IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HONOURABLE SRI JUSTICE VAKITI RAMAKRISHNA REDDY

CRIMINAL PETITION Nos.18803 and 18826 of 2026

DATED: 25.11.2026

BETWEEN:

CRIMINAL PETITION No.18803 of 2026
(CNR No.HBHC010787442026)

Gudipati Gandhi

.... Petitioner/Accused No.3

AND

The State of Telangana,
Through the Station House Officer,
Central Crime Station, Detective Department,
Hyderabad, Rep. by its Public Prosecutor,
High Court at Hyderabad

.... Respondent/Complainant

CRIMINAL PETITION No.18826 of 2026
(CNR No.HBHC010787422026)

Vulligaddala Sangappa and another

.... Petitioners/Accused Nos.6 and 7

AND

The State of Telangana,
Through the Station House Officer,
Central Crime Station, Detective Department,
Hyderabad, Rep. by its Public Prosecutor,
High Court at Hyderabad

.... Respondent/Complainant

: O R D E R :

These Criminal Petitions are filed under Sections 480 and 483 of Bharatiya Nagarik Suraksha Sanhita, 2023 (for short

'BNSS') seeking to enlarge the petitioners, who are arrayed as accused Nos.3, 6 and 7 in Crime No.244 of 2026 on the file of the INSP ADMIN (DD) Police Station, Hyderabad, on bail. The said crime was registered for the offences punishable under Sections 318(4), 316(5) r/w 61(2) of BNS and Section 5 of the Telangana Protection of Depositors of Financial Establishments Act, 1999 (for short, "TSPDFE Act")

2. The brief facts of the prosecution case are that, on 24.10.2026, the *de-facto* complainant lodged a report before the police stating that, between 10.01.2015 and 27.10.2021, she had made six investments, aggregating to Rs.5,00,000/-, in Unique Mercantile India Limited/Unique Swayam Multistate Multipurpose Cooperative Society (for short, "the Company"), under fixed deposit and monthly deposit schemes, against which bonds were issued to her and that her first deposit was paid in cash through one Johnny Narasimhulu, her later deposits were made at the Musheerabad Branch, and certain installments were paid online into the Company's account. She submitted her original bonds at the Hyderabad Branch on 09.09.2024 and at the Kamareddy Branch on 29.10.2024 for payment of the maturity amounts; however, the said amounts were not paid. Based on the said complaint, the police registered Crime No.244 of 2026 for the aforesaid offences.

3. Heard Mr. K. Rajashekar, learned counsel for the petitioners and Mr. M. Vivekananda Reddy, learned Assistant Public Prosecutor appearing for the respondent-State.

4. Learned counsel for the petitioners submitted that the petitioners were initially arrested in Crime No.212 of 2026 of Karimnagar-II Town Police Station and have been in judicial custody since 25.10.2026 and their regular bail application in the said crime was dismissed on 05.11.2026. Subsequently, on the same day, he was arrested in the present crime on a Prisoner Transit (PT) warrant and remanded to judicial custody. It is further submitted that the petitioners were merely agents of Unique Mercantile India Limited, working on a commission basis by introducing members to the Company's deposit schemes and was neither a Director, promoter nor shareholder of the Company and had no role in its management or utilisation of the funds collected from investors. It is further contended that the petitioners and their family members have also invested their savings in the Company's schemes and are awaiting repayment. It is further contended that no specific overt acts of inducement, receipt or misappropriation of funds are attributed against the petitioners and that the allegations against them are general and omnibus in nature. It is further submitted that the alleged investments were

made by the investors between 10.01.2015 and 27.10.2021, prior to the enactment of the BNS, and that the petitioners were neither entrusted with any deposit amount nor involved in the management of the Company and to that effect learned counsel placed reliance on the decision of the Hon'ble Supreme Court in *Delhi Race Club (1940) Ltd. v. State of Uttar Pradesh*[1]. It is further submitted that the petitioners were implicated in four cases arising out of the same deposit schemes, namely Crime Nos.212, 244, 291 and 372 of 2026, and have no other criminal antecedents. As the investigation is primarily documentary in nature and no recovery or discovery is required from them, their further detention is unnecessary and thus, prayed to grant bail to the petitioners by allowing this criminal petition.

