IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE JUSTICE B.R.MADHUSUDHAN RAO

CRIMINAL PETITION No.17308 OF 2026

CNR.No. HBHC010726162026

DATE: 02.11.2026

BETWEEN:

1.Mallem Sheshuvardhana Reddy @ Shashu Vardhan Reddy
2.Baggi Ravindra Babu @ Ravinder
3.Devula Jagadish
4.Smt. Sushmitha Pindi

... Petitioners –
Accused Nos.1 to 4

And

The State of Telangana,
Through the Station House Officer,
Zaheerabad Town Police Station
Rep. by its Public Prosecutor,
High Court for the State of Telangana at Hyderabad.

... Respondent - Complainant

ORDER

1. This memorandum of Criminal Petition is filed under Sections 480 and 483 of the Bharatiya Nagarik Suraksha Sanhita, 2023 (BNSS) praying this Court to enlarge the petitioners – accused Nos.1 to 4 on bail in connection with Crime No.365 of 2026 of P.S. Zaheerabad Town Police Station, Sangareddy District. The offences alleged against the petitioners – accused Nos.1 to 4 are under Sections 318(4), 316(2) r/w Section 3(5) of BNS and Section 5 of Telangana Protection of Depositors of Financial Establishment Act, 1999[for short 'TPDFEA'].

2. Heard Sri B.Mayur Reddy, learned Senior Counsel representing Sri G.Vaasudeevudu, learned counsel for the petitioners and Sri D.Arun Kumar, learned Additional Public Prosecutor appearing for the respondent – State.

3. Learned senior counsel for the petitioners submits that the very genesis of the present crime is false, which is registered on 21.08.2026 immediately after the occurrence of the night of 20/21.08.2026 when Nagarigari Willy Francis through whom the defacto complainant claims to have been introduced to petitioner No.1 – A1 together with M.Israel @ Babi [defacto complainant in Crime No.363 of 2026]. P.Arvind Kumar and about 40 associates had surrendered and confined the petitioners - A1 to A4 and their family members at Ginger Hotel, Airport Road, Shamshabad at Hyderabad nearly 100 kms from Zaheerabad and within the Hyderabad City police Commissionerate from 11.00 p.m. The above facts are borne out by the hotel booking confirmation for Ginger Hyderabad. Smt.Srilatha D and Smt.M.Aruna wives of petitioner No.3 – A3 and petitioner No.1 – A1 respectively lodged a written complaint dated 15.09.2026 before the Commissioner of Police, Hyderabad City Police Commissionerate and other police stations on 15.09.2026 and a further complaint of even date before Director General of Police, Telangana State. There is no scrap of paper in support of the alleged cash payments. The Court must look into the real nature of the

transaction and not the label of a complaint placed upon it. The provisions have been invoked mechanically at the instance of an influential complainant side only to clothe a commercial dispute with an appearance of gravity. Bail applications filed before the learned District Court came to be dismissed on 15.09.2026 and 18.09.2026. Petitioners – A1 to A4 were arrested and remanded to judicial custody on 21.08.2026 in Crime No.363 of 2026 and on PT warrant it is regularized on 08.09.2026. A1 to A4 were taken to police custody from 15.09.2026 to 19.09.2026 in Crime No.363 of 2026. In support of his contention has relied on the decisions in the cases of (i) Rakesh Kumar Paul Vs. State of Assam[1], (ii) V.Madhavi and another Vs. State of Telangana represented by its Public Prosecutor, High Court buildings, Hyderabad, through SHO, Hanamkonda, Telangana and another[2] (iii) M.Anil Kumar Vs. State of Telangana[3] and prayed to enlarge the petitioners – A1 to A4 on bail.

4. Sub Inspector of Police, Zaheerabad Town PS, Sangareddy District has filed his written instructions dated 15.10.2026 and contended that A1 to A4 were brought on PT warrant and arrested on 08.09.2026. A1 to A4 who operated Naykey Traders at Bachupally Hyderabad along with A5 and A6 induced the complainant and other investors to invest huge amounts in gold and silver trading by

[1] (2017) 15 SCC 67
[2] 2025:TSHC:42112
[3] Crl.P.No.13066 of 2026, dated 21.08.2026 of the High Court for the State of Telangana, Hyderabad.

promising high profits. After initially paying returns to gain their trust they failed to repay the investments, threatened the investors on demand for repayment and diverted the funds for personal expenses and other businesses. A1 to A4 are involved in Crime No.135 of 2026 of Gachibowli PS, Crime No.38 of 2025 of EOW PS Cyberabad, Crime No.363 of 2026, Zaheerabad town PS. Complainant has invested the money amounting to around Rs.8,49,06,112/- though online transactions and Rs.6,49,00,000/- by cash totally up to Rs.14,98,06,112/-. LW3 to LW6, Kailash, Ganpathi and Santhosh Patil have also invested huge amounts in Naykey Traders company.

