IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CRIMINAL APPELLATE JURISDICTION

BAIL APPLICATION NO. 540 OF 2025

Mr. Mahaveer Prasad Nagar .... Applicant
Versus
The State of Maharashtra and anr. .... Respondent

WITH
BAIL APPLICATION NO. 555 OF 2025

Mr. Mahaveer Prasad Nagar .... Applicant
Versus
The State of Maharashtra and anr. .... Respondent

Mr. Karan Singh Rajput a/w. Mr. Dharmesh Joshi,
Ms. Akshita Vakharia and Mr. Ritesh Yadav for the Applicant in both BAs.
Mr. Tanveer Khan, APP for the Respondent No.1 – State in BA/540/2025.
Mr. Yogesh Nakhwa, APP for the Respondent No.1 – State in BA/555/2025.
Mr. Kuldeep Patil a/w. Mr. Sumitkumar Nimbalkar and Mr. Anay Joshi for Respondent No.2 – CBI in both BAs.

CORAM: SHYAM C. CHANDAK, J.

RESERVED ON : 27th NOVEMBER, 2025
PRONOUNCED ON : 02nd DECEMBER, 2025

ORDER :-

. Heard Mr. Karan Singh Rajput, learned Counsel for the Applicant, Mr. Tanveer Khan and Mr. Yogesh Nakhwa, learned APPs for the Respondent No.1 - State and Mr. Kuldeep Patil, learned Counsel for Respondent No.2 - CBI.

2. In Bail Appln. No.540/2025 the Applicant seeking bail in Special (CBI) Case No.355/2024 arising out of the FIR No.RC0592023A0001 dated 19/05/2023 registered with CBI, Special Task Branch, New Delhi. In Bail Appln. No.555/2025 the Applicant seeking bail in Special (CBI) Case No.414/2024 arising out of the FIR No.RC0592023A0002 dated 19/05/2023 registered with CBI, Special Task Branch, New Delhi.

In both FIRs/cases the offences alleged are under Sections 403, 420, 467, 468, 471 and 120-B of the Indian Penal Code, 1860 ("**I.P.C.**") and Sections 13 (2) r/w. 13 (1) (d) of the Prevention of Corruption Act, 1988 ("**The Act**"). Both the cases are pending before the Court of the learned Special Judge/Additional Sessions Judge, for CBI Cases, at Thane.

3. In Special Case No.414/2024, the case of prosecution is that, the firm M/s.J.M.D. Laxmi Enterprises of co-accused engaged in the business of trading was enjoying credit facilities and has availed loan worth Rs.10.04 crores under cash credit facility from State Bank of India. The Applicant was the Chief Manager of said bank when co-accused, *i.e.*, Director/Proprietor of J.M.D. Laxmi Enterprises availed loan of Rs.10.04 crores under cash credit facility agreement executed by them in favour of State Bank of India. The Applicant being Chief Manager of State Bank of India is also signatory of the said agreement and the co-accused has diverted the loan to the sister concern companies of JMD Laxmi Enterprises and for purchasing of immovable property. They violated the terms of cash credit facility agreement, according to which the Director/Proprietor should not use the loan availed under cash credit facility to their sister concern companies and it should not be invested in real and capital market. However, in contravention of the said clause, the co-accused diverted the said loan to their sister concern companies. Hence the offence came to registered against the co-accused under Sections 420, 467, 468, 471 and 120-B of I.P.C.

The allegations against applicant/accused are that, he was the then Chief Manager in State Bank of India and he had sanctioned/enhanced loan to the JMD Laxmi Enterprises without verifying the fact that the loan availed under the cash credit facility was actually used by them and thereby the Applicant aided the co-accused persons for using the loan under the cash credit facility in contravention of the terms of the cash credit loan agreement and for misappropriation of said loan. Thereby the Applicant has committed an offence punishable under section 409 of the Indian Penal Code and under the allied Sections.

4. The prosecution story in Special Case No.355/2024 is identical to its story in the aforesaid Special Case No.414/2024. However, only distinction is that, in Special Case No.355/2024, the loan amount was Rs.18 crores. Therefore, for the purpose of brevity, the prosecution story need not be reproduced with detail.

