

## LEGAL UPDATES

### **P&H HC: HC DENIES BAIL TO DIRECTOR ALLEGEDLY INVOLVED IN SIPHONING-OFF OF FUNDS BY ADARSH GROUP**

Punjab & Haryana HC rejected a plea, filed by one of the Directors ('Petitioner') of Adarsh Credit Co-operative Society Ltd. ('ACCSL') seeking regular bail in a complaint case alleging fund mobilization. The order was conceded by Justice Meenakshi I. Mehta. The HC observed that pursuant to MCA orders issued in the public interest, the investigation was conducted into the affairs of Adarsh Group of Companies and LLPs ('AGC&L'). Consequently, a complaint was filed in Special Court alleging that the Petitioner is involved in siphoning off the funds of ACCSL as she was one of the Directors of several companies of AGC&L which had secured the loans from ACCSL illegally. It was further alleged that the Petitioner perpetrated fraud by swindling away the hard-earned money of the members/depositors of ACCSL, especially those belonging to the low and middle-income groups. The Court observed that 70 out of 126 Companies Under Investigation (CUIs), had secured loans to the tune of Rs. 1700 Cr. from ACCSL deceitfully and a sum of Rs. 4120 Cr. was an unsettled balance against the loan in these CUIs. It was also observed that the Petitioner was also a signatory to the loan applications pertaining to some of the said loanee Companies and the loan had been sanctioned in favour of these Companies without examining or verifying the documents and without adhering to the prescribed procedure and Rules. In light of the above, HC stated that it does not find any cogent ground to exercise in favour of the petitioner or to record its satisfaction qua the fulfillment of the twin pre-requisites, as envisaged under Sec. 212(6) of the Act of 2013, so as to extend the relief of bail to her. The HC specified that the petitioner's claims that the Rajasthan High Court had granted her relief of interim bail in an alternative case were feeble since in the above-mentioned order, the petitioner had solitary been granted relief of interim bail in another case that was ongoing before the Rajasthan High Court and had been extended; this was in response to the petitioner's claim that the Rajasthan High Court had granted her relief of interim bail in another case. Consequently, these orders do not entitle her the right to ask for regular bail in the current case. Thus, Punjab & Haryana HC rejected the aforementioned plea.

