IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HONOURABLE SRI JUSTICE N.TUKARAMJI

CRIMINAL PETITION No.13159 OF 2026

(CNR No. HBHC010553562026)

DATE: 02.09.2026

Between :

D. Naresh Chowdary.

… Petitioner/Accused.

AND

The State of Telangana rep., by its Public Prosecutor,
High Court for the State of Telangana, Hyderabad,
Through Inspector of Police, EOW Team-V, Central
Crime Station, CCS-DD, Hyderabad.

… Respondent.

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 in FIR No.178 of 2026 on the file of Central Crime police station, CCS-DD, Hyderabad for the offences punishable under Section 318(4), 316(5), 111(1) read with Section 3(5) of the *Bharatiya Nyaya Sanhita*, 2023 (for short, “BNS”).

3. Heard Mr. M. Pratab Reddy, learned Senior Counsel appearing on behalf of Mr. Shreyas Reddy, learned Counsel for the petitioner, and Mr. Syed Yasar Mamoon, learned Additional Public Prosecutor, appearing for the respondent-State and Mr. T. Pradyumna Kumar Reddy, learned Senior Counsel appearing for respondent No.2.

4.1. The prosecution case, in brief, is that the petitioner, who is the Managing Director of DNC Infrastructure Pvt. Ltd., entered into a commercial property transaction with the complainant in respect of Sri Harsha Complex, situated at Malakpet, Hyderabad. It is alleged that the petitioner purchased the subject property for a sale consideration of Rs.17.10 crores under registered Sale Deed Document No.8963 of 2024, dated 26.11.2024. According to the complainant, notwithstanding the execution and registration of the sale deed, the entire sale consideration was not paid. It is alleged that the petitioner initially issued cheques towards the sale consideration, which were dishonoured. Thereafter, he entered into an MoU dated 24.02.2025 and issued fresh cheques towards the outstanding amount. The said cheques were also allegedly dishonoured on the ground of insufficient funds. It is further alleged that the petitioner subsequently paid a sum of Rs.2.10 crores, while a substantial portion of the sale consideration remained unpaid.

4.2. The complainant further alleges that, despite non-payment of the sale consideration, the petitioner mortgaged the subject property in favour of Punjab National Bank under registered MODTD Document No.0367/2025 and obtained financial facilities of approximately Rs.25 crores. It is alleged that the said loan facilities were sanctioned in collusion with certain officials of Punjab National Bank and without proper physical verification of the property, valuation, legal due diligence, documentation, and KYC compliance. According to the complainant, the acts complained of resulted in wrongful gain to the accused and corresponding wrongful loss to the complainant and the bank. It is also alleged that the petitioner, along with his company and the concerned bank officials, acted pursuant to a criminal conspiracy with the intention to deceive and dishonestly obtain financial facilities by creating a mortgage over the subject property. The complainant has further referred to certain previous criminal cases allegedly pending against the petitioner involving offences relating to cheating, criminal breach of trust, forgery, and criminal intimidation. On the basis of the complaint and the allegations contained therein, the crime came to be registered for the alleged commission of cheating, criminal conspiracy, and related offences by the petitioner, his infrastructure company, and the concerned officials of Punjab National Bank.

5.1. Learned Counsel for the petitioner would submit that the dispute arises out of a commercial and contractual transaction relating to the sale of the subject property and is essentially civil in nature. It is submitted that the complainant has already instituted proceedings under Section 138 of the Negotiable Instruments Act, 1881 (NI Act) in respect of the same transaction and that the present proceedings are therefore an attempt to give a criminal colour to a contractual dispute. It is further submitted that the registered sale deed records payment of the sale consideration through cheques and delivery of possession to the petitioner. The allegations contrary to the recitals contained in the registered documents, particularly with regard to payment and possession, involve disputed questions of fact requiring adjudication in civil proceedings. The petitioner also relies upon subsequent payments made through RTGS and submits that the civil suit itself seeks recovery of the alleged balance sale consideration, thereby demonstrating the essentially contractual nature of the dispute.

