitted that most of the investors are poor women from economically weaker backgrounds who had invested their life savings with the hope of securing returns. The promise made by the applicant was illusory and impossible to fulfil from the beginning, which amounts to cheating. Reliance was placed on the judgment of the Hon'ble Supreme Court in *Manik Madhukar Sarve & Ors. v. Vitthal Damuji Meher & Ors., (2024) 10 SCC 753*, to contend that in a case where a large number of innocent persons have been duped, and their money misappropriated, the accused does not deserve to be enlarged on bail. Accordingly, prayer for rejection of bail was made.

6. Upon careful perusal of the material placed on record, this Court is of the considered view that the nature of accusations against the applicant is grave and serious. It is alleged that the applicant, under the guise of running an investment scheme, induced innocent and unsuspecting persons, mostly women from economically weaker sections, to invest their hard-earned savings by making false promises of doubling the invested amount within a period of 18 months. Such representations, on the face of it, appear to be illusory and incapable of being honoured, indicating dishonest intention from the very inception.

7. The investigation reveals that the total amount collected by the applicant from 114 investors is approximately ₹2,00,85,000/-. The prosecution has placed on record various documents, including receipts, post-dated cheques, and agreements, which prima facie support the case that the applicant received substantial amounts from the victims with a false promise of high returns. It is further alleged that after collecting the said amount, the applicant shut down the office in December 2015 and did not return the money despite repeated requests. These facts point towards a well-planned and systematic fraudulent activity.

8. Although it is true that the applicant has been in custody since 18th December 2020 and the investigation is complete with filing of chargesheet, that fact alone does not entitle the applicant to be released on bail. Mere filing of chargesheet cannot be treated as a ground for automatic grant of bail, especially in cases involving serious economic offences having wide ramifications.

9. The present case involves allegations of large-scale financial fraud wherein the applicant, by misleading innocent persons, mostly poor women, collected huge sums of money on the false promise of doubling their investment in a short period. The total amount involved, as per the prosecution, is more than ₹2 crore and more than 114 victims are affected. The socio-economic background of the victims indicates that they had invested their life savings in the hope of securing better returns. The betrayal of such trust, especially of vulnerable sections of society, makes the offence all the more serious.

10. In this context, it is necessary to note that in State of Gujarat v. Mohanlal Jitamalji Porwal, (1987) 2 SCC 364, the Supreme Court has observed:

> "The entire community is aggrieved if the economic offenders who ruin the economy of the State are not brought to book. A murder may be committed in the heat of moment upon passion being aroused. An economic offence, on the other hand, is committed with cool calculation and deliberate design with an eye on personal profit regardless of the consequence to the community."

11. Further, in *Y.S. Jagan Mohan Reddy v. CBI, (2013) 7 SCC 439*, the Supreme Court reiterated that:

> "Economic offences having deep-rooted conspiracies and involving huge loss of public funds need to be viewed seriously and considered as grave offences affecting the economy of the country as a whole, and thereby posing serious threat to the financial health of the country."

12. Thus, economic offences such as the one alleged in the present case are not just private wrongs against individual victims, but crimes which affect public confidence and financial stability. When the magnitude of the financial fraud is high, and a large number of victims are involved—particularly when they belong to weaker sections—the courts are required to approach bail applications with caution and seriousness.

13. Further, the Supreme Court in *Nimmagadda Prasad v. CBI, (2013) 7 SCC 466*, has held that:

> "While granting bail, the Court has to keep in mind the nature of accusations, the nature of evidence in support thereof, the severity of the punishment which conviction will entail, the character of the accused, circumstances which are peculiar to the accused, reasonable possibility of securing the presence of the accused at the trial, reasonable apprehension of the witnesses being tampered with, the larger interests of the public/State and other similar considerations."

14. In this context, it is useful to refer to the judgment of the Hon'ble Supreme Court in *Manik Madhukar Sarve & Ors. v. Vitthal Damuji Meher & Ors., (2024) 10 SCC 753*, wherein he Supreme Court has held that such offences are not against an individual but strike at the financial trust of society as a whole and therefore must be viewed with seriousness.

15. Applying these settled principles to the present case, the Court finds that the offence alleged is of a grave nature, committed in a systematic and planned manner, and involving misappropriation of public money on a large scale. The vulnerability of the victims and the manner in which the scheme was propagated reflect the seriousness of the conduct. The possibility of the applicant attempting to influence the witnesses, most of whom are from economically weaker backgrounds, also cannot be ruled out if he is enlarged on bail.

16. Hence, mere custody since 2020 or completion of investigation cannot be viewed in isolation. These factors must be balanced with the gravity of the offence, the interest of the victims, and the societal impact of the crime.

17. It also cannot be ignored that the possibility of the applicant attempting to influence the witnesses or tamper with the evidence cannot be ruled out. Most of the victims are poor women from lower strata of society, and there is a real apprehension that they may not come forward or depose freely if the applicant is released on bail.

18. In the present case, the conduct of the applicant, the documentary evidence collected during investigation, and the magnitude of the financial scam weigh heavily against the grant of bail. At this stage, enlarging the applicant on bail may adversely affect the course of justice and the confidence of the victims in the justice system.

19. Accordingly, the application for bail stands rejected and disposed of.

(AMIT BORKAR, J.)