IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

THE HONOURABLE SRI JUSTICE N.TUKARAMJI

CRIMINAL PETITION No.8135 OF 2026

DATE : 24.06.2026

Between:

Reddy Swamy @ Swamy Reddy and another

...Petitioners-accused Nos.3, 4 and 6

AND

The State of Telangana.

…Respondent

ORDER:

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

2. The petitioners are arrayed as accused Nos.3, 4 and 6 in FIR No.42 of 2026 on the file of Economic Offences Wing, Cyberabad, registered for the offences punishable under Sections 318(4), 316(2) read with 3(5) of *Bharatiya Nyaya Sanhita*, 2023 (for short, "BNS") and Section 5 of Telangana Protection of Depositors of Financial Establishments act, 1999.

3. Heard Mr.Palle Sriharinath, learned counsel for the petitioners and Mr.Syed Yasar Mahmood, the learned Additional Public Prosecutor representing the respondent-State.

4.1. The prosecution case, in brief, is that the de facto complainant lodged the present report alleging that he was introduced to a proposed real estate venture styled as the "*Rocketry Build-up Project*", situated at Pochampally Village, admeasuring Ac.13.22 guntas. According to the complaint, the project was promoted by accused No.1, namely M/s. RSR Greenway Infra Private Limited, through its representatives, who represented that an application seeking layout approval had already been submitted before the Hyderabad Metropolitan Development Authority (HMDA) and that all requisite statutory approvals would be obtained within one month. It is alleged that the promoters projected the venture as a legally compliant and commercially viable development, assuring prospective purchasers that the project would be completed strictly in accordance with the agreed timelines.

4.2. Believing the aforesaid representations and assurances, the de facto complainant agreed to purchase an extent of four guntas in the proposed development and paid the entire sale consideration through banking channels. Consequent thereto, a registered sale deed dated 23.06.2023 came to be executed in his favour. Thereafter, on 06.07.2023, one of the Directors of accused No.1 executed a Memorandum of Understanding (MOU) in favour of the complainant setting out the obligations of the developer with regard to development of the project. It is further alleged that several other purchasers were similarly induced to purchase portions of the property by execution of registered sale deeds coupled with Development Agreement-cum-General Power of Attorney (DGPA) arrangements and delivery of possession.

4.3. According to the prosecution, notwithstanding the assurances extended to the purchasers, the accused persons failed to secure the requisite statutory approvals within forty-five days from the date of execution of the Development Agreement-cum-General Power of Attorney and further failed to complete the project within the stipulated period of thirty days, together with the extended grace period of six months contemplated under the contractual arrangements. It is alleged that despite collecting substantial amounts from numerous purchasers, the accused persons deliberately failed to honour their contractual obligations, avoided communication with the investors and remained inaccessible. The complaint further alleges that by making representations regarding assured development and projected returns, the accused induced several members of the public to part with substantial sums of money and thereafter failed to fulfil the commitments undertaken under the sale deeds and Memoranda of Understanding. On the basis of these allegations, the present crime came to be registered against the accused persons for the offences alleged.

5.1. Learned counsel appearing for the petitioners submits that the petitioners are merely the owners of the subject land and partners of *M/s.*

Suryodaya Group, who had entered into a Development Agreement-cum-General Power of Attorney with accused No.1, namely *M/s. RSR Greenway Infra Private Limited*. It is contended that the entire exercise relating to conceptualisation of the project, obtaining prospective purchasers, marketing the venture, collecting sale consideration, executing Memoranda of Understanding, and administering the development activities was undertaken exclusively by accused No.1 and its Directors. According to the learned counsel, the petitioners neither dealt with the purchasers directly nor participated in the day-to-day affairs relating to promotion or execution of the project, their role being confined to permitting development of their land under the development agreement.

5.2. Learned counsel fairly submits that certain amounts collected in connection with the project were routed through bank accounts associated with the development and that a portion thereof was transferred to the accounts of *M/s. Suryodaya Group* in terms of the commercial arrangement between the parties. However, it is contended that the core of the allegations essentially relates to the failure of accused No.1 to obtain statutory approvals and to complete the project within the stipulated time. It is argued that such allegations, even if accepted at their face value, primarily disclose a contractual dispute arising from non-performance of obligations under the Development Agreement and the Memoranda of Understanding.

5.3. It is further contended that the invocation of Section 5 of the Telangana Protection of Depositors of Financial Establishments Act, 1999 is prima facie misconceived. Learned counsel submits that the monies received from purchasers towards acquisition of immovable property pursuant to registered conveyances and development agreements cannot, at least at this stage, be equated with "deposits" received by a financial establishment in the ordinary course of deposit-taking business. Whether the transactions in question fall within the statutory definition of "deposit" under the said enactment is a matter requiring detailed examination during investigation and cannot be presumed merely because substantial sums of money were received in connection with a real estate transaction.

5.4. Learned counsel further submits that the allegations, even if accepted in their entirety, principally attract offences punishable under Sections 316(2) and 318(4) of the BNS, both of which are punishable with imprisonment extending up to seven years. It is contended that the investigation is overwhelmingly documentary in nature, involving scrutiny of Development Agreements-cum-General Power of Attorney, registered sale deeds, Memoranda of Understanding, banking transactions, corporate records, statutory approvals and correspondence exchanged between the parties. The petitioners undertake to cooperate fully with the Investigating Agency, produce all relevant documents and appear before the Investigating Officer as and when required. On these premises, learned counsel prays that the petitioners be enlarged on anticipatory bail.

