**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
BENCH AT AURANGABAD**

ANTICIPATORY BAIL APPLICATION NO. 2093 OF 2025

Sanjay Keshav Kulkarni
VERSUS
The State Of Maharashtra

…

**WITH
CRIMINAL APPLICATION NO. 4737 OF 2025
IN ABA/2093/2025**

Dudhappa Adinath Shirgave Chairman The Shirpur Merchant Co-op Bank Ltd
VERSUS
Sanjay Keshav Kulkarni And Another

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- Mr. P. R. Katneshwarkar, Senior Counsel h/f. Mr. N. Y. Chavan, Advocate for Applicant
- Mr. R. K. Ingole, APP for Respondent - State
- Mr. A. G. Choudhari, Advocate for Assisting Prosecution

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CORAM : MEHROZ K. PATHAN, J.

RESERVED ON : 22.04.2026

PRONOUNCED ON : 28.04.2026

ORDER :

1. Heard learned counsel for the applicant, the learned APP for the respondent–State, as also the learned assisting counsel.

2. The applicant has approached this Court apprehending arrest in connection with FIR No. 285 of 2025 dated 25.05.2025, registered with Shirpur City Police Station, District Dhule, for the offences punishable under Sections 403, 409, 420 and 120-B of the Indian Penal Code, 1860, and under Sections 3 and 4 of the Maharashtra

Protection of Interest of Depositors (in Financial Establishments) Act, 1999.

3. The case of the prosecution is that the present FIR came to be registered on the basis of a complaint lodged by Mr. Ajay Nandlal Rathi, Chartered Accountant, who conducted statutory audit of the Shirpur Merchants Co-operative Bank for the financial year 01.04.2023 to 31.03.2024 through M/s Ajit P. Ranade and Company, Satara, pursuant to appointment communicated through banking regulatory mechanism. The complaint discloses large-scale financial irregularities in disbursement of IBP loans, hypothecation loans and cold storage loans to various borrowers without adequate security, without proper documentation and without ensuring utilization of loan amounts for intended purposes. The total alleged misappropriation is to the tune of Rs. 13,75,86,253/-.

4. Learned senior counsel Mr. P. R. Katneshwarkar for the applicant submits, in a detailed and structured manner, that the applicant has been falsely implicated in the present crime merely on account of his designation as Manager of the said bank, without there being any specific material to demonstrate his involvement in the alleged irregularities. It is submitted that the applicant initially worked as Assistant Manager from 01.04.2012 to 17.04.2017 and continued to serve in the said capacity thereafter till 23.09.2022. It is further submitted that during the said period, the applicant was entrusted with routine administrative functions and had no independent authority in policy decisions. It is submitted that the applicant was thereafter appointed as In-charge Manager pursuant to Resolution dated 30.08.2021 and subsequently appointed as Manager vide Resolution No. 13 dated 06.10.2022, and continued to discharge his duties in such capacity till registration of the present crime on 25.05.2025. According to the learned counsel, the applicant's role throughout remained administrative and clerical in nature, without any decision-making authority in respect of sanctioning or disbursement of loans.

5. Learned counsel for the applicant further submits that the very initiation of enquiry and consequential investigation is vitiated in view of the judicial proceedings initiated in Civil Writ Petition No. 7982 of 2025 filed by Rajendra Shivprasad Pandit, wherein the constitution of the enquiry committee under Section 81 of the Maharashtra Co-operative Societies Act was challenged. It is submitted that the learned Single Judge of this Court, by order dated 07.07.2025, was pleased to direct that no coercive steps shall be taken pursuant to the said enquiry. It is, therefore, contended that the present investigation, which is founded upon such enquiry proceedings, is in the teeth of the said order and, therefore, suffers from legal infirmity. On this ground alone, according to the learned counsel, the applicant is entitled to protection.

6. It is further submitted that the applicant had no authority to sanction or approve loan proposals, as such powers were exclusively vested with the Chairman and the Board of Directors, and that he merely processed files and performed administrative duties under directions of superior authorities. It is contended that no specific overt act is attributed to the applicant in the FIR or in the material collected during investigation so as to indicate his active involvement in the alleged offences. It is further submitted that recovery proceedings have already been initiated and the loans are not entirely unsecured, and that the applicant has not derived any personal pecuniary benefit. It is emphasized that the applicant has no criminal antecedents, has maintained an unblemished service record, and is ready to cooperate with the investigation and abide by any conditions imposed by this Court.

