IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HONOURABLE SRI JUSTICE N.TUKARAMJI

CRIMINAL PETITION No.10517 OF 2026

DATE: 23.07.2026

Between :

Vemula Kumara Swamy.

… Petitioner/Accused No.2.

AND

The State of Telangana, rep., by its Public Prosecutor, through S.H.O. Kukatpally P.S. Cyberabad.

… Respondent/Complainant.

ORDER:

This petition is filed under Section 482 of *Bharatiya Nagarik Suraksha Sanhita*, 2023 (for short, "BNSS"), seeking the relief of anticipatory bail.

2. The petitioner is arrayed as Accused No.2 in FIR No.1560 of 2025 on the file of Kukatpally police station, Cyberabad for the offences punishable under Sections 316(2), 318(4) r/w 3(5) of *Bharatiya Nyaya Sanhita*, 2023 (for short, "BNS") and Section 3 and 5 of *Telangana Protection of Depositors of Financial Establishments Act*, 1999 (for short 'TSPDFEA').

3. Heard Mr. Thoom Srinivas, learned counsel for the petitioner, and Mr. Syed Yasar Mamoon, learned Additional Public Prosecutor, appearing for the respondent-State.

4.1. The prosecution case, in brief, is that the de facto complainant joined chit group conducted by the accused company and regularly paid the monthly subscriptions. It is alleged that the company was managed by its Directors, including the present petitioner/Accused No.2 and the other accused. According to the complaint, upon completion of the chit period, the accused failed to repay the chit amounts due to the subscribers. It is further alleged that the accused collected additional amounts from the complainants towards advance payments for future chits and hand loans on the assurance that the same would be adjusted in future chit transactions. Although cheques were allegedly issued towards repayment, the complainant contended that the cheques became invalid upon expiry and that the accused neither issued fresh cheques nor repaid the amounts due.

4.2. The complainant alleged that a sum of Rs.22,00,000/- was due towards matured chit amounts and a further sum of Rs.23,00,000/- towards advances and hand loans, aggregating to Rs.45,00,000/-. It is alleged that the accused dishonestly collected the said amounts and failed to repay the same. Consequently, the complainant sought legal action, and based on the complaint, the present crime came to be registered.

5.1. Learned counsel for the petitioner submitted that the petitioner/Accused No.2 ceased to be associated with the chit fund company in September, 2024, owing to disputes with Accused No.1, and had no role thereafter in the management or day-to-day affairs of the company. It is contended that the petitioner neither induced any subscriber to invest nor collected any deposits, subscription amounts, advances, or hand loans, and has been falsely implicated solely on account of his erstwhile association with the company. It is further submitted that the FIR contains only vague and omnibus allegations without attributing any specific overt act against the petitioner or disclosing the essential ingredients of the offences alleged against him. Learned counsel further contended that the investigation is predominantly based on documentary evidence, which is already in the custody of the investigating agency. Therefore, the custodial interrogation of the petitioner is unnecessary, particularly when Accused No.1 has already been arrested and enlarged on bail.

5.2. It is further contended that the chit fund company is duly incorporated and had registered the chit groups by complying with the statutory formalities. Therefore, any dispute arising therefrom would fall within the jurisdiction of the competent authority for arbitration proceedings as contemplated under the relevant Act. Consequently, it is argued that the invocation of the Protection of Depositors of Financial Establishments Act is unsustainable. It is also submitted that the petitioner is suffering from health ailments requiring continuous medical treatment. Apart from this, the petitioner is a permanent resident, there is no likelihood of his absconding, and he undertakes to cooperate with the investigation and comply with any conditions that may be imposed by this Court.

5.3. Learned counsel further placed reliance on *Md. Kaleemullahmoosa v. State of Andhra Pradesh*, 2003 Supreme Online AP 26160, wherein the Court held that the alleged offences committed by chit fund companies do not attract the provisions of the Protection of Depositors of Financial Establishments Act. Taking into consideration the nature of the allegations and the requirement of custodial interrogation, the Court granted anticipatory bail.

6.1. Per contra, the learned Additional Public Prosecutor opposed the petition and submitted that the allegations are specific in nature and disclose a well-organized financial fraud involving the collection of substantial amounts from the complainant and other subscribers under the guise of conducting a chit fund business. It is submitted that the petitioner was one of the Directors of the chit fund company and was associated with its affairs during the relevant period.

