



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 16TH DAY OF SEPTEMBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE H.P.SANDESH

CRIMINAL PETITION NO. 2004 OF 2020

C/W

CRIMINAL PETITION NO. 2129 OF 2022

IN CRL.P No. 2004/2020

BETWEEN:

MR. A. ASHOK KUMAR REDDY
S/O LATE A. VENKY REDDY,
AGED ABOUT 60 YEARS,
R/AT NO.15,
VALMIKI STREET
T. NAGAR, CHENNAI
CHENNAI - 600 015.

...PETITIONER

Digitally signed (BY SRI. AMAR CORREA, ADVOCATE)
by DEVIKA M

Location: HIGH **AND:**
COURT OF
KARNATAKA

1. THE STATE OF KARNATAKA
BY NELAMANGALA POLICE STATION,
REPRESENTED BY
HIGH COURT GOVERNMENT PLEADER,
HIGH COURT OF KARNATAKA,
BENGALURU - 560 001.
2. MR. U. VISHWANATH REDDY
S/O LATE U. THIMMAREDDY



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

AGED ABOUT 6 YEARS,
R/AT MIG-II, 45,
NETAJI NAGAR, INFANTRY ROAD,
CANTONMENT, BELLARY - 583 104.

...RESPONDENTS

(BY SRI. SUHAS GOWDA M, HCGP FOR R1;
SRI. A. MADHUSUDHANA RAO, ADVOCATE FOR R2)

THIS CRL.P IS FILED U/S 482 OF CR.P.C PRAYING TO SET
ASIDE THE ORDER DATED 19.05.2016 PASSED BY THE PRL.
CIVIL JUDGE (JR.DN) AND JMFC COURT, NELAMANGALA,
BENGALURU RURAL DISTRICT, THEREBY TAKING COGNIZANCE
FOR THE OFFENCE P/U/S 417, 418, 420 OF IPC AGAINST THE
PETITIONER AND ANOTHER ARRAYING THIS PETITIONER AS
ACCUSED NO.2 VIDE ANNEXURE-A.

IN CRL.P NO. 2129/2022

BETWEEN:

SRI. P. SRINIVASULU REDDY
S/O LATE P. VENUGOAPALA REDDY
C/O C.S. RESIDENCY
ANNAMMA TEMPLE STREET,
OPP. MOVIE LAND THEATER
GANDHI NAGAR,
BANGALORE - 560 009.

...PETITIONER

(BY SRI. RISHIKESH M. KOTTURSHETTAR, ADVOCATE)

AND:

1. STATE OF KARNATAKA
BY NALAMANGALA RURAL POLICE STATION



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

NELAMANGALA, BANGALORE RURAL DISTRICT
REP. BY ITS STATE PUBLIC PROSECUTOR,
HIGH COURT BUILDING,
BENGALURU - 560 001.

2. SHRI. U. VISHWANATH REDDY
S/O LATE SHRI. U. THIMMAREDDY
AGED ABOUT 66 YEARS,
RESIDING AT MIG-II,
45 NETHAJI NAGAR, INFANTRY ROAD
CONTONMENT,
BELLARY - 583 104.

...RESPONDENTS

(BY SRI. SUHAS GOWDA M, HCGP FOR R1;
SRI. A. MADHUSUDHANA RAO, ADVOCATE FOR R2)

THIS CRL.P IS FILED U/S.482 OF CR.P.C PRAYING TO
QUASH THE ENTIRE PROCEEDINGS IN C.C.NO.726/2016
ARISING OUT OF CR.NO.62/2015 IN PCR NO.28/2015
PENDING ON THE FILE OF THE PRINCIPAL CIVIL JUDGE
AND JUDICIAL MAGISTRATE FIRST CLASS, NELAMANGALA
FOR THE OFFENCE P/U/S.417, 418, 420 OF IPC IN
RESPECT OF PETITIONER ONLY.