5. On completion of investigation, the charge-sheet came to be filed by Respondent No.2-CBI. Till then, the Applicant was never arrested in the cases for the purpose of investigation. As required in the notice/summons received from Respondent No.2, the Applicant appeared before the trial Court on 09/09/2024. However, the learned Judge of the trial Court took the Applicant in judicial custody and sent him in jail. It is in this background, the Applicant preferred separate Bail Application under Section

439 of Cr.P.C. before the trial Court in both cases (Exh.30 & Exh.11 respectively).

Respondent No.2 filed its say. Therein it explained as to how the crime was committed and highlighted the role of the accused persons. Thus, Respondent No.2 opposed the bail. However, lastly it was specifically stated that the Applicant had co-operated during the course of the investigation and was not arrested by the CBI.

Considering the facts of the cases, the learned Judge of the trial Court observed that the Applicant had enhanced the loan facility without inquiring as to where the loan amount was actually used by the co-accused and whether the loan was used for the purpose for which it was obtained. While sanctioning/enhancing the cash credit facility, the Applicant did not take trouble to inquire about the valuation of the properties of collateral securities given by the co-accused. Thus, pursuant to the criminal conspiracy, huge public money was misappropriated by the co-accused with the assistance of the Applicant. Therefore, the learned Judge declined to grant bail which resulted in rejection of both the Bail Applications. Hence, these Applications for bail.

6. Mr. Rajput, the learned Counsel for the Applicant submitted that, during investigation, whenever the Applicant was called to appear before the investigation officer, he co-operated. At no point of time, the arrest of the Applicant was felt necessary. The investigation officer, therefore, never arrested him till filing of the charge-sheet and simply directed him to attend before the trial Court for further proceedings in the cases. This was pursuant to the provisions of Section 88 Cr.P.C. as was applicable. The hearing of the case will take its own time. Therefore, bail be granted.

7. Mr Patil, the learned Counsel for Respondent No.2-CBI, on the other hand, highlighted the material evidence and submitted that, there is a clear case of cheating and misappropriation against the Applicant and his co-accused which caused the wrongful loss more than Rs.28 crores to the bank. It was a public money. At the relevant time, the Applicant was a public figure. He is a beneficiary of the crime. Such economic offences badly affect the financial state of the country. Therefore, the trial Court declined the bail.

8. Mr Rajput, the learned Counsel for the Applicant has placed reliance upon the decision in ***Satender Kumar Antil vs. CBI***[1] and submitted that where an accused was never arrested during the course of investigation and marked his presence subsequent to the filing of the police report before the concerned Court, directions have been issued to the effect that he shall not be arrested. The gravity and severity of the offence has to be juxtaposed against the fact that the Investigating Officer never deemed it necessary to arrest the accused during the course of the investigation and, in the absence of the prosecution expressing flight risk, there can be no arrest.

9. The Hon'ble Apex Court in ***Satender Antil*** (supra), taking review of the provisions of "Bail" in the background of the fact that, Jails in India are flooded with under-trial prisoners, the Apex reiterated the principle "Bail is the rule and Jail is an exception".

1 (2022) 10 SCC 51

10. Section 170 Cr.P.C./Section 190 of BNSS, 2023 provided a procedure to be followed when cases are forwarded to the Magistrate, where evidence is found to be sufficient and which contemplate that, the Officer shall forward the accused under custody to a Magistrate, empowered to take cognizance of the offence upon the police report and try the accused or commit him for trial. In the case of ***Satender Antil*** (supra), in paragraph No.43 it was observed that :-

