2026:BHC-AUG:5301

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
BENCH AT AURANGABAD

BAIL APPLICATION NO. 2356 OF 2025

CHHAGAN JAHANGIR PADVI
VERSUS
THE STATE OF MAHARASHTRA
...
Advocate for Applicant : Mr. S. B. Paikrao
APP for Respondents-State : Mr. S. D. Ghayal
...

CORAM : SACHIN S. DESHMUKH, J.
Date : 17th January, 2026

ORDER :-

1. The applicant has approached this Court seeking regular bail in connection with FIR dated 15.04.2024 bearing Crime No. 280 of 2024 registered with Nandurbar City Police Station, Dist. Aurangabad for the offences punishable under Sections 420, 406, 409, 120(b) of the Indian Penal Code (hereinafter "IPC" for short) alongwith Sections 3 and 4 of the Maharashtra Protection of Interests of Depositors Act (hereinafter "MPID Act" for short).

2. The prosecution's case is that the accused, specifically the present applicant, introduced a complainant to an investment scheme. Under the promise of high returns, the accused collected funds through direct interaction by organizing public programs. The alleged company offered various loan schemes, and the

complainant was advised to deposit Rs. 4,00,000/- into the company's account. Subsequently, other investors deposited different amounts into the company throughout 2021, 2022, and 2023. Initially, some investors received partial returns, but the repayments later ceased entirely.

3. The learned counsel for applicant submits that the applicant maintains that the present dispute is fundamentally civil in nature, arising from a business venture that faced unforeseen financial setbacks. The initial returns provided to investors in 2021, 2022 and 2023 demonstrate a bona fide intention to fulfill obligations rather than a pre-meditated scheme to defraud. The entire case is based on the documentary evidence which is available in the bank. The investigation is completed and charge-sheet is filed. As such, incarceration of the applicant is unjustified. Hence, prayed to allow the application.

4. Per contra, the learned APP vehemently opposed the application submitting that the offence is serious in nature and the accused have misappropriated huge amount of informant as well as other several depositors. The applicant has actively participated in commission of crime. Hence, prayed for rejection of the application.

5. Having heard the learned counsel for litigating sides and upn going through the FIR, it prima facie indicates that the case involves a large-scale financial fraud affecting and imparting numerous victims over an extended period (2021-2023), resulting in substantial financial loss. This indicates a serious economic offence. Moreover, the economic offences are often viewed more seriously than typical crimes as it impact not just individuals but also public confidence in the financial system. The Courts ought to take a stringent view in such matters at the time of deciding bail application.

6. Prima facie, the applicant by acting in concert with co-accused to organize public programs and lure the public into a multi-layered financial trap, the applicant demonstrates a clear "meeting of minds" to execute a fraudulent scheme. This collaborative effort to target multiple victims across several years (2021–2023) establishes a prima facie case of conspiracy to defraud the public at large.

7. Furthermore, the offence of cheating is manifest as the applicant actively induced victims to part with their property through false representations. Specifically, the applicant and co-

accused persuaded victims to take bank loans at low interest rates under the fraudulent assurance that reinvesting those funds would yield high returns. This shows a "dishonest intention from the very inception," as the scheme was designed to drain the victims' resources by leveraging their credit and then ceasing all repayments.

8. Consequently, the victims entrusted their hard-earned money and loan proceeds to the applicant based on the fiduciary relationship established during public interactions. By failing to return the principal amounts and stopping the promised interest payments, the applicant committed a "dishonest misappropriation" of these funds. This conversion of entrusted money for unauthorized use directly constitutes an offense under Section 406.

9. The essential ingredients of Section 409 of the IPC offence are threefold:

i) There must be entrustment of property or dominion over property by the accused;

ii) The accused must be acting in the capacity of a banker, merchant, broker, attorney, or agent; and

iii) There must be dishonest misappropriation or conversion of such property for his own use, or disposal of it in violation of the law or the contract governing such entrustment.

10. Considering that the applicant acted as a facilitator and investment agent for the company, the offense falls under the more severe Section 409. This section deals with criminal breach of trust by a public servant, banker, merchant, or agent, carrying a potential punishment of life imprisonment. The gravity of this offense alone is a significant ground for rejecting bail, as the law views the betrayal of professional or financial trust with extreme severity.

11. The Hon'ble Apex Court in the case of **Manik Madhukar Sarve and Others Vs. Vitthal Damuji Meher and Others (2024 INSC 636)**, has observed as under :-

> *19. Courts while granting bail are required to consider relevant factors such as nature of the accusation, role ascribed to the accused concerned, possibilities/chances of tampering with the evidence and/or witnesses, antecedents, flight risk et al. Speaking through Hima Kohli, J., the present coram in Ajwar v Waseem, 2024 SCC OnLine SC 974, apropos relevant parameters for granting bail, observed:*
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> *"26. While considering as to whether bail ought to be granted in a matter involving a serious criminal offence, the Court must consider relevant factors like the nature of the accusations made against the accused, the manner in which the crime is alleged to have been committed, the gravity of the offence, the role attributed to the accused, the criminal antecedents of the accused, the probability of tampering of the witnesses and repeating*

the offence, if the accused are released on bail, the likelihood of the accused being unavailable in the event bail is granted, the possibility of obstructing the proceedings and evading the courts of justice and the overall desirability of releasing the accused on bail. (Refer: Chaman Lal v. State of U.P.3; Kalyan Chandra Sarkar v. Rajesh Ranjan alias Pappu Yadav (supra)4; Masroor v. State of Uttar Pradesh5; Prasanta Kumar Sarkar v. Ashis Chatterjee6; Neeru Yadav v. State of Uttar Pradesh7; Anil Kumar Yadav v. State (NCT of Delhi)8; Mahipal v. Rajesh Kumar @ Polia (supra)9.