5. Learned Additional Public Prosecutor submits that the role played by the petitioners – A1 to A4 is clearly depicted in the remand case diary and prayed to dismiss the petition.

6. K.Shashidar Reddy has lodged a report before PS Zaheerabad Town, Sangareddy District on 21.08.2026. It is stated in the complaint that he came to know about Sheshuvardhan Reddy through his friend Willy Francis and he told him that he is doing gold business and that investing in it could bring very good profits, suggested him to invest in it. On believing the words of Willy Francis he and his friends and family members started investing in Naykey Traders, Naykey enterprises since two years. Naykey traders is represented by M.Sheshuvardhan Reddy and his employees are

Ravinder, Jagdish and proprietor Susmitha pindi, Nirmal, Nikhil Francis and others and altogether tempted him and his friends to invest. He and other five members invested Rs.2,82,00,000/- through different online transactions and through cash they invested Rs.1,35,00,00/-. The above said persons did not return the money and threatened him with dire consequences by abusing in filthy language. Basing on the said complaint, FIR came to be registered under different sections of BNS and Section 5 of TSPDFEA.

7. Remand case diary of A5 and A6 dated 24.08.2026 goes to show that A1 to A4 were arrested on 21.08.2026 in Crime No.363 of 2026. A5 and A6 were arrested and remanded to judicial custody on 24.08.2026. A7-A.Naveen is shown as absconding. Respondent has examined altogether 10 witnesses.

8. Police has taken the custody of the petitioners - A1 to A4 vide Crl.M.P.No.604 of 2026 in crime No.363 of 2026 which was allowed by the learned Sessions Court on 11.09.2026 from 15.09.2026 to 19.09.2026.

9. Petitioners – A1 to A4 have filed Crl.M.P.No.606 of 2026 in the present crime [Crime No.365 of 2026] for grant of regular bail before the learned Sessions Court, which came to be dismissed vide dated 22.09.2026 with an observation that investigation is not completed

and pending collection of relevant documentary and financial evidence and examination of witnesses.

10. Petitioners – A1 to A4 have filed separate bail petitions before the learned Sessions Court vide Crl.M.P.No.709, 708, 706, 707 of 2026 in Crime No.365 of 2026, the same came to be dismissed vide order dated 12.10.2026 with an observation that investigation is not yet completed and pending for collection of relevant documentary financial evidence, examination of witnesses etc., and there is no changed circumstances from the dismissal of the earlier bail petition.

11. Petitioners – A1 to A4 have filed Crl.M.P.No.681 of 2026 in Crime No.365 of 2026 under Section 94 of BNSS praying the learned Sessions Court to direct the SHO to preserve and furnish the certified copy of CCTV footage of police station premises for the period from 09.30 a.m., to 10.30 a.m., dated 21.08.2026 to the petitioners therein. The learned Sessions Court has partly allowed the petition vide order dated 16.10.2026 for preservation of CCTV footage of the police station premises of 21.08.2026 from 09.30 a.m., to 10.30 a.m.

12. A6 – Nirmal Kumar, A7 – A.Naveen and A5 - Nikhil Francis were enlarged on bail by the learned Sessions Court in the present Crime vide Crl.M.P.Nos. 683 of 2026, 694 of 2026 and 712 of 2026 vide order dated 07.10.2026, 12.10.2026 and 13.10.2026.

13.1 In Rakesh Kumar Paul[1], Supreme Court observed at paragraph Nos.20, 84.2 and 84.3 which reads as under:

> 20. The learned counsel for the petitioner relied upon Rajeev Chaudhary v. State (NCT of Delhi) - [(2001) 5 SCC 34 : 2001 SCC (Cri) 819] to contend that "not less than" 10 years' imprisonment must mean a minimum of 10 years' imprisonment. In that decision, the offence was punishable under Section 386 IPC which provides that an accused, if found guilty, shall be punished with imprisonment for a term "which may extend to 10 years". ["386. Extortion by putting a person in fear of death or grievous hurt.—Whoever commits extortion by putting any person in fear of death or of grievous hurt to that person or to any other, shall be punished with imprisonment of either description for a term which may extend to ten years, and shall also be liable to fine."] This Court contrasted that expression with the words "not less than" occurring in clause (i) to proviso (a) of Section 167(2) Cr.P.C. Juxtaposing the two expressions, this Court concluded that the words "not less than" in clause (i) would mean that the imprisonment should be 10 years or more and would cover only those offences for which punishment of imprisonment could be for a clear period of 10 years or more. It was held in para 6 of the Report: (SCC p. 36)
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> > "6. From the relevant part of the aforesaid sections, it is apparent that pending investigation relating to an offence punishable with imprisonment for a term "not less than 10 years", the Magistrate is empowered to authorise the detention of the accused in custody for not more than 90 days. For rest of the offences, the period prescribed is 60 days. Hence in cases where offence is punishable with imprisonment for 10 years or more, the accused could be detained up to a period of 90 days. In this context, the expression "not less than" would mean imprisonment should be 10 years or more and would cover only those offences for which punishment could be imprisonment for a clear period of 10 years or more. Under Section 386 punishment provided is imprisonment of either description for a term which may extend to 10 years and also fine. That means, imprisonment can be for a