5. On the other hand, the learned Assistant Public Prosecutor, on instructions, opposed the grant of bail, contending that the petitioners are involved in more than five criminal cases and that more than 20 cases have been registered across the State against A-1 Company and its representatives. It is further contended that the petitioners were involved in huge financial transactions wherein several innocent public had invested their money in the hope of obtaining good returns. However, the petitioners allegedly

[1] 2024 INSC 626

cheated the investors by failing to honour their promises. It is submitted that the investigation is still pending and if released on bail, the petitioners may threaten or influence the victims and tamper with the documentary evidence and thus, prayed for dismissal of the criminal petition.

6. Having considered the rival submissions and the material available on record, it appears that the petitioners were alleged to have worked as employees/commission-based agents of the Company. The principal allegation relates to the failure of the Company to repay the amounts deposited by various investors. It is not specifically alleged in the complaint or the remand report that the petitioners personally approached the complainant, induced him to invest money in the Company, collected the deposits or were involved in the financial and managerial affairs of the Company. In fact, it is the specific contention of the petitioners that they along with their family members have also invested their savings in the alleged schemes and were awaiting repayment, thus, they themselves are the victims.

7. It is pertinent to note that Section 5 of the TSPDFE Act, fastens criminal liability upon persons who are responsible for the management of the affairs of the financial establishment in the event of default in repayment of deposits or agreed interest.

Therefore, mere employment in the Company or inclusion of one's name in a general list of employees, without *prima facie* material indicating responsibility for the management of its affairs, may not, by itself, attract the penal provision. In *Gudimalla Umavathi v. State of Telangana*[2], this Court explained the requirements for attracting Section 5 of the TSPDFE Act and emphasised the necessity of establishing the accused's connection with the management of the financial establishment and the acceptance of deposits.

8. In the present case, the petitioners' specific contention that subsequent complaints were registered against them mechanically on the basis of the complaint lodged at Karimnagar also requires consideration during investigation. Further, the contention that the petitioners themselves had invested money in the Company's schemes cannot be altogether ignored at this stage, though the same would require verification during investigation. However, the mere pendency of investigation or the abscondence of the principal accused cannot, by itself, be a ground to deny bail to the petitioners, particularly when the investigation is primarily based on documentary evidence. No specific requirement of custodial interrogation or recovery from the petitioners has been

[2] TSHC: Criminal Appeal No.38 of 2019, dated 01.11.2022

demonstrated. Further, the petitioners have been in judicial custody since 25.10.2026 and their continued detention, in the circumstances of the case, does not appear necessary.

9. Having regard to the nature of the allegations, the specific role attributed to the petitioners, the absence of specific material *prima facie* demonstrating their responsibility for the management of the Company's affairs and the stage of investigation and the fact that the petitioners have no criminal antecedents, this Court is inclined to grant bail to the petitioners-A3, A6 & A7, subject to his complying with following conditions:

i. The petitioners- A3, A6 & A7 shall execute a personal bond for a sum of Rs.25,000/- (Rupees Twenty Five Thousand only) each, with two sureties for a like sum each to the satisfaction of the learned XII Additional Chief Judicial Magistrate at Nampally, Hyderabad.

ii. The petitioners- A3, A6 & A7 shall appear before the concerned SHO between 10:00 a.m. and 5:00 p.m., on every Sunday 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 petitioners- A3, A6 & A7 shall abide by the conditions stipulated in Section 437(3) of Cr.P.C. (presently, Section 480(3) of the BNSS).

iv. The petitioners- A3, A6 & A7 shall not directly or indirectly influence, threaten, or induce any of the prosecution witnesses.

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

8. Accordingly, these Criminal petitions are allowed.

Miscellaneous applications, if any pending, shall stand closed.

VAKITI RAMAKRISHNA REDDY, J

Date: 25.11.2026
ss

THE HONOURABLE SRI JUSTICE VAKITI RAMAKRISHNA REDDY

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