Ajay

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CRIMINAL APPELLATE JURISDICTION

BAIL APPLICATION NO. 3030 OF 2026

Vishwanath Devaraja Rao .. Applicant

Versus

Central Bureau of Investigation
(Bank Securities and Fraud Branch, New Delhi)
& Anr. .. Respondents

....

- Mr. P.K. Sanghrajka a/w Shrishankar Prajapati, Advocates for Applicant
- Mr. Amit Munde, Special P.P. a/w Mr. Jai Vohara & Mr. Aamir Khan, Advocates for Respondent No.1
- Tathagat Vardan, Addl. SP, CBI, BSFB, New Delhi

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CORAM : MILIND N. JADHAV, J.

DATE : AUGUST 25, 2026.

P.C.:

1. Heard Mr. Sanghrajka, learned Advocate for Applicant and Mr. Munde, learned Special PP for Respondent No.1

2. After the Bail Application was heard yesterday, in view of the verbose submissions made by either side, this Court had passed the following order:-

> *"**1.** Heard Mr. Sanghrajka, learned Advocate for Applicant and Mr. Munde, learned Special PP for Respondent No. 1 and with their able assistance, perused the entire record placed before me for grant of bail. Reply of CBI has been taken on record and duly considered.*
>
> ***2.** By this Bail Application, Applicant - accused is seeking enlargement on bail in FIR No. RCBD 1/2025/E/0005 registered with the Central Bureau of Investigation, Bank Securities and Fraud Branch, New Delhi, under Section 120-B read with 406, 420 and 409 of the Indian Penal Code, 1860 (for*

*short "**IPC**") and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988.*

3. *After considering their respective submissions and in view of the prima facie verbose submissions and arguments advanced by both the learned Advocates before me, the reasons will be given later on. I am convinced that Applicant deserves to be enlarged on bail.*

4. *The Applicant is released on bail on the following terms and conditions:-*

(i) *Applicant is directed to be immediately released from prison in connection with RC No. RCBD1/2025/E/0005 dated 21.08.2025 registered with the Central Bureau of Investigation, Bank Securities and Fraud Branch, New Delhi;*

(ii) *Applicant is directed to be released on bail on furnishing P.R. Bond of Rs. 1,00,000/- (Rs. One Lakh only) with one or two sureties in the like amount;*

(iii) *Applicant is permitted to furnish provisional cash bail of Rs. 1,00,000/- for his release immediately and file undertaking that he will provide one or two sureties in the like amount of Rs. 1,00,000/- within a period of four weeks after his release which shall be accepted by the Trial Court, Applicant shall provide surety as directed;*

(iv) *Applicant shall report to the concerned Investigating Officer once every month on the first Sunday of the month between 10:00 a.m. to 12:00 p.m.;*

(v) *Applicant shall co-operate with the conduct of trial and attend the Trial Court on all dates, unless specifically exempted and will not take any unnecessary adjournments, if he does so it will entitle the prosecution to apply for revocation of this order;*

(vi) *Applicant shall not leave the State of Maharashtra without prior permission of the Trial Court. He shall deposit his passport, if any, with the Trial Court within one week of being released from prison;*

(vii) *Applicant shall not influence with any of the witnesses or tamper with the evidence in any manner;*

(viii) *Applicant shall keep the Investigating Officer informed of his current address and mobile contact number and / or change of residence or mobile*

> *details, if any, from time to time, as applicable; and*
>
> ***(ix)*** *Any infraction of the conditions shall entail cancellation of bail granted to the Applicant.*
>
> ***5.*** *Needless to state that the above observations and the reasons to follow will not come in the way of trial as they are prima facie in nature based on the submissions made by both Advocates and the material placed before this Court.*
>
> ***6.*** *Bail Application is allowed and disposed of in the above terms."*

3. The reasons for passing the aforesaid order are given herein.

4. Applicant is arraigned as Accused No.2 in the charge-sheet filed on 29.05.2026 which is registered as a Special Case No.1046 of 2026 on 17.06.2026. The RC No. of the case is RCBD1/2025/E/ 0005 dated 21.08.2025 for offences punishable under Section 120B read with Sections 406, 420 and 409 of Indian Penal Code, 1860 (for short "**IPC**") and Sections 13(2) read with 13(1)(d) of Prevention of Corruption Act, 1988 (for short "**PC Act**"). The period during which the offence/crime/incident has occurred is between 01.04.2013 to 31.03.2017.