clear period of 10 years or less. Hence, it could not be said that minimum sentence would be 10 years or more. Further, in context also if we consider clause (i) of proviso (a) to Section 167(2), it would be applicable in case where investigation relates to an offence punishable (1) with death; (2) imprisonment for life; and (3) imprisonment for a term of not less than ten years. It would not cover the offence for which punishment could be imprisonment for less than 10 years. Under Section 386 IPC, imprisonment can vary from minimum to maximum of 10 years and it cannot be said that imprisonment prescribed is not less than 10 years."

This decision certainly supports the contention of the learned counsel and there is also a feeling of déjà vu in the use of the words "or more" in the decision, those words having been used in the Notes on Clauses when CrPC was sought to be amended in 1978.

84.2. Section 167(2)(a)(i) of the Code is applicable only in cases where the accused is charged with (a) offences punishable with death and any lower sentence; (b) offences punishable with life imprisonment and any lower sentence; and (c) offences punishable with minimum sentence of 10 years.

84.3. In all cases where the minimum sentence is less than 10 years but the maximum sentence is not death or life imprisonment then Section 167(2)(a)(ii) will apply and the accused will be entitled to grant of "default bail" after 60 days in case charge-sheet is not filed.

13.2.1 In V.Madhavi[2], the case pertains to quashing of proceedings in C.C.No.4 of 2023 for the offences under Section 420 r/w Section 34 of IPC and Section 5 of TPDFEA. It is observed in the order that ' Chit Fund Company through which the alleged transactions were carried out under the management and supervision

of A1 to A3 has not been arrayed as an accused in the charge sheet. Basing on which proceedings in C.C. was quashed.

13.2.2 The above said decision is not applicable to the case on hand in view of the fact that the present petition is for grant of bail.

13.3 In M.Anil Kumar[3] this Court observed at paragraph No.10, which reads as under:

> 10. Though the names of all the accused are mentioned in the complaint, there are no specific details including date, time, place or manner of commission of the alleged occurrence. It is only stated in the remand report that accused Nos.1 to 5 have harassed the deceased to bring the balance dowry amount.

14. Learned Senior Counsel on instructions submits that in Crime No.135 of 2026 of PS Gachibowli and in Crime No.38 of 2025 of EOW PS Cyberabad A1 to A4 were granted station bail.

15. Remand case diary goes to show that complainant has invested Rs.8,49,06,112/- through online transactions and also invested an amount of Rs.6,49,00,000/- in the form of cash, totaling up to Rs.14,98,06,112/-.

16. As per the written instructions of Sub-Inspector of Police, petitioners - A1 to A4 were brought on PT warrant which was regularized on 08.09.2026. Almost 55 days is over as on date.

17. In Rakesh Kumar Paul[1] Supreme Court has held that where the minimum sentence is less than 10 years the accused will be entitled to grant of default bail after 60 days in case charge sheet is not filed.

18. Police custody of the petitioners – A1 to A4 is already taken in Crime No.363 of 2026 and they were already interrogated. Record goes to show that major portion of the investigation is completed, detaining the petitioners - A1 to A4 further in judicial custody will not serve the purpose, hence they are entitled for grant of bail on the following conditions:

i. The petitioners – A1 to A4 shall execute a personal bond for a sum of Rs.50,000/- (Rupees Fifty Thousand only) each with two sureties for a like sum each to the satisfaction of the learned Principal District and Sessions Judge, Sangareddy.
ii. The petitioners – A1 to A4 shall appear before the concerned SHO in between 10 a.m. to 5 p.m., on every Sunday for a period of eight [08] weeks or till filing of charge sheet whichever is earlier, for the purpose of investigation and thereafter as and when required.
iii. The petitioners – A1 to A4 shall surrender their passport before the learned Trial Court and shall not commit similar offences.
iv. The petitioners - A1 to A4 shall not leave Hyderabad without the leave of the learned Trial Court.

v. The petitioners – A1 to A4 shall abide by the conditions stipulated in Section 437(3) of Cr.P.C. (presently, Section 480(3) of the BNSS).

vi. The petitioners – A1 to A4 shall not directly or indirectly influence, threaten, or induce any of the prosecution witnesses.

vii. In the event of violation of any of the above conditions, the prosecution is at liberty to file an application for cancellation of bail.

19. Accordingly, Crl.P.No.17308 of 2026 is allowed.

Miscellaneous petition/s, if any, pending shall stand closed.

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B.R.MADHUSUDHAN RAO, J

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