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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CRIMINAL APPELLATE JURISDICTION

BAIL APPLICATION NO.2687 OF 2025

Karthik Shetty … Applicant

V/s.

The State of Maharashtra … Respondent

Mr. Madhukar P. Dalvi with Mr. Shivam S. Dube and Ms. Disha Sharma for the applicant.

Ms. Shilpa G. Talhar, APP for the State.

Mr. Samir A. Vaidya with Z. Khan and Aditya R. Parmar for original complainant.

Shabana Mulani, PSI, Vile Parle Police Station is present.

CORAM : AMIT BORKAR, J.

DATED : JULY 23, 2025

P.C.:

1. By way of the present application filed under Section 439 of the Code of Criminal Procedure, 1973, the applicant seeks to be enlarged on regular bail in connection with Crime No.575 of 2024 registered at Vile Parle Police Station for offences punishable under Sections 420 and 406 of the Indian Penal Code, 1860.

2. The prosecution case, as disclosed in the complaint and supporting documents, unfolds as under: According to the complainant, in the month of November 2023, he and his wife, Mrs. Deepa Pujari, were out for a walk in the Yari Road area of Versova, Andheri (West), when they happened to visit a restaurant named “Idli Guru.” They had a meal at the said restaurant and were highly impressed by the quality and taste of the food. On being satisfied with the culinary experience, they obtained the contact number of the owner of the said restaurant, i.e., the present applicant, Mr. Karthik Babu, through the restaurant’s manager.

3. Thereafter, the complainant contacted the applicant on his mobile number and expressed appreciation for the food served at the restaurant. During this conversation, the complainant also conveyed his intention to acquire a franchise of “Idli Guru” and venture into the hotel business. The applicant responded positively and assured the complainant that he would visit Mumbai within two to three days to discuss the matter further.

4. In pursuance of the said communication, within a span of two to three days, the applicant came to Mumbai and met the complainant and his wife at the “Idli Guru” outlet located at Yari Road, Versova, Andheri (West). During the said meeting, it was revealed that the applicant is a resident of Bengaluru and he shared his Aadhaar card which showed his residential address as 329, Bagi Residency, Chhatra Street, Akhatriya, Behind Rama Temple, Ramnagar, Karnataka – 562159.

5. It is alleged that, during the said meeting, the applicant claimed that his restaurant enjoys widespread popularity on social media platforms such as Instagram and YouTube. He further informed the complainant and his wife that the franchise fee would be Rs. 20,00,000/- (Rupees Twenty Lakhs), GST amounting to Rs. 3,60,000/- would be required to be paid separately, and an additional Rs. 10,000/- would be needed to generate the Customer ID for the franchise outlet. The said amount of Rs. 10,000/- was allegedly collected by the applicant through GPay from the complainant.

6. Relying upon the representations so made, on 29th November 2023, the complainant transferred an amount of Rs.10,00,000/- (Rupees Ten Lakhs) from his Canara Bank account to the HDFC Bank account of the applicant bearing account number 50200067665951, under the account name "Mankar Foods and Retail," by way of RTGS. Thereafter, the complainant commenced the process of identifying a rental premises for the proposed restaurant and began searching for property in the Ram Mandir Road area, Kahu Galli, Vile Parle (East), for setting up the said outlet.

7. That subsequently, on 15th December 2023, a Franchise Agreement was executed between the applicant and the complainant's daughters, namely, Miss Amisha and Miss Tanisha, concerning the operations of the restaurant under the brand name "Idli Guru." As per the terms of the agreement, the complainant undertook to pay the monthly rent and electricity charges for the premises, while the income from the business would be shared in the ratio of 20% to the complainant and 80% to the applicant. The share of the applicant was to cover operational costs such as payment of staff salaries, purchase of equipment and raw materials, and general maintenance of the restaurant.

8. It is further the case of the complainant that, on 22nd December 2023, he transferred an additional amount of ₹13,60,000/- (Rupees Thirteen Lakhs Sixty Thousand Only) from his Canara Bank account bearing No. 0121101009125 to the HDFC Bank account No. 50200067665951 held in the name of Mankar Foods and Retail at Mahalaxmi Puram Branch, Bangalore. The said transaction was carried out via RTGS and was made in continuation of the earlier transaction towards securing the franchise of the restaurant “Idli Guru.”

9. Pursuant to the earlier discussions and commitments made by the applicant, the complainant identified and finalized a rental property for the franchise business. The said premises belonged to one Mr. Bharat Chandrakant Zaveri and was situated at Ram Mandir Road, Kahu Galli, Vile Parle (East), Mumbai. On 5th January 2024, a registered leave and license agreement was executed between the complainant and the said landlord for a period of 60 months. As per the agreement, the complainant was to pay monthly rent of ₹76,000/- and had also paid a security deposit of ₹3,05,000/-.

10. It is further alleged that after securing the said premises and completing the necessary formalities, the complainant repeatedly attempted to contact the applicant to inform him and request him to initiate the franchise operations. However, despite repeated assurances from the applicant, the business was not commenced. The applicant kept giving one excuse or the other and only sent some construction materials like sand, cement, and tiles to the site. As per the terms of the franchise agreement, the business was required to commence within 60 days from the date of agreement, but no such commencement took place, thereby raising serious doubts regarding the applicant's bona fides.

11. The complainant further states that in the month of February 2024, he came to know through media reports and police sources that the present applicant had been arrested by the Bangalore Police in connection with similar fraudulent activities involving hotel franchise scams. It also came to light that the applicant had allegedly defrauded two other individuals, namely Mr. Mukesh Kapoor and Mr. Aditya Kapoor, who are residents of the Oshiwara area in Mumbai. These revelations, according to the complainant, confirmed his suspicion that he too had been deceived in a similar manner.