5. Mr. Sanghrajka, learned Advocate for Applicant would vehemently submit that Applicant is 67 years old today and is in judicial custody since 24.04.2026 on the ground that he actively participated in sanction and disbursement of credit facilities obtained from consortium lenders under multiple banking arrangements by misrepresentation and suppression of material facts.

5.1. He would submit that Applicant has no criminal antecedents, that out of 20 accused persons who were chargesheeted only 3 have been arrested during the course of investigation, that admittedly even according to prosecution Applicant is not beneficiary of a single rupee or any monies obtained from the consortium of banks and the entire case of the prosecution rests on documentary evidence which are statutory documents and no direct evidence of any overt act is attributed to the Applicant. He would submit that Applicant worked as a Middle Management Officer in the capacity of Senior Vice President / Joint President of the Reliance Communications group and looked after its corporate finance operations.

5.2. He would submit that the entire case of prosecution is based upon the fact that Applicant being the senior most official in the group of companies, he signed 67 cheques / credit facilities extended by the Company to third parties in the normal day to day business transactions of the Company and through these transactions diverted and layered the funds received / borrowed from the Banks and was in the complete knowhow. He would submit that every allegation against the Applicant is generic in nature and no direct involvement of the Applicant subsists in the alleged fraud or charge levied under the PC Act. Hence, he would urge the Court to consider the Application for bail.

6. ***PER CONTRA***, the Bail Application is vehemently opposed by CBI led by its Special Counsel Mr. Munde. At the outset, he would draw my attention to Affidavit dated 25.08.2026 filed by Mr. Tathagat Vardan, Additional Superintendent, Central Bureau of Investigation – Bank Securities and Fraud Branch, New Delhi (for short "**CBI**") and contend that role of Applicant in disbursement of funds received from lenders and handling the corporate finance operations of the group of companies is direct and prominent. He would forcefully submit that material collected during investigation including banking records, internal communications, transaction trails, witness statements all *prima facie* indicate Applicant's active and direct involvement in carrying out layered transactions, bill discounting arrangements and routing of funds through the Reliance group entities designed to facilitate diversion and round – tripping of loan funds in violation of the sanction terms and misuse of the said funds. He would strongly submit that Applicant's senior position facilitated his participation in the questioned transactions.

6.1. He would submit that allegations against Applicant disclose a continuing course of conduct whereby consortium lender banks led by State Bank of India (for short "**SBI**") were induced to sanction and disburse credit facilities on the basis of misleading representations regarding financial position and viability of the borrower Company and after receiving the loan amounts has allegedly diverted, layered and utilized the same contrary to sanction terms. He in his usual fair-mindedness would candidly admit that though Applicant did not derive any monetary benefit but the relevant question to be answered was whether he knowingly participated and facilitated the transactions under investigation on behalf of the group of Companies.

6.2. He would submit that facility of Letters of Credit (LoC) was obtained by the accused persons including Applicant from the banks by misrepresentation and suppression of records and those funds were discounted at a different bank and were finally routed to Reliance Communications Ltd. causing financial loss of Rs.618 crores to two banks. He would submit that prosecution therefore has reasonable apprehension to believe that because of his powerful position the Applicant if released on bail will undoubtedly tamper with investigation and shall attempt to influence witnesses and hence his Bail Application be dismissed.

6.3. He would submit that the Company in which Applicant was working has caused financial loss to the tune of several thousand crores to Indian and Foreign Commercial Institutional Investors through a complex web of transactions by circuitous movement of funds with ulterior motive and therefore case pleaded that he was in the middle management and carried out orders of the Board of Directors of the Company should not be countenanced at all for grant of bail.