5.2. Learned Counsel would contend that the offence of cheating requires dishonest or fraudulent intention at the inception of the transaction, which cannot be inferred merely from the subsequent non-payment of the alleged balance sale consideration. As regards criminal breach of trust, it is submitted that the property was transferred to the petitioner under a registered sale deed and was never entrusted to him in any fiduciary capacity. Hence, according to the petitioner, the essential element of entrustment is absent. It is further submitted that the mortgage in favour of Punjab National Bank was created after execution of the sale deed and is supported by documentary records, including title documents, mortgage valuation, and banking records, which are available with the concerned authorities or the bank. The petitioner contends that the allegation of conspiracy under Section 111(1) of the BNS is without any basis and that no specific independent overt act has been attributed to him. The petitioner also points out that the alleged dishonour of cheques occurred in 2025 and that thereafter proceedings under Section 138 of the NI Act and civil remedies were initiated, whereas the present complaint was filed only on 30.07.2026. According to the petitioner, the delay supports his contention that the criminal proceedings have been initiated to exert pressure in a predominantly civil dispute.

5.3. It is further submitted that the principal evidence consists of the registered sale deed, MoU, mortgage documents, cheques, written memos, bank records, and civil proceedings, all of which are documentary in nature and can be secured and examined without custodial interrogation. The petitioner further pleads that the other alleged criminal cases registered against him were either closed by the prosecution by referring to them as civil in nature or false, or are the subject matter of compromise or investigation, and that those proceedings support his contention that civil disputes have been given a criminal colour with an ulterior motive. He further submits that he is a permanent resident and undertakes to cooperate with the investigation and abide by any conditions that may be imposed.

5.4. Learned Counsel relied upon the judgments of *Mohammad Wajid v. State of U.P.*, (2023) 20 SCC 219, and *Delhi Race Club (1940) Ltd. v. State of Uttar Pradesh*, (2024) 10 SCC 690, and pleaded that, in the light of the said authorities, the allegations must be tested against the statutory ingredients of the offences invoked. It is contended that a mere failure to discharge a contractual or financial obligation arising from a registered sale transaction, particularly where civil proceedings and prosecution for dishonour of cheques are pending, would not, by itself, satisfy the requisite ingredients of the alleged offences. On these grounds, learned Counsel seeks grant of anticipatory bail.

6.1. Learned Additional Public Prosecutor and learned Senior Counsel appearing for respondent No.2 opposed the petition and would submit that a prima facie case is made out against the petitioner. It is alleged that accused No.1 induced the complainant to execute a registered sale deed for a consideration of Rs.17.10 crores by showing a sanction letter issued by Punjab National Bank for approximately Rs.25 crores, without paying the agreed sale consideration. Though accused No.1 initially issued cheques towards the sale consideration, upon their dishonour he entered into an MoU acknowledging the outstanding liability and issued fresh cheques, which were also dishonoured on the ground of insufficient funds. According to the prosecution, these circumstances prima facie disclose dishonest and fraudulent conduct. It is further submitted that, despite the alleged non-payment of the sale consideration, the accused mortgaged the same property with Punjab National Bank and obtained financial facilities of approximately Rs.25 crores. The alleged role of the concerned bank officials in sanctioning and disbursing the loan without proper scrutiny and due diligence is also stated to be under investigation. Learned Additional Public Prosecutor further submits that the investigation requires the presence of the petitioner for the purpose of securing the relevant materials. It is also necessary to establish the utilisation and ultimate destination of the loan amount secured by the petitioner.

6.2 Learned Additional Public Prosecutor further submits that the investigation is at an initial stage and that relevant documents, including the loan files, sanction proceedings, valuation reports, bank records, and other connected materials, are yet to be collected and examined. Further pleaded that custodial interrogation of the petitioner/accused No.1 may be necessary for verification of the transactions. The prosecution also relies upon the alleged criminal antecedents of accused No.1, involving allegations of cheating, criminal breach of trust, forgery as relevant in assessing the possibility of repetition of such conduct and interference with the investigation. He further pleaded that the pendency of civil proceedings and proceedings under the NI Act does not bar criminal prosecution where the allegations disclose independent cognizable offences. According to the prosecution, the present case involves not merely non-payment of the sale consideration, but also alleged dishonest inducement, repeated dishonour of cheques, subsequent mortgage of the property, procurement of substantial bank finance, and alleged involvement of bank officials. It is therefore contended that a comprehensive investigation is necessary and that, if anticipatory bail is granted at this stage, the petitioner may influence witnesses or interfere with the evidence, thereby prejudicing a fair and effective investigation. On these grounds, dismissal of the petition is sought.