THESE PETITIONS, COMING ON FOR ADMISSION, THIS
DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE H.P.SANDESH



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

ORAL ORDER

Heard the learned counsel appearing for the petitioners and the learned counsel appearing for the respondents.

2. These two petitions are filed by accused Nos.1 and 2 under Section 482 of the Cr.P.C., praying this Court to quash the entire proceedings in C.C. No.726/2016, arising out of Crime No.62/2015 in PCR No.28/2015, pending on the file of the Principal Civil Judge (Junior Division) and JMFC, Nelamangala, Bengaluru Rural District, for the offences punishable under Sections 417, 418 and 420 of the IPC and to pass such other order or relief as this Court deems fit in the circumstances of the case.

3. The factual matrix of the case, as set out by the complainant while filing PCR No.28/2015, is that the complaint was filed against these two petitioners as well as accused No.3, namely, Sri N. Cheluvamurthy, alleging that all of them had offered a site for sale and



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

subsequently created another partnership firm. It is further alleged that, in respect of the said site which had been agreed to be sold, a sale deed was executed in favour of the said firm and therefore, with an intention to cheat the complainant, they received the money and committed fraud upon the complainant by creating the said document.

4. The complaint was referred under Section 156(3) of the Cr.P.C. for investigation, and the police, after investigating the matter, filed the charge sheet. While filing the charge sheet, in Column No.17, it is alleged that accused Nos.1 and 2, i.e., the petitioners herein, had started a company called C.S. Holdings Private Limited and had formed sites in Survey Nos.83/1-88/1 and other properties adjacent to the said properties, to the extent of 45 acres of land, after obtaining conversion and carving out sites therein offered to sell. It is further alleged that one of the sites, namely, Site No.4, was offered for sale in favour of the mother of the complainant,



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

Smt. Onkaramma, and that an amount totalling Rs.5,71,600/- was collected from 30.09.1995 to 14.11.2002. It is also alleged that a sale agreement was executed on 10.04.2007 in respect of Site No.4 by accused No.1. Subsequently, accused Nos.1 and 2 allegedly clandestinely formed M/s Maheshwari Promoters, and the very same Site No.4, which had been agreed to be sold in favour of the mother of the complainant, was made the subject matter of the subsequent transaction in favour of the said firm.

5. A sale deed was executed in respect of the said Site No.4 in favour of M/s Maheshwari Promoters on 10.12.2007 and, having transferred the said site in favour of the said firm, the accused allegedly cheated the complainant. Hence, the private complaint came to be filed on 21.01.2015, and the Magistrate fixed the date as 27.01.2015 when the complaint was presented on 21.01.2015. The report was also filed making the aforesaid allegations. Hence, both the petitioners have



NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

CNR: KAHC010102772020

approached this Court by filing these petitions under Section 482 of the Cr.P.C.

6. Learned counsel appearing for accused No.1 in the petition mainly contended that the offences invoked against this petitioner are not attracted and that he is innocent. The complainant has already filed a suit seeking specific performance of the alleged agreement, which is numbered as O.S. No.64/2015. It is further contended that no such offence has been committed and that there is no sufficient incriminating material against the petitioner to attract the ingredients of the offences invoked against him.

7. Learned counsel further contended that the alleged transfer of the property from one company to another company is within the domain of the petitioner and that there is no criminality involved, as alleged in the first information report and the charge sheet.



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

8. Learned counsel has also extracted the provisions of Sections 417, 418 and 420 of the IPC in the petition. He vehemently contended that deception involves inducing a person to believe that a thing is true when, in fact, it is false, and that the person practising such deception must know or believe the representation to be false. Such knowledge and intention must exist at the inception of the transaction.

9. Learned counsel further vehemently contended that, when the complainant has already filed a suit seeking the relief of specific performance and the petitioner has disputed the very execution of the alleged sale agreement, the dispute regarding the execution of the said agreement has to be adjudicated in the civil suit. Learned counsel submitted that an application has already been filed before the Civil Court seeking reference of the document to a handwriting expert. He contended that, upon receipt of the handwriting expert's report, the Civil Court would be in a position to adjudicate the dispute in the civil suit.