> "**43.** The scope and ambit of Section 170 has already been dealt with by this Court in Siddharth v. State of U.P., (2022) 1 SCC 676. This is a power which is to be exercised by the court after the completion of the investigation by the agency concerned. Therefore, this is a procedural compliance from the point of view of the court alone, and thus the investigating agency has got a limited role to play. In a case where the prosecution does not require custody of the accused, there is no need for an arrest when a case is sent to the Magistrate under Section 170 of the Code. There is not even a need for filing a bail application, as the accused is merely forwarded to the court for the framing of charges and issuance of process for trial. If the court is of the view that there is no need for any remand, then the court can fall back upon Section 88 of the Code and complete the formalities required to secure the presence of the accused for the commencement of the trial. Of course, there may be a situation where a remand may be required, it is only in such cases that the accused will have to be heard. Therefore, in such a situation, an opportunity will have to be given to the accused persons, if the court is of the prima facie view that the remand would be required. We make it clear that we have not said anything on the cases in which the accused persons are already in custody, for which, the bail application has to be decided on its own merits. Suffice it to state that for due compliance of Section 170 of the Code, there is no need for filing a bail application."

11. Now turning to the case in hand, the detention of the Applicant in jail will not serve any purpose. Looking at the rival submissions, it is apparent that, the case of the prosecution is entirely based on documentary evidence as described in the charge-sheet. The prosecution has not raised a possibility of tampering with its evidence by the Applicant, if released on bail. Mr Rajput submitted that the co-accused are released on bail and it did not hamper the prosecution in any manner. The Applicant is not likely to abscond.

12. In view thereof, I deem it appropriate to allow the Applications with the conditions being imposed upon the Applicant to the following effect. Hence, the following Order :-

(a) The Applicant – Mr. Mahaveer Prasad Nagar is directed to be released on bail in Special (CBI) Case No.355/2024 arising out of FIR No.RC0592023A0001 dated 19/05/2023 registered with CBI, Special Task Branch, New Delhi, pending before the Court of the learned Special Judge/Additional Sessions Judge, for CBI Cases, at Thane, on furnishing P.R. bond in the sum of Rs.1,50,000/- with one or two sureties in the like amount.

(b) The Applicant – Mr. Mahaveer Prasad Nagar is directed to be released on bail in Special (CBI) Case No.414/2024 arising out of FIR No.RC0592023A0002 dated 19/05/2023 registered with CBI, Special Task Branch, New Delhi, pending before the Court of the learned Special Judge/Additional Sessions Judge, for

CBI Cases, at Thane, on furnishing P.R. bond in the sum of Rs.1,50,000/- with one or two sureties in the like amount.

(c) The Applicant shall not contact and influence the prosecution witnesses in any manner and shall not tamper with prosecution evidence.

(d) The Applicant shall regularly attend before the trial Court in both the cases and co-operate for hearing and disposal of the said cases as will be required by the trial Court.

(e) The Applicant shall furnish his permanent address and temporary address, if any, and his contact details to the prosecution and the Court concerned.

(f) The Applicant shall not change his said addresses without prior intimation to the Investigating Officer and the Court concerned.

(g) The Applicant shall not leave India without prior permission of the trial Court.

(h) If the Applicant disobeyed any of the above conditions, the prosecution is at liberty to move the Court for cancellation of bail.

(i) The Applicant shall submit an affidavit before the Trial Court to the effect that he will abide by all the aforesaid conditions imposed by this Court for releasing him on bail.

13. With the above observations, the Bail Applications are disposed of.

14. All concerned to act on an authenticated copy of this Order.

(SHYAM C. CHANDAK, J.)

15. After pronouncement of the Order, the learned Counsel Mr. Rajput prayed to grant eight weeks time to furnish surety and till then, to release the Applicant on his executing a P.R. Bond in the sum of Rs.1,50,000/- and on depositing a sum of Rs.1,50,000/- in lieu of executing the surety bond.

Considering the facts of the case, said request is accepted. Hence, in both the said cases, the Applicant be released on bail for a period of eight weeks on his executing a P.R. Bond in the sum of Rs.1,50,000/- and depositing a sum of Rs.1,50,000/- in lieu of furnishing the surety bond.

At the end of said period of eight weeks, the Applicant shall furnish the surety. On furnishing such surety, the amount totaling to Rs.3,00,000/- deposited by the Applicant shall be returned.

(SHYAM C. CHANDAK, J.)

PREETI HEERO JAYANI

Digitally signed by PREETI HEERO JAYANI
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