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

8. Having regard to the submissions advanced by the learned Counsel for the parties and the materials available on record, it appears that the dispute arises principally out of a registered commercial transaction concerning the sale of the subject property for

a consideration of Rs.17.10 crores. The registered sale deed, MoU, cheques, payments, mortgage documents, bank records, and the pending civil proceedings and proceedings under Section 138 of the N.I. Act constitute the principal material in the matter. The extent of payment made towards the sale consideration and the interpretation of the aforesaid documents involve disputed questions of fact, which are matters for appropriate adjudication.

9. However, the pendency of civil proceedings or proceedings under Section 138 of the NI Act does not, by itself, bar a criminal prosecution where the allegations disclose the ingredients of a cognizable offence, as held in *Mohammad Wajid* (supra), subject to the requirement that the allegations disclose the basic ingredients of the offence alleged. Mere allegations, without the necessary factual foundation, would not be sufficient to constitute the offence.

10. As regards the allegation of criminal breach of trust, the essential requirement is entrustment of property or dominion over property, followed by dishonest misappropriation or conversion. In *Delhi Race Club* (supra), the Hon'ble Supreme Court distinguished criminal breach of trust from cheating and observed that, in a sale transaction involving transfer of ownership, entrustment ordinarily does not arise.

11. In the present case, the subject property was conveyed to the petitioner under a registered sale deed, and the dispute principally concerns the alleged non-payment or short payment of the sale consideration. There is no specific allegation of independent entrustment of the property to the petitioner in a fiduciary capacity. The allegation of criminal breach of trust, therefore, requires careful scrutiny.

12. The allegation of cheating, however, stands on a different footing. The prosecution relies not merely upon the alleged non-payment of the sale consideration, but also upon the issuance and dishonour of cheques, the subsequent execution of MoUs acknowledging the outstanding liability, the issuance of fresh cheques followed by their dishonour, and the subsequent mortgage of the property and obtaining of financial facilities from the bank. These circumstances warrant investigation.

13. At the same time, whether these circumstances establish dishonest or fraudulent intention at the inception of the sale transaction, as opposed to a subsequent failure to fulfil the payment obligation, is essentially a disputed question of fact which cannot be conclusively determined at the stage of consideration of an application for anticipatory bail.

14. The subsequent mortgage and the bank loan transaction, including the sanction process, valuation, legal scrutiny, mortgage documentation, the role of the concerned bank officials, and the utilisation and flow of the loan proceeds, also require investigation. Nevertheless, the relevant material is substantially documentary in nature and is stated to be available with the bank and other concerned authorities.

15. The magnitude of the financial transaction, by itself, does not make custodial interrogation indispensable. Although economic offences are required to be viewed seriously and custodial interrogation may be justified where it is genuinely necessary for a fair and effective investigation, anticipatory bail cannot be refused merely because the allegations involve substantial financial amounts. The requirement is to balance the seriousness of the allegations and the legitimate investigative needs with the petitioner’s right to personal liberty.

16. In the present case, the petitioner has undertaken to cooperate with the investigation and to produce documents before the Investigating Officer as and when required. No specific material is presently placed before this Court to demonstrate that the custodial arrest of the petitioner is indispensable for the purposes of investigation. The alleged criminal antecedents of the petitioner may, no doubt, be taken into consideration as a relevant circumstance.

However, the mere registration or pendency of previous cases, without examining their nature, stage, and outcome, cannot be treated as proof of guilt in the present case.

17. On an overall consideration of the matter, while the allegations relating to the sale transaction, subsequent mortgage, and bank finance require investigation, the dispute concerning payment of the sale consideration remains substantially intertwined with the registered commercial transaction and the pending civil proceedings and proceedings relating to dishonour of cheques.

18. Accordingly, without expressing any final opinion on the merits of the case or the culpability of the petitioner, and having regard particularly to the documentary nature of the material, this Court is of the considered view that custodial interrogation has not, at this stage, been demonstrated to be indispensable. The interests of the investigation can adequately be safeguarded by imposing appropriate conditions requiring the petitioner to cooperate with the investigation and remain available as and when required.

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

a) Petitioner/Accused shall surrender before the Station House Officer, Central Crime Station, CCS-DD, Hyderabad, on or before 08.09.2026.

Upon such surrender, or in the event of his arrest, the Station House Officer shall release them on bail upon each of them executing a personal bond for a sum of Rs.50,000/- (Rupees Fifty 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 Tuesday and Friday 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 their complete residential addresses 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 they tamper with the prosecution evidence in any manner whatsoever.

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

20. 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: 02.09.2026

N.TUKARAMJI, J

MRKR

THE HON'BLE SRI JUSTICE N. TUKARAMJI

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