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

10. Learned counsel, therefore, submitted that, when there is a dispute with regard to the very execution of the agreement, the question of entertaining or continuing the criminal prosecution does not arise.

11. Learned counsel, in support of his arguments, also relied upon the receipts, contending that the very receipts issued by this petitioner are disputed. Learned counsel placed the said receipts as well as the agreement before this Court. He also relied upon the judgment of the Hon'ble Supreme Court reported in **(2023) 2 SCC 195**, in the case of ***R. Nagendra Yadav v. State of Telangana and Another***, and brought to the notice of this Court the discussion made in paragraph No.19. He contended that, while exercising jurisdiction under Section 482 of the Cr.P.C., the Court should be conscious that such power is to be exercised sparingly and only for the purpose of preventing abuse of the process of the Court or otherwise securing the ends of justice.



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

12. Relying upon paragraph No.19 of the said judgment, learned counsel further contended that the Court has to take note of the fact that a complaint disclosing a civil transaction may also have a criminal texture, but the High Court must examine whether a dispute which is, in substance, of a civil nature has been given the cloak of a criminal offence. Learned counsel also brought to the notice of this Court the discussion made in paragraph No.20 with regard to the appropriate proceedings to be initiated in future, in the event the Civil Court comes to the conclusion as to whether the disputed sale deed dated 29.12.2010 is forged or not.

13. Learned counsel also relied upon the judgment of the Hon'ble Apex Court in the case of ***Rahul v. State of Uttar Pradesh and Another, reported in 2026 SCC OnLine SC 1538***, and brought to the notice of this Court paragraph No.28, wherein, referring to the judgment in *Harshendra Kumar*, the Apex Court, while considering the exercise of power under Section 482 of the Cr.P.C.,



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

discussed that continuation of the criminal proceedings would amount to an abuse of the process of the Court and that, if, on the face of documents which are beyond suspicion or doubt, no case is made out against the accused, the High Court would be justified in exercising its jurisdiction to quash the proceedings.

14. Referring to these two judgments, learned counsel further contended that, for proceeding with a criminal prosecution, there must be sufficient material to support the allegations. He submitted that, when the transaction itself is doubtful, the very execution of the sale agreement is disputed, and the report of the handwriting expert is yet to be received, the criminal proceedings may be deferred.

15. Learned counsel appearing for the petitioner, i.e., accused No.2, in his arguments brought to the notice of this Court that, in the averments made in the complaint, there is no allegation that this petitioner had



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

received the amount. He therefore contended that the question of invoking the offence under Section 420 of the IPC does not arise unless the petitioner had played a role at the inception of the transaction. Learned counsel further contended that the question of continuing the criminal prosecution for the offences punishable under Sections 405, 418, 420, 463 and 464 of the IPC does not arise.

16. Learned counsel also brought to the notice of this Court the contents of PCR No.28/2015 and submitted that the allegation made against this petitioner is similar to the allegation made against accused No.3. However, when the police investigated the matter, they alleged that the petitioner had a fraudulent or dishonest intention at the time of making the promise or representation and that he had no intention of fulfilling the agreement for sale of the said property. Referring to the said allegation, learned counsel contended that there was no promise made by this petitioner and that he had neither executed any sale agreement nor received any consideration.



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

17. The counsel also vehemently contended that when the suit is filed for the relief of specific performance, wherein the company is made a party to the proceedings, but in the criminal case the company is not made a party to the proceedings. Without arraying the company as a party to the proceedings, there cannot be any criminal prosecution. The counsel, in support of his argument, relied upon the principles laid down in the judgment. The counsel relies upon the judgment in **Arshad Neyaz Khan v. State of Jharkhand and Another**, arising out of Special Leave Petition No.3606/2024, dated 24.09.2025, and brought to the notice of this Court paragraph No.19, wherein a discussion was made with regard to establishing the offence of cheating. The complainant was required to show that the appellant had a fraudulent or dishonest intention at the time of making a promise or representation of not fulfilling the agreement for sale of the said property. The counsel, referring to this judgment, also would contend that there was no promise by this



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

petitioner and that he neither executed any sale agreement nor received any consideration.