6.2. According to the prosecution, the FIR contains specific allegations that the accused caused wrongful loss to the subscribers to the tune of Rs.45,00,000/-. The contention of the petitioner/Accused No.2 that he had resigned from the company is a matter of defence, which can be examined during the course of trial. The precise role played by the petitioner, his involvement in the collection and diversion of funds, and the extent of his participation in the affairs of the company are yet to be unearthed during the course of investigation. It is therefore submitted that the custodial interrogation of the petitioner may be necessary to trace the flow of funds. The learned Additional Public Prosecutor further submitted that the allegations pertain to serious economic offences and that grant of anticipatory bail at this stage is likely to impede the investigation. Accordingly, he prayed for dismissal of the petition.

7. I have carefully considered the rival submissions of and perused the materials available on record.

8. The allegations in the FIR is that the petitioner, along with the other accused, in their capacity as Directors of the chit fund company, jointly collected subscriptions, advances, and hand loans from the complainant and other subscribers, and thereafter failed to repay the matured chit amounts, thereby causing an alleged wrongful loss of Rs.45,00,000/-.

9. It is well settled that, while considering an application for anticipatory bail, the Court is not expected to conduct a mini trial or adjudicate upon disputed questions of fact. The primary considerations are the nature and gravity of the accusation, the specific role attributed to the accused, the necessity for custodial interrogation, the possibility of the accused absconding or tampering with evidence, and the larger interest of ensuring a fair and effective investigation. (see.*Siddharam Satlingappa Mhetre v. State of Maharashtra*, (2011) 1 SCC 694) Further, in *Arnesh Kumar v. State of Bihar*, (2014) 8 SCC 273, the Hon'ble Supreme Court reiterated that arrest should not be made in a routine manner and must satisfy the statutory requirement of necessity.

10. In the instant case, the allegations against the petitioner are primarily founded on his status as one of the Directors of the company. The material presently available on record does not attribute any distinct overt act to the petitioner independent of the allegations levelled against the other Directors. Whether the petitioner had, in fact, ceased to participate in the affairs of the company in September, 2024, and whether the alleged defaults occurred after the cessation of his association with the company, are matters requiring investigation and appreciation of evidence at the appropriate stage. At the stage of considering an application for anticipatory bail, the Court is only required to assess whether custodial interrogation of the petitioner is

indispensable for the purpose of a fair and effective investigation. The prosecution has not placed any material before this Court to demonstrate that any recovery of incriminating material is to be effected from the petitioner. The investigation appears to be substantially based on documentary evidence, such as the company's records, financial accounts, receipts, bank transactions, and the statements of subscribers, all of which are either already available with, or are capable of being secured by, the investigating agency.

11. Significantly, Accused No.1, who is alleged to have been managing the day-to-day affairs of the company, has already been arrested and subsequently enlarged on bail. Further, the fact that the company was duly incorporated and that the chit groups were registered with the jurisdictional Registrar of Chits is also a relevant circumstance that merits consideration at this stage.

12. Having regard to the aforesaid circumstances, and considering that the petitioner has expressed his willingness to cooperate with the investigation, without expressing any opinion on the merits of the case, this Court is satisfied that the petitioner has made out a fit case for the exercise of the discretionary jurisdiction under Section 438 of the Code to grant anticipatory bail, subject to such conditions as may ensure his availability for investigation and his continued cooperation with the investigating agency.

13. Accordingly, the Criminal Petition is allowed, subject to the following conditions:

a) The petitioner/Accused No.2 shall surrender before the Station House Officer, Kukatpally police station, Cyberabad, on or before 04.08.2026. Upon such surrender, or in the event of his arrest, the Station House Officer shall release him on bail upon executing a personal bond for a sum of Rs.25,000/- (Rupees Twenty-Five Thousand only), with two sureties for a like sum each, to the satisfaction of the said officer.

b) The petitioner shall appear before the Station House Officer every Monday between 10:00 a.m. and 3:00 p.m. for a period of ten (10) weeks from the date of his release on bail and shall cooperate with the investigation in all respects.

c) The petitioner shall furnish his complete residential address and contact details to the Investigating Officer and shall keep the same updated throughout the proceedings before the trial court.

d) Additionally, the petitioner shall remain available as and when required by the investigating officer during the course of investigation.

e) The petitioner shall neither directly nor indirectly induce, threaten, influence, nor contact any prosecution witness, nor shall he tamper with the prosecution evidence in any manner whatsoever.

f) In the event of breach of any of the aforesaid conditions by the petitioner, the prosecution shall be at liberty to take appropriate steps seeking cancellation of bail.

14. It is made clear that any observations made herein are confined solely to the adjudication of the present application for anticipatory bail and shall not be construed as an expression on the merits of the case.

Pending miscellaneous applications, if any, shall stand closed.

Date: 23.07.2026 **N.TUKARAMJI, J**

MRKR

THE HON'BLE SRI JUSTICE N. TUKARAMJI

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