27. It is equally well settled that bail once granted, ought not to be cancelled in a mechanical manner. However, an unreasoned or perverse order of bail is always open to interference by the superior Court. If there are serious allegations against the accused, even if he has not misused the bail granted to him, such an order can be cancelled by the same Court that has granted the bail. Bail can also be revoked by a superior Court if it transpires that the courts below have ignored the relevant material available on record or not looked into the gravity of the offence or the impact on the society resulting in such an order. In P v. State of Madhya Pradesh (supra)10 decided by a three judges bench of this Court [authored by one of us (Hima Kohli, J)] has spelt out the considerations that must weigh with the Court for interfering in an order granting bail to an accused under Section 439(1)of the CrPC in the following words:

"24. As can be discerned from the above decisions, for cancelling bail once granted, the court must consider whether any supervening circumstances have arisen or the conduct of the accused post grant of bail demonstrates that it is no longer conducive to a fair trial to permit him to retain his freedom by enjoying the concession of bail during trial [Dolat Ram v. State of Haryana, (1995) 1 SCC 349 : 1995 SCC (Cri) 237]. To put it differently, in ordinary circumstances, this Court would be loathe to interfere with an order passed by the court below granting bail but if such an order is found to be illegal or perverse or premised on material that is irrelevant, then such an order is susceptible to scrutiny

and interference by the appellate court.""
(emphasis supplied)

12. The Hon'ble Apex Court, in the case of **Y.S. Jagan Mohan Reddy Vs. CBI [(2013) 7 SCC 439]**, has held that economic offences involving deep-rooted conspiracies and the massive diversion of public money stand on a different footing. Such offences seriously affect the national economy and erode the trust of the common man in financial systems.

13. The Hon'ble Apex Court in the case of **Tarun Kumar Vs. Assistant Director, Directorate of Enforcement [(2024)13 SCC 788]**, held as under :-

> *"22. Lastly, it may be noted that as held in catena of decisions, the economic offences constitute a class apart and need to be visited with a different approach in the matter of bail. The 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. Undoubtedly, economic offences have serious repercussions on the development of the country as a whole. To cite a few judgments in this regard are Y.S. Jagan Mohan Reddy vs. Central Bureau of Investigation8, Nimmagadda Prasad vs. Central Bureau of Investigation9, Gautam Kundu vs. Directorate of Enforcement (supra), State of Bihar and Another vs. Amit Kumar alias Bachcha Rai10. This court taking a*

serious note with regard to the economic offences had observed as back as in 1987 in case of State of Gujarat vs. Mohanlal Jitamalji Porwal and Another11 as under:-

"5… The entire community is aggrieved if the economic offenders who ruin the economy of the State are not brought to books. 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…"

23. With the advancement of technology and Artificial Intelligence, the economic offences like money laundering have become a real threat to the functioning of the financial system of the country and have become a great challenge for the investigating agencies to detect and comprehend the intricate nature of transactions, as also the role of the persons involved therein. Lot of minute exercise is expected to be undertaken by the Investigating Agency to see that no innocent person is wrongly booked and that no culprit escapes from the clutches of the law. When the detention of the accused is continued by the Court, the courts are also expected to conclude the trials within a reasonable time, further ensuring the right of speedy trial guaranteed by Article 21 of the Constitution."

14. Recently, in **Gulfisha Fatima v. State (Govt. of NCT of Delhi) [MANU/SC/0009/2026]**, the Supreme Court refined the jurisprudence of bail in cases of a "larger conspiracy." The Apex Court established a "hierarchy of participation," distinguishing between the "architects" who conceptualise a criminal design and the "facilitators" who execute it. The Court held that those with "command responsibility" stand on a "qualitatively different footing" and cannot claim parity with subsidiary actors.

15. In view of the aforesaid circumstances and considering the material on record, it is evident that the applicant was not a mere bystander but a primary orchestrator of a sophisticated and pre-planned financial fraud. By leveraging personal influence and public platforms to lure unsuspecting individuals into a debt trap, specifically by inducing them to secure bank loans under the false pretext of high-yield reinvestment, the applicant demonstrated a clear and dishonest intent to defraud from the very beginning.

16. Such calculated collusion with co-accused to misappropriate entrusted funds and systematically stop repayments once the illicit gains were secured reflects a grave betrayal of trust and a criminal conspiracy hatched against the

public interest. Since the applicant played an active role in executing this large-scale deception and the potential risk of him influencing victims or obstructing the tracing of the diverted money trail coupled with the magnitude of this economic exploitation, warrants the denial of any discretionary relief in favour of the applicant.

17. Accordingly, the bail application stands **rejected**.

(SACHIN S. DESHMUKH, J.)

Omkar Joshi