18. Learned counsel also relied upon the judgment in the case of ***Sunil Bharti Mittal v. Central Bureau of Investigation***, reported in ***(2015) 4 SCC 609***, and brought to the notice of this Court the discussion made in paragraphs Nos.40, 41, 42 and 43. In the said judgment, the Hon'ble Apex Court considered the contention that, since the appellants represented the directing mind and will of each company, their state of mind was the state of mind of the company and, therefore, the acts of the company could be attributed and imputed to the appellants. The Apex Court held that it was difficult to accept the said proposition as the correct principle of law, particularly when the criminal act alleged is that of conspiracy. Learned counsel, relying upon the said judgment, contended that, though this petitioner is a Director, no specific allegation has been made against him.



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

19. Learned counsel further vehemently contend that when this petitioner has not involved in any such Acts, question of invoking criminal prosecution doesn't arise. The counsel also relies upon the judgment in the case of ***Sanjay Dutt and others Vs. State of Haryana and another*** passed in Criminal Appeal No.11/2025, arising Court of SLP (Crl) No.7464/2024 and brought to notice of this Court, paragraph Nos.10, 11, 12 and 13, wherein also discussion was made with regard to the vicarious liability would arise only if there are specific and substantiated allegations attributing a particular role or conduct to such director. The counsel would contend that though this petitioner is a Director, but no specific allegations are made.

20. Learned counsel also relied upon the judgment in the case of ***Sushil Sethi and Another v. State of Arunachal Pradesh*** and Others, passed in Criminal Appeal No.125/2020, arising out of SLP (Crl.) No.590/2019, dated 31.01.2020, and brought to the



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

notice of this Court the discussion made in paragraphs Nos.6, 7.5 and 8.2, wherein the judgment in ***Maksud Saiyed v. State of Gujarat***, reported in ***(2008) 5 SCC 668***, was also considered. It was observed and held therein that the Penal Code does not contain any provision for attracting vicarious liability on the part of the Managing Director or Directors of a company when the accused is the company. It was further observed and held that vicarious liability of the Managing Director or Director would arise only when any provision exists in that regard in the statute, and that the question of vicarious liability does not arise otherwise.

21. In support of his contentions, learned counsel also produced the receipts evidencing the payments made by the mother of respondent No.2 to M/s C.S. Holdings Private Limited, along with the agreement of sale dated 10.04.2007 and the registered sale deed dated 10.12.2007.



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

22. Learned counsel would submits that the company, i.e., the firm, was formed in the year 2007 and was pre-existing, and that the sale deed was executed only in December 2007. Except for the fact that he is one of the purchasers under the said sale deed, nothing can be attributed to this petitioner. Hence, learned counsel prays that this Court may quash the proceedings insofar as this petitioner is concerned.

23. Learned counsel further contended that the company was not made a party to the criminal proceedings and that no specific role has been attributed to the petitioner. It was submitted that the petitioner neither received any amount nor was he is a party to the sale agreement. It was argued that merely because he was one of the purchasers under the subsequent sale deed, criminal liability cannot be fastened upon him. Learned counsel also submitted that, even prior to the purchase, a public advertisement had been issued inviting claims, if any, from persons having any interest in the



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

property. Hence, according to learned counsel, there is no basis for continuing the criminal proceedings against this petitioner.