6.4. Mr. Munde, learned Special Counsel has referred to and relied upon the decisions of the Supreme Court in the case ***State of Gujarat Vs. Mohanlal Jitamalji Porwal and Anr.***[1], ***Y.S. Jagan Mohan Reddy Vs. CBI*** [2] and ***State of Bihar Vs. Amit Kumar***[3] and taken me through them. He would argue that Applicant has indulged in a massive white collar crime with a permissive eye unmindful of the damage and with utter disregard for the interest of the community/society with a deliberate motive and design for personal profit disregarding the entire society at large. He would stress that Applicant is involved in deep rooted conspiracy involving huge loss of public funds which is a socio-economic offence which affects the moral fibre of the society and resultantly the economy of the country and the financial health of the country as a whole. Hence he would passionately persuade me to reject the Applicant's Bail Application since further investigation is on to determine tracing and the end use of the borrowed amounts from the Indian and foreign lenders including banks.

7. I have considered the submissions made by Mr. Sanghrajka and Mr. Munde and with their able assistance perused the record of the case placed before me by them. Their submissions have received

1 AIR 1987 SC 1321
2 2013 (3) RCR (Criminal) 108
3 2017 (3) RCR (Criminal) 690

due consideration by the Court.

8. In this case, it is *prima facie* seen that the Complainant is SBI for itself and SBI led consortium of lenders. Applicant was working as Senior Vice President/Joint President of the Reliance Communications group. It is alleged that the group borrowed monies from the lenders i.e. Banks between 2013 to 2017 by misrepresentation and suppression of material facts and that Applicant being Senior Vice President/Joint President played an active part in sanction, disbursement of credit facilities obtained from commercial lenders under multiple banking arrangements. The second charge is about disbursement/end utilization of these funds by Applicant through layered transactions including bill discounting and tripping of funds through group entities.

9. *Prima facie* in so far as the first charge is concerned, a lot will have to said about the banking due diligence involved and carried out by the lenders' consortium before disbursement of credit facilities to the Company of which Applicant was a key managerial person as alleged. Firstly and *prima facie* prosecution has to show an overt act by the Applicant about misrepresentation and suppression so as to have deceived the Complainant into parting of humongous funds and disbursement of credit facilities as alleged. No such overt act attributed to the Applicant is *prima facie* shown to Court. No direct evidence of any overt act is either shown to Court or directly attributed to the

Applicant. In short, prosecution case is that a massive fraud is committed and Banks are induced to part with funds by misrepresentation and suppression. Entire allegation and case of prosecution is based on documents namely institutional records loan agreements, sanctioned letters, audit reports, regulatory filings, bold minutes and insolvency records which are either with the concerned banks or with the CBI. Facts are required to be pleaded for *prima facie* belief of Applicant's role and involvement. Admittedly, prosecution has not recovered any material or amounts from Applicant and therefore on the first count of charge against Applicant, *prima facie,* no case is made out by the CBI so as to continue the incarceration of the Applicant. Needless to state that trial will prove Applicant's complicity, but at this stage *qua* the first charge, I am unable to accept the generic and fanciful submissions advanced by Mr. Munde.

10. In so far as the second charge against the Applicant is concerned, it is alleged that he was privy to and had knowledge of the entire financial structure including the origin and end-utilization of funds and played an active role in diversion of loan amounts through layered transactions including bill discounting under Letters of Credit and routing of funds through group entities resulting in round-tripping and wrongful loss of Rs.2,929.05 crores. This is a very serious charge on the face of record as pleaded by the prosecution. However, to show that Applicant was privy to and had knowledge of the entire financial structure and more specifically about the end-utilization of funds, the precise role of Applicant and motive needs to be shown or attributed at the threshold from the documentary evidence i.e. loan agreements, sanction letters, board minutes, audit reports and regulatory findings which are confiscated by the prosecution. If prosecution wants to levy the above charge, then it cannot be so generic in nature and to such an extent merely to submit that Applicant is responsible for causing financial loss of Rs.2,929.05 crores. Without specific facts being pleaded for such a humongous charge, prosecution case at this stage cannot be accepted at face value.

