

**IN THE HIGH COURT FOR THE STATE OF
TELANGANA AT HYDERABAD**

THE HONOURABLE SMT. JUSTICE K. SUJANA

CRIMINAL PETITION No.4328 of 2026

DATE : 31.03.2026

Between:

Kandukuri Mahender.

...Petitioner/Accused No.2

AND

The State of Telangana,
Through S.H.O, P.S. Nalgonda Rural
Rep. by its Public Prosecutor,
High Court at Hyderabad, Hyderabad.

...Respondent/Complainant

ORDER:

This Criminal Petition is filed before this Court for grant of bail to the Petitioner who is arrayed as accused No.2 in Crime No.36 of 2026 of Nalgonda Rural Police Station, Nalgonda District, registered for the offences punishable under Sections 316(2), 316(5), 318(3), 318(4) r/w 3(5) of the Bharatiya Nyaya Sanhita (for short 'BNS').

2. The brief facts of the case are that, on 23.02.2026, the *de-facto* complainant lodged a report before the police stating that Government Paddy entrusted to M/s. Sumanjali PBI Private Limited, Nalgonda under a Custom Milling Agreement for the Rabi season 2022-2023, was held by the miller in a fiduciary capacity as an agent of TGSCSCL. The paddy procured from various Paddy Procurement Centers under the Minimum Support Price Scheme was delivered to the mill, and the miller duly acknowledged its receipt. However, issues arose with regard to compliance with the milling and delivery obligations of Custom Milled Rice. It is alleged that when the Government conducted an auction and the successful bidder attempted to lift the paddy from the petitioner's rice mill, it was found that the stock was not available at the mill, the same was reported to the Government authorities. Basing on the same the *de-facto* complainant lodged a report before the police stating that, out of the total allotted quantity of 24,722 metric tones of paddy to the petitioner's rice mill, there was a deficit of 6,766.211 metric tones. Hence, the complainant requested to take necessary action. Based on the said complaint, the police registered a case against the petitioners for the aforementioned offences.

3. Heard Sri C. Hari Preeth, learned counsel appearing on behalf of the petitioner as well as Sri Palle Nageshwar Rao, learned Public Prosecutor for respondent-State.

4. Learned counsel for the petitioner submitted that the petitioner herein is innocent of the said allegations. It is further submitted that the petitioner is not the agreement holder under the Custom Milling Agreement, and that his wife is the actual agreement holder. Based on the confession statement of the wife of the petitioner, the petitioner herein is arrayed as accused No.2 and the respondent authorities, without following the due procedure and despite initiating recovery proceedings, have erroneously implicated the petitioner in a false criminal case. It is further submitted that the petitioner has already been subjected to investigation and that a police custody petition was allowed by the trial Court, pursuant to which, he was taken into custody from 10.03.2026 to 12.03.2026 by the police. It is further submitted that the material part of the investigation has already been completed and that no further custodial interrogation of the petitioner is required. Therefore, he prayed the Court to grant bail to the petitioner by allowing this criminal petition.

5. On the other hand, learned Additional Public Prosecutor opposed the submissions made by the learned counsel for the petitioner stating that the material part of the investigation is not yet completed. It is further contended that a huge amount, approximately Rs.22.00 Crores of public money, is alleged to have been misappropriated by the petitioner, due to such misappropriation by the several rice mills has caused significant losses to the corporation, thereby putting its very existence at stake. It is further contended that, if the petitioner is released on bail, there is every likelihood that he may not cooperate with the investigating authority and recovery of the misappropriated amount from the petitioner would become difficult. Accordingly, he prayed the Court to dismiss the criminal petition.

6. In the light of the submissions made by both the learned counsel and upon perusal of the material available on record, it appears that the petitioner has been in judicial custody since 25.02.2026. As seen from the record, the allegation against the petitioner herein is that, though a substantial quantity of paddy was allotted to his rice mill, there is a deficit involving an amount of approximately Rs.22.00 Crores as on today. It is also brought on record that recovery proceedings have been initiated against the

petitioner. Considering the submissions made by the learned counsel for the petitioner, Considering the facts and circumstances of the case, the nature of the allegations, the stage of investigation, and the duration of incarceration and also considering the fact that the police custody petition was allowed and the petitioner was taken into custody from 10.03.2026 to 12.03.2026 and further taking into account that the petitioner is aged about 65 years old, this Court finds it appropriate to grant bail to the petitioner, subject to the following conditions.

- i. The petitioner shall execute a personal bond for a sum of Rs.1,00,000/- (Rupees One Lakh only), with two sureties for a like sum each to the satisfaction of the learned Judicial First-Class Magistrate (Special Mobile Court) at Nalgonda.
- ii. The petitioner shall appear before the concerned SHO at 11:00 a.m., on every Wednesday for a period of eight (8) weeks or till filing of charge sheet whichever is earlier, for the purpose of investigation, and thereafter, as and when required.
- iii. The petitioner shall abide by the conditions stipulated in Section 437(3)

of Cr.P.C. (presently, Section 480(3) of the BNSS).

7. Accordingly, the Criminal petition is allowed.

Miscellaneous applications, if any pending, shall stand closed.

K. SUJANA, J

Date: 31.03.2026
SRK

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