7. It is further submitted that the audit report, on the basis of which the FIR has been registered, itself suffers from serious infirmities. According to the learned counsel, the person who conducted the audit was not competent and was not duly authorized in accordance with applicable norms. It is further submitted that the show cause notice dated 02.12.2024 issued to the applicant was vague, lacking in material particulars and specific allegations. It is submitted that the applicant had submitted a detailed reply dated 12.12.2024 explaining his position and clarifying the procedural aspects of loan processing. However, the said reply has not been considered. It is further submitted that the applicant is not a flight risk, is permanently residing within jurisdiction, and undertakes to attend the concerned police station as and when required. The applicant is also ready to cooperate fully with the investigating agency and to abide by all conditions that may be imposed. On these grounds, it is urged that this Court may grant protection to the applicant by allowing the present application.

8. As against this, the learned APP and the learned assisting counsel have opposed the application, submitting that the applicant was not a mere employee but was actively involved in the day-to-day affairs of the bank while serving as Assistant Manager from 01.04.2012 to 17.04.2017 and thereafter as In-charge Manager pursuant to Resolution dated 30.08.2021 and thereafter as Manager vide Resolution No. 13 dated 06.10.2022 till registration of the crime on 25.05.2025. It is submitted that the applicant was fully aware of the loan proposals and had processed and forwarded the same without ensuring compliance with mandatory requirements and banking norms.

9. It is further submitted that the audit report and investigation papers disclose that the applicant had submitted approval reports for several loan proposals of ineligible and financially incapable borrowers and, despite such knowledge, failed to ensure collection of necessary documents and adequate collateral, and in several instances permitted disbursement of loan amounts in cash in violation of banking regulations. It is submitted that in numerous hypothecation loan accounts, loans were disbursed without proper security or renewed without justification, exposing the bank to financial risk, and that in respect of cold storage loans, the applicant, in connivance with others, permitted release of pledged goods despite lien in favour of the bank, thereby causing loss and indicating his active involvement in the alleged fraud.

10. It is further submitted that during the relevant period, the total loan disbursement comprising various categories of loans aggregates to Rs. 13,75,86,253/-, which includes IBP loans, hypothecation loans and cold storage loans, and the said amount is bifurcated to indicate that hypothecation loans constitute the major component of the disbursement, followed by IBP loans and cold storage loans, out of which a substantial portion remains outstanding and unrecovered. It is submitted that more than 50 borrowers were granted such loans without proper eligibility assessment and without ensuring their repayment capacity, thereby resulting in huge financial loss to the bank and seriously affecting the interest of depositors. It is further submitted that the applicant acted in close connivance with the Chairman, Directors and other officials of the bank and facilitated such illegal disbursement of loans in breach of Reserve Bank of India guidelines as well as the internal loan policy of the bank, and was also instrumental in extension of loan periods and submission of reports enabling continuation of irregular and non-performing accounts.

11. It is further submitted that the applicant was issued show cause notice dated 02.12.2024 in respect of the irregularities and though a reply dated 12.12.2024 was submitted, the same was found to be unsatisfactory, and the investigation papers disclose that the applicant has appended his signatures on several loan documents and records, thereby prima facie indicating his involvement. Placing reliance on the judgments of the Hon'ble Supreme Court in ***Y.S. Jagan Mohan Reddy v. Central Bureau of Investigation*, (2013) 7 SCC 439, *Tarunkumar v. Assistant Director, Directorate of Enforcement*, 2023 NSC 1006**, and ***Serious Fraud Investigation Office Vs. Aditya Sarda*, 2025 INSC 477,** it is submitted that economic offences stand on a different footing and require a stricter approach in matters of bail, and therefore, considering the magnitude of fraud, the role attributed to the applicant and the requirement of custodial interrogation, the present application deserves to be rejected.

12. I have carefully gone through the investigation papers, audit material and other documents placed on record and, upon a comprehensive perusal thereof, it prima facie appears that the applicant cannot be termed as a mere peripheral functionary, but was in fact holding responsible and key positions in the bank, having worked as Assistant Manager from 01.04.2012 to 17.04.2017 and continued thereafter till 23.09.2022, and having been subsequently appointed as In-charge Manager pursuant to Resolution dated 30.08.2021 and thereafter as Manager vide Resolution No. 13 dated 06.10.2022, and continued in such capacity till registration of the crime on 25.05.2025; the material on record further indicates that during the entire said period, the applicant was actively associated with the processing, scrutiny, verification and forwarding of loan proposals and was fully aware of the financial status, eligibility and repayment capacity of the concerned borrowers, and yet, despite such knowledge, facilitated and permitted disbursement of loans without ensuring due compliance with mandatory requirements, regulatory norms and established banking procedures, thereby prima facie disclosing conscious involvement in the irregularities under investigation.

13. It further appears from the record that several applications for grant/sanction of loans bear the signatures of the Chairman and the Manager, who have approved such applications, on the basis of which substantial loan amounts came to be disbursed to borrowers, even though they were not entitled to such sanction.