6.1. Per contra, the learned Additional Public Prosecutor opposes the application contending that the petitioners cannot portray themselves as passive landowners uninvolved in the project. It is submitted that the material collected during investigation prima facie discloses that the petitioners were integral participants in the real estate venture undertaken under the name "*Rocketry*" and were beneficiaries of the monies collected from prospective purchasers. According to the prosecution, the petitioners, in concert with the remaining accused, induced innocent members of the public to invest substantial amounts despite being fully aware that the project lacked mandatory statutory approvals. It is further submitted that nearly Rs.39.57 crores is alleged to have been collected from numerous purchasers.

6.2. He further submits that the allegation of multiple registrations in respect of the very same plots in favour of different purchasers is presently under investigation. Considering the serious nature of the accusations, the magnitude of the alleged financial loss caused to the public, the possibility of uncovering further evidence during investigation and the necessity of securing the petitioners' effective participation therein, it is contended that grant of anticipatory bail at this stage is likely to prejudice the investigation. Accordingly, dismissal of the application is sought.

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

8. The allegations against the petitioners, broadly stated, are that they, being owners of the subject land, entered into a Development Agreement-cum-General Power of Attorney with accused No.1 for development of a real estate project; that substantial amounts were collected from intending purchasers under assurances that statutory approvals would shortly be obtained and the project completed within stipulated timelines; and that despite receipt of such monies, the project neither obtained the requisite approvals nor progressed in accordance with the contractual commitments.

9. It is not disputed that the petitioners executed the development arrangement in favour of accused No.1. Equally, the prosecution does not dispute that the conceptualisation, marketing, promotion and execution of the project were principally undertaken by accused No.1 and its Directors. The precise extent of the petitioners' participation in the alleged inducement of purchasers and their knowledge regarding the representations made by the promoters are matters that necessarily require detailed investigation.

10. At this stage, the principal grievance projected by the de facto complainant appears to arise from the failure of the developers to secure

statutory approvals and complete the project within the promised timeframe notwithstanding execution of registered sale deeds and ancillary agreements. Though allegations have also been levelled regarding multiple registrations of identical plots, no specific documentary material identifying such transactions and the aspects demonstrating the direct involvement of the petitioners in those alleged acts.

11. The distinction between a mere breach of contract and the offence of cheating is too well settled to require elaborate discussion. In *Hridaya Ranjan Prasad Verma v. State of Bihar*, (2000) 4 SCC 168, the Hon'ble Supreme Court held that every breach of contract does not amount to cheating and that the prosecution must prima facie establish the existence of fraudulent or dishonest intention at the very inception of the transaction. The same principle has been reiterated in *Vesa Holdings (P) Ltd. v. State of Kerala*, *(2015) 8 SCC 293*. Whether the allegations in the present case ultimately disclose dishonest intention from the inception or merely constitute failure to fulfil contractual obligations is a matter which can be conclusively determined only upon completion of investigation.

12. It is equally relevant that the present investigation appears to be substantially documentary in nature. The material to be examined principally comprises development agreements, registered sale deeds, Memoranda of Understanding, HMDA records, banking transactions, company records and other documentary evidence. The petitioners have

expressed their willingness to cooperate with the Investigating Agency and to produce all documents within their possession. At this stage, the prosecution has not placed before this Court any specific material indicating that custodial interrogation of the petitioners is indispensable for an effective investigation.

13. Having regard to the totality of the circumstances, namely, the predominantly commercial nature of the underlying transactions, the admitted role of accused No.1 in conceptualising and executing the project, the petitioners' prima facie claim that their participation was confined to entering into the development arrangement as landowners, the substantially documentary nature of the investigation, the absence of any material presently demonstrating the necessity of custodial interrogation, and balancing the legitimate requirements of a fair investigation with the petitioners' fundamental right to personal liberty, this Court is of the considered opinion that the petitioners have made out a fit case for grant of anticipatory bail.

14. Accordingly, the Criminal Petition is allowed. The petitioners shall be enlarged, subject to the following conditions:

(A) The petitioners/Accused Nos.3, 4 and 6 shall surrender before the Station House Officer, Economics Offences Wing Police Station, Cyberabad on or before 10.07.2026. Upon such surrender or in the event of arrest the Station House Officer shall release them on bail on execution of 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 said officer.

(B) The petitioners shall appear before the Investigating officer on Tuesday and Saturday between 10.00AM to 03.00PM, for a period of twelve (12) weeks from the date of thier release on bail and shall cooperate with the investigation in all respects.

(C) The petitioners shall furnish their complete residential addresses and contact details to the Investigating Officer and shall keep the same updated throughout the course of investigation.

(D) The petitioners shall not either directly or indirectly induce, threaten, influence, or contact any prosecution witness, nor shall they tamper with the prosecution evidence in any manner whatsoever.

15. 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. Miscellaneous applications, if any pending, shall stand closed.

N.TUKARAMJI, J

Date: 24.06.2026

CHS

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