2026:BHC-AUG:18835

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
BENCH AT AURANGABAD

ANTICIPATORY BAIL APPLICATION NO. 2121 OF 2025

Prasanna Jayraj Jain
VERSUS
The State Of Maharashtra
...
WITH
CRIMINAL APPLICATION NO. 4740 OF 2025
IN ANTICIPATORY BAIL APPLICATION NO. 2121 OF 2025

Dudhappa Adinath Shirgave Chairman Of The Shirpur Merchant Co-operative Bank Limited
VERSUS
Prasanna Jayraj Jain And Another
...

- Mr. D. S. Bagul, Advocate h/f. Mr. G. N. Tirthkar, 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 one Mr. Ajay Nandlal Rathi, a Chartered Accountant from Nashik, who was appointed by the Administrator of the Shirpur Merchants Co-operative Bank to conduct the statutory audit for the financial year from 01.04.2023 to 31.03.2024. The complaint alleges irregularities in the disbursement of IBP, hypothecation, and cold storage loans to various borrowers, including disbursal of loans without adequate collateral or without ensuring utilization of the loan amounts for the intended purposes. The total alleged misappropriation is approximately Rs. 13,75,86,253/-.

4. Learned counsel for the applicant submits that the applicant is falsely implicated in the present crime only because he was the Chairman of the said Co-operative Bank. It is submitted that even though the applicant was the Chairman, he was not responsible for disbursement of the loans as alleged. There were several other members who were working as Directors of the said bank, however, they have not been made accused, and the applicant has been singled out only because he was the Chairman. The applicant has no criminal antecedents and is ready to abide by any conditions imposed by this Court. Hence, protection is sought.

5. It is further submitted that all the loans disbursed are secured, and during his tenure as Chairman, the applicant had obtained recovery certificates under Section 101 of the MCS Act, and properties are already attached by taking action under Section 107 of the MSC Act and recorded in the name of the bank. Out of approximately Rs. 13 crores, more than Rs. 4 crores have already been recovered due to the efforts taken by the applicant.

6. Learned counsel for the applicant further submits that Civil Writ Petition No. 7982 of 2025 was filed by Rajendra Shivprasad Pandit, challenging the appointment of the enquiry committee for conducting an enquiry under Section 81 of the Maharashtra Co-operative Societies Act. The learned Single Judge of this Court, vide order dated 07.07.2025, directed that no coercive action shall be taken pursuant to the said enquiry under Section 81 of the Maharashtra Co-operative Societies Act. Hence, it is submitted that the present investigation itself is in violation of the order passed in the said writ petition.

7. It is submitted that an Administrator has been appointed to the bank, and the entire record is already seized either with the bank or with the Investigating Officer. Nothing remains to be recovered at the instance of the present applicant. The other allegation against the applicant is regarding disbursement of a hypothecation loan of Rs. 30,00,000/- in favour of his brother, Harshad Jain. However, it is submitted that the said loan was duly secured, as necessary securities were pledged at the time of its sanction. Taking into consideration that the said loan amount advanced to Harshad Jain, who is the real brother of the applicant, was well secured, this Court has granted ad-interim relief protecting him, vide interim order dated 03.12.2025 passed in ABA No. 2124 of 2025. The applicant has no criminal antecedents and is ready to abide by any condition that may be imposed by this Court. Hence, the applicant may be protected.

8. As against this, the learned APP as well as the learned assisting counsel strongly oppose the bail application on the ground that the applicant is involved in serious offences of forgery, cheating with intent to deceive, and forgery of valuable security, forming part of a criminal conspiracy. It is submitted that the applicant, being the Chairman of the bank, was responsible for disbursement of loans. The audit conducted by the auditor revealed several irregularities. Financial irregularities have been found in the disbursement of hypothecation loans, cold storage loans, and IBP loans advanced during the tenure of the applicant as Chairman of the bank. The applicant was issued a show cause notice dated 02.12.2024; however, he failed to reply to the same.

9. It is further submitted that the RBI Master Circular of the year 2010 specifically prohibits sanction of loans to relatives of the directors of the bank. The present applicant has committed violations of several directions issued by the RBI. The applicant was also the Chairman of the loan disbursement committee and had signed several loan proposals, many of which were found to be in default as per the auditor's report. The minutes of the meeting dated 12.07.2015 show that resolutions were passed by the Board of Directors conferring powers upon the applicant as Chairman of the bank and also appointing him as Chairman of the loan disbursement committee with authority to sanction and disburse loans.