14. The record further reveals that the mandatory procedures required for sanction and disbursement of loans were not followed in a systematic and disciplined manner, and the material placed on record prima facie indicates that the applicant failed to ensure collection of adequate and legally enforceable security, failed to verify, scrutinize and maintain essential loan documents, and in several instances permitted disbursement of loan amounts in cash in clear deviation from established banking norms and prudential practices. It is further revealed that in respect of hypothecation loans, the applicant facilitated disbursement of loans without proper or sufficient security and permitted renewal of such loan accounts from time to time without any justification, thereby substantially increasing the unsecured exposure of the bank, and in so far as cold storage loans are concerned, the material indicates that the applicant permitted release of pledged goods despite subsisting lien in favour of the bank, thereby frustrating the very security of the loan transactions, adversely affecting recovery proceedings and causing significant financial loss to the bank and its depositors.

15. The minutes of meetings, resolutions and contemporaneous record further indicate that the applicant was entrusted with responsibilities relating to the management of banking operations and was not merely discharging clerical duties. The issuance of show cause notice dated 02.12.2024 and submission of reply dated 12.12.2024 further demonstrate that the applicant was made aware of the irregularities and was called upon to explain the same. However, the material placed on record indicates that the explanation offered was not found satisfactory and the irregularities continued, thereby reflecting conscious disregard of procedural safeguards.

16. The magnitude of the alleged fraud is substantial, involving total loan disbursement of Rs. 13,75,86,253/- comprising IBP loans, hypothecation loans and cold storage loans, out of which a substantial amount remains outstanding. The record indicates that more than 50 borrowers were granted loans without proper eligibility assessment and without ensuring repayment capacity, and the said transactions were carried out over a period of time in a systematic manner. The allegations thus disclose organized and deep rooted conspiracy committed in connivance with other accused persons, resulting in serious financial loss to the bank and adversely affecting the interest of depositors.

17. Having regard to the role attributed to the applicant, the nature and gravity of the allegations, the magnitude of the amount involved, and the material placed on record indicating active participation and conscious involvement of the applicant in the alleged transactions, this Court is of the considered view that custodial interrogation of the applicant is necessary for a thorough and effective investigation, particularly to unearth the larger conspiracy, to ascertain the exact manner in which such loans were processed and disbursed, and to trace the flow and utilization of funds.

18. The Hon'ble Supreme Court in the case of ***Nimmagadda Prasad vs. C.B.I., Hyderabad, (2013) 7 SCC 466,*** has held that economic offences constitute a class apart and need to be viewed seriously as they involve deep-rooted conspiracies and cause huge loss of public funds, and that such offences affect the economy of the country and pose a serious threat to the financial health of the nation, and in the facts of the present case, considering the magnitude of the alleged misappropriation of Rs. 13,75,86,253/-, the manner in which the transactions have been carried out and the prima facie material indicating involvement of the applicant, and further the Hon'ble Supreme Court in the case of ***Nimmagadda Prasad vs C.B.I., Hyderabad, (supra),*** has held as under :

> *“23. Unfortunately, in the last few years, the country has been seeing an alarming rise in white-collar crimes, which has affected the fibre of the country's economic structure. Incontrovertibly, economic offences have serious repercussions on the development of the country as a whole. In State of Gujarat v. Mohanlal Jitamalji Porwal [(1987) 2 SCC 364 : 1987 SCC (Cri) 364] this Court, while considering a request of the prosecution for adducing additional evidence, inter alia, observed as under:*
> *"5. ... 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 passions being aroused. An economic offence is committed with cool calculation and deliberate design with an eye on personal profit regardless of the consequence to the community. A disregard for the interest of the community can be manifested only at the cost of forfeiting the trust and faith of the community in the system to administer justice in an even-handed manner without fear of criticism from the quarters which view white-collar crimes with a permissive eye unmindful of the damage done to the national economy and national interest."*

19. Thus, considering the magnitude of the alleged fraud, the role attributed to the applicant, and the material on record indicating his involvement in connivance with other accused persons, borrowers, and office bearers, the offence is serious in nature, and custodial interrogation of the applicant appears to be necessary. Hence, I am not inclined to exercise the discretion under Section 482 of the Bharatiya Nagarik Suraksha Sanhita for grant of anticipatory bail. Hence, the following order is passed :-

ORDER

i. The Anticipatory Bail Application is rejected.

ii. Criminal Application No. 4737 of 2025 for assisting the prosecution also stands disposed of.

20. It is clarified that the observations made herein are prima facie in nature and confined to the adjudication of the present application.

(MEHROZ K. PATHAN, J.)