24. *Per contra*, learned counsel appearing for the respondent-complainant vehemently contended that the amount was collected from 1995 to 2002 and that lakhs of rupees were collected by assuring the complainant that a site, particularly Site No.4, would be given to her. The sale agreement was also executed in the year 2007. Though the firm was formed in the year 2004, the sale deed was executed in favour of the firm in December 2007, subsequent to the execution of the sale agreement in favour of the complainant's mother.

25. Learned counsel further contended that specific allegations have been made in the private complaint regarding the role played by accused Nos.1 to 3. Though the charge sheet was not filed against accused No.3, the police filed the charge sheet against accused Nos.1 and 2.



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

26. Learned counsel vehemently contended that specific allegations and attributions have been made in the complaint and that the complaint was filed prior to the filing of the suit in O.S. No.64/2015. Learned counsel brought to the notice of the Court that the suit was filed on 31.01.2015, whereas the complaint was filed on 21.01.2015. Hence, it was contended that the accused cannot contend that a civil dispute was subsequently given a criminal colour.

27. The learned counsel submitted that the principles laid down in the judgments relied upon by the petitioners regarding giving a criminal colour to a civil dispute cannot be applied to the facts of the present case. It was further contended that the contents of the complaint contain specific allegations that the accused collected money and, instead of executing the sale deed in favour of the complainant's mother, created and executed a sale deed in favour of the firm in which the two petitioners were partners and beneficiaries.



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

28. The learned counsel further contended that the petitioners had received the money on behalf of the company. Though the learned counsel appearing for accused No.2 contended that the company had not been made a party, the learned counsel for the complainant submitted that the offences under Section 420 of the IPC were alleged against the two accused persons and not against the company. It was further contended that specific averments were made in paragraphs Nos.12, 13 and 14 of the complaint alleging that accused Nos.1 and 2 had participated in registering the sale deed in the year 2007. It was submitted that the sale deed was executed on the basis of a power of attorney executed by one D.V. Puttashamaiah, who was the owner of the property, and that the circumstances relating to the execution of the sale deed required investigation. It was further contended that, in respect of the very same Site No. 4, the accused had allegedly received more than Rs.5,00,000/-



NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

and thereafter created a sale deed in favour of the firm. According to the learned counsel, the Investigating Officer had taken note of these circumstances while filing the charge sheet against accused Nos.1 and 2.

29. The learned counsel further contended that, when specific allegations and accusations are made against these two persons that they have played the fraud, not arraying the company as a party to the proceedings cannot be accepted.

30. Learned counsel also produced the Memorandum of Association and Articles of Association and brought to the notice of the Court that accused No.2 was one of the directors of the company. It was further submitted that the amount was received by the executant of the sale agreement, namely, P. Sreenivasulu Reddy, and that the two accused persons were partners and promoters of the subsequent firm, which was formed thereafter. It was contended that the sale deed was



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

executed in respect of the said property in favour of the firm and that the material placed before the Court prima facie disclosed that, with an intention to cheat the complainant, the accused collected the money and, instead of executing the sale deed in favour of the complainant's mother, caused a sale deed to be executed in favour of the said firm.

31. Learned counsel would vehemently contend that no doubt the suit is filed for the relief of specific performance and the same is subsequent to the filing of the criminal complaint, and hence the question of giving any criminal colour in respect of the civil dispute cannot be accepted, and hence prays for dismissal of both the petitions.

32. Having heard the learned counsel for the petitioners and also the counsel appearing for the respondent-complainant and having perused the material



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

available on record, whether it is a fit case to exercise the power under Section 482 of the Cr.P.C.

33. Having heard the respective counsel and upon perusal of the complaint, it is clear that allegations have been made in the complaint filed under Section 200 of the Cr.P.C. alleging commission of the offences punishable under Sections 417, 418 and 420 of the IPC. Specific allegations have been made against accused Nos.1 and 2. As against accused No.1, the allegation is that he issued receipts while collecting the money. However, there is no specific allegation against accused No. 2 that he collected any amount or executed the sale agreement. The allegation against accused No.2 is similar to the allegation against accused No.3, namely, that accused No. 3 introduced accused Nos.1 and 2, as stated in the complaint.