10. It is further submitted that almost all the loans sanctioned by the bank bear the signatures of the present applicant. The other office bearers acted under his directions. The applicant, in connivance with borrowers and other accused persons, has committed the alleged offences. There is sufficient material to prima facie establish the involvement of the applicant. Considering the complexity of the investigation, custodial interrogation of the applicant is necessary.

11. Learned APP relies upon the Hon'ble Supreme Court in ***Y.S. Jagan Mohan Reddy v. Central Bureau of Investigation*, (2013) 7 SCC 439,** and in ***Tarunkumar v. Assistant Director, Directorate of***

***Enforcement,* 2023 NSC 1006,** has held that economic offences constitute a class apart and are required to be visited with a different approach in the matter of bail. Economic offences, having deep-rooted conspiracies and involving huge loss of public funds, are required to be viewed seriously and are to be considered as grave offences affecting the economy of the country as a whole, thereby posing a serious threat to the financial health of the nation.

12. The learned APP has also relied upon the judgment in ***Serious Fraud Investigation Office Vs. Aditya Sarda, 2025 INSC 477,*** to submit that anticipatory bail should not ordinarily be granted in economic offences involving large-scale fraud. Hence, the bail application may be rejected.

13. I have gone through the investigation papers made available by the learned APP. Upon perusal of the same, it appears that several loans were rampantly disbursed during the tenure of the applicant as Chairman of the loan disbursement committee. The minutes of the meeting dated 12.07.2015 indicate that the applicant had been appointed as Chairman. A loan of Rs. 23,50,000/- was sanctioned as an IBP loan. The hypothecation loans disbursed during his tenure amount to Rs. 9,78,64,510/-, and the cold storage loans disbursed amount to Rs. 3,73,71,743/-. Thus, the total amount of loans disbursed during the tenure of the applicant as Chairman of the bank as well as Chairman of the loan disbursement committee comes to Rs. 13,75,86,253/-.

14. 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.

15. There exists a Master Circular dated 01.07.2010 issued by the Reserve Bank of India, which prohibits grant of loans to relatives of directors. It specifically restrains directors and primary urban co-operative banks from granting, directly or indirectly, secured or unsecured loans or any financial accommodation to directors or their relatives. The applicant's brother, Harshad Jain, was granted a hypothecation loan of Rs. 30,00,000/- in breach of the said limit. The hypothecation loan advanced to the real brother of the applicant is one such instance of gross violation of the said circular showing the vital role of the applicant in committing the fraud. Further, the Loan Credit Policy of the said co-operative bank prescribes a limit of Rs. 5,00,000/- for sanction of hypothecation loans to members. However, several loans exceeding this limit were disbursed during the tenure of the applicant in clear violation of the said policy.

16. It further appears that several mandatory procedures required for sanctioning loans were not followed. The communication issued by the Reserve Bank of India dated 08.05.2018 to the Chief Executive Officer of the bank indicates that restrictive supervisory directions had already been imposed. However, no appropriate action appears to have been taken by the bank. The applicant, being the Chairman, was under an obligation to ensure compliance with such directions. There are several such communications issued by the RBI, including communication dated 28.03.2019, directing the bank to review NPA accounts and submit monthly reports. No compliance is reflected on record.

17. The material on record indicates that the applicant served as Chairman from 22.12.2011 to 13.03.2017 and thereafter from 14.03.2017 to 11.01.2024. The alleged irregularities appear to have been committed during his tenure as Chairman of the bank as well as the loan disbursement committee. It is further informed that the bank has gone into liquidation and a liquidator has been appointed. The Hon'ble Supreme Court in the case of ***Nimmagadda Prasad vs C.B.I., Hyderabad,*** **(2013) 7 SCC 466,** 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."*

18. 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 :-

<u>O R D E R</u>

i. The Anticipatory Bail Application is rejected.

ii. Criminal Application No. 4740 of 2025 for assisting the prosecution also stands disposed of.

19. 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.)

Jhs/