12. On the basis of the above chain of events, it is alleged that from November 2023 till date, under the pretext of granting a franchise of the restaurant "Idli Guru" at the Vile Parle premises, the applicant wrongfully received a total amount of ₹23,60,000/- (Rupees Twenty-Three Lakhs Sixty Thousand Only) from the complainant in two tranches, ₹10,00,000/- and ₹13,60,000/-, respectively. It is the case of the complainant that the said amount was obtained by cheating and deception and was never intended to be used for starting the business, thereby constituting an act of cheating and criminal breach of trust. Consequently, the complainant approached the police authorities and lodged the present complaint, which led to the registration of the FIR.

13. The learned counsel for the applicant has drawn the attention of this Court to the materials in the charge sheet and the statements of the complainant. It is submitted that the entire transaction, at best, amounts to a breach of contractual terms, giving rise to a civil dispute. The applicant had entered into a formal agreement granting franchise rights, and the complainant's daughters were made parties to the same. It is pointed out that even a leave and license agreement was executed for securing a commercial premises and that the applicant did, in fact, supply some construction material to the site in preparation for business commencement. According to the learned counsel, the grievance of the complainant pertains to the non-commencement of business within the stipulated period of 60 days. It is further submitted that upon learning about the similar complaint registered at Bangalore, the applicant was arrested but has since been granted bail by the Karnataka High Court. It is argued that the investigation in the present case is complete, and charge sheet has been filed, and therefore, the continued custody of the applicant is not warranted.

14. On the other hand, the learned APP, along with the learned advocate appearing for the complainant, has opposed the application. It is their contention that the applicant never intended to start any genuine business with the complainant and that he had acted with dishonest intention from the very inception. They have placed reliance on the fact that similar offences have been registered against the applicant at Oshiwara in Mumbai as well as in Karnataka, which shows a pattern of fraudulent conduct. It is an admitted position that the applicant received a large sum of ₹23,60,000/- from the complainant under the guise of franchise and GST payments. On a cumulative assessment of the facts and materials placed on record, it is submitted that the ingredients of cheating under Section 420 IPC are clearly attracted, and the nature of the offence, involving multiple victims and a pattern of deception, does not warrant grant of bail at this stage. They accordingly prayed for rejection of the present bail application.

15. I have given my thoughtful consideration to the rival submissions advanced on behalf of the applicant, the learned APP, and the learned counsel for the complainant. I have perused the FIR, statements of witnesses, the Franchise Agreement dated 15th December 2023, the Leave and License Agreement, the charge sheet, and the material placed on record.

16. At the outset, it is necessary to note that the transactions between the parties are not in dispute. The complainant has transferred a total sum of ₹23,60,000/- in two tranches, ₹10,00,000/- and ₹13,60,000/-, to the account of the applicant’s entity Mankar Foods and Retail, and a franchise agreement was executed. There is also no dispute that a leave and license agreement was entered into by the complainant for the proposed outlet, and some construction material was delivered to the site.

17. The main grievance of the complainant appears to be that despite the execution of the agreement, the hotel business under the name “Idli Guru” did not commence within the stipulated period of 60 days. It is also evident that allegations have emerged subsequently of similar complaints registered against the applicant in other jurisdictions, including in Karnataka and Oshiwara.

However, it is brought to the notice of this Court that in the said Karnataka case, the High Court has already granted bail to the applicant.

18. The prosecution has now filed a charge sheet. Thus, the custodial interrogation of the applicant is no longer required. The entire evidence is documentary in nature, and the essential facts are already before the investigating authority. It is also not the case that the applicant has absconded or evaded investigation during the course of inquiry in the present case. The recovery, if any, is also completed.

19. It is trite law that at the stage of considering bail under Section 439 Cr.P.C., the Court is not required to conduct a detailed roving inquiry into the truthfulness of the allegations. What is to be seen is whether a prima facie case is made out, and whether the accused is likely to misuse the liberty of bail or tamper with the prosecution evidence or threaten the witnesses.

20. Having regard to the nature of allegations, the stage of investigation, the filing of charge sheet, and the fact that the dispute, to a substantial extent, arises from a business relationship based on contractual terms, this Court is of the opinion that the applicant has made out a case for grant of regular bail. The applicant has roots in society, and the possibility of him fleeing justice is also remote.

21. In view of the above discussion, the following order is passed:

i) The bail application is allowed;

ii) The applicant Karthik Shetty is directed to be released on regular bail in connection with Crime No.575 of 2024 registered with Vile Parle Police Station for offences punishable under Sections 420 and 406 of the Indian Penal Code, 1860, upon furnishing a personal bond of Rs.25,000/- (Rupees Twenty Five Thousand only) with one or more solvent sureties in the like amount, to the satisfaction of the Trial Court, subject to the following conditions:

a) The applicant shall report the Vile Parle Police Station as and when called by the Investigation Officer and shall cooperate with the prosecution.

b) The applicant shall not tamper with the evidence or attempt to influence any witness.

c) The applicant shall appear before the Trial Court on every date of hearing unless prevented by sufficient cause.

d) The applicant shall not leave the territorial jurisdiction of the Trial Court without prior permission.

e) The applicant shall not indulge in any criminal activity during the pendency of the trial.

f) Any breach of these conditions shall result in the prosecution moving for cancellation of bail before the Trial Court.

22. The bail application is allowed and disposed of.

23. Before parting with the matter, it is necessary to clarify that the observations made hereinabove are only for the purpose of deciding the present bail application.

24. Therefore, the observations made in this order shall not influence or affect the trial proceedings in any manner, nor shall they be construed as an expression of opinion on the guilt or innocence of the applicant.

(AMIT BORKAR, J.)