11. At this stage, when the Bail Application is considered, prosecution will have to *prima facie* show the degree of Applicant's role his privy to the transactions and layering of funds and he having knowledge of the end-utilization of funds and he having diverted the loan amount through layered transactions which is the most crucial aspect.

12. Mr. Munde has vehemently argued that Applicant has signed 67 such documents for onward transmission of funds which are Letters of Credit and has opened a total 67 Letters of Credit in favour of its own subsidiary Companies which are signed by the Applicant. He has argued that with regard to the loan amount of Rs.1200 crores taken from SBI, he has signed as guarantor. These are the three specific submissions which are contained in the Reply filed by the CBI in paragraph 'M' and '1F' of the CBI's Affidavit-in-Reply. I have perused the same and considered the said submissions. It is *prima facie* seen that the very transactions which are characterized as diversion and round-tripping by the prosecution were already placed before the National Company Law Tribunal (NCLT) during the Corporate Insolvency Resolution Process filed by the company in at least 17 Avoidance Applications filed under Sections 43, 45, 46 and 66 of the Insolvency and Bankruptcy Code, 2016 which were in fact moved by the Resolution Professional (RP) under the supervision of the Committee of Creditors led by the consortium lender bank, namely SBI and not even one Avoidance Application came to be sustained. At this stage, this much *prima facie* material placed before me by the Applicant can be considered by me because the case of the prosecution to indict the Applicant is generic in nature.

13. I am also inclined to accept the submissions made by Mr. Sanghrajka that even according the prosecution no recovery whatsoever is made from the Applicant and he is not a beneficiary. I am also inclined to accept one more factual submission advanced by Mr. Sanghrajka about the cooperation extended by the Applicant to the prosecution. He was called four times for recording his statement and had cooperated fully, but on the fourth instance and attendance and that too nearly after 9 years after the transaction period as stated in the FIR, without specifying the specific role attributed to the Applicant, the Applicant is arrested and is kept in judicial custody. The charge-sheet is filed on 29.05.2026 and investigation is complete.

14. However, the cognizance stands deferred solely for want of sanction under Section 19 of the PC Act with regard to the public servant-accused persons with whom the Applicant has no nexus. In the present case, Applicant is 67 years old and suffers from uncontrolled Type-2 diabetes, hypertension and coronary artery disease having undergone angioplasty with stenting in February 2026 and his such reports from Dr. L.H. Hiranandani Hospital are appended at Exhibit 'G' - page No.146 onwards. I have no reasons to disbelieve them. Applicant is deeply rooted in the society, is a qualified Chartered Accountant and there is no likelihood of him evading or jumping bail either.

15. Hence for all the above *prima facie* observations and findings, I am inclined to consider the Applicant's case for allowing bail, who is presently lodged in judicial custody at Arthur Road Jail, Mumbai since 24.04.2026.

16. The Bail Application is therefore allowed in terms of prayer clause 'a' which reads thus:-

> "*a. That this Hon'ble Court be pleased to enlarge the Applicant/Accused on bail in connection with RC No. RCBD1/2025/E/005 dated 21.08.2025, registered for offences*

> *under Sections 120-B read with 406, 420 and 409 of the Indian Penal Code and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988, on such terms and conditions as this Hon'ble Court may deem fit and proper in the interests of justice."*

17. Present order is to be read alongwith the operative order dated 25.08.2026 and uploaded on the same date where this Court has laid down the terms and conditions for grant of bail to the present Applicant and the same is reproduced in paragraph No.2 of this order.

18. It is clarified that the observations made in this order are limited for the purpose of granting bail only and they may not be construed as observations on the merits of the case. The trial shall be adjudicated on the strength of the evidence led and evidence in rebuttal and strictly on its own merits being uninfluenced with any of the *prima facie* observations and findings made hereinabove in this order.

19. In view of the above, Bail Application is allowed and disposed.

[MILIND N. JADHAV, J.]

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