34. Upon perusal of the material on record, including the receipts produced before this Court, it is



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

clear that the alleged receipts were issued by accused No.1 in the name of Sri P. Sreenivasulu Reddy and that no such receipts were issued by accused No.2.

35. It is also important to note that accused No.1 has disputed the very execution of the sale agreement. It is further relevant that, during the course of investigation, the signatures appearing on the sale agreement were not referred to any handwriting expert. The charge sheet appears to have been filed on the basis of the statements of the witnesses and other material collected during investigation.

36. The learned counsel appearing for the accused also brought to the notice of this Court that an application has been filed before the Civil Court seeking reference of the sale agreement to a handwriting expert for obtaining an expert opinion and that the said application is pending. The learned counsel prayed that the present proceedings be deferred until the report is received. The learned



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

counsel appearing for the complainant opposed the said request. This Court cannot decide the civil dispute solely on the basis of the handwriting expert's report, and other material also has to be considered by the Civil Court while adjudicating the suit.

37. It is also not in dispute that the complaint was filed prior to filing of the civil suit and the civil suit is also filed for the relief of specific performance. The dispute is with regard to the very execution of the sale agreement and also having received the sale consideration. It is also important to note that the receipts are also issued in the name of C. S. Holdings Company. But the signatures allegedly found on the receipts are only those of accused No.1 and not of accused No.2. It is also important to note that there is no specific accusation in the private complaint that accused No.2 was also at the helm of affairs of the company. Except mentioning that he is a Director of the said company, while invoking criminal liability, the Court



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

has to take note of vicarious liability in criminal proceedings.

38. The principles of criminal jurisprudence are clear that vicarious liability cannot ordinarily be fastened in criminal proceedings in the absence of a statutory provision or specific allegations attracting such liability. Therefore, specific allegations regarding the role and involvement of the concerned accused are required to be considered.

39. It is also important to note that the suit has been filed against the company and that it is not in dispute that the company is registered and incorporated. The documents produced by the complainant/respondent also indicate that the company was registered and incorporated under the Companies Act. In such circumstances, when the complaint was filed, the company was not arraigned as an accused. The law laid down by the Hon'ble Supreme Court, including the judgment referred to as *Aneeta Hada*



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

case, as well as the other judgments relied upon by learned counsel for the petitioners, requires consideration as to whether the company ought to have been made an accused in the criminal proceedings.

40. The contention of learned counsel for the complainant is that no accusation is made against the company and that the accusation is confined to the fraudulent acts allegedly committed by accused Nos.1 and 2 in creating the sale deed in respect of the very same site which had allegedly been agreed to be sold in favour of the complainant's mother, i.e., Site No.4. It is also not in dispute that a sale deed was executed in favour of the firm subsequently formed in the name of M/s Maheshwari Promoters, wherein accused Nos. 1 and 2 are stated to be promoters and partners and beneficiaries under the sale deed. The sale deed was executed by accused No.1 on the basis of a power of attorney executed by the original owner, Sri D.V. Puttashamaiah, and it is also very clear that there was a sale based on the power of



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

attorney in favour of the very same person in the sale deed. But the Court has to take note that when the company had agreed to execute the sale deed, that too in the name of C.S. Holdings Company, and no doubt the sale agreement is also executed by one of the Managing Directors in favour of the complainant. But the suit is also filed, making the company a party in the suit as defendants. But while filing the private complaint, the company was not made an accused. When the directors are involved in the company affairs, there must be a specific accusation in the complaint itself, and also the company must be a party to the proceedings.

41. It is contended that it is settled law that, without arraigning the company, criminal proceedings cannot be maintained in circumstances where the liability of the directors is sought to be derived from the acts of the company. The same principle has been reiterated by the Hon'ble Supreme Court and this Court in several judgments, including cases arising under



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

Section 141 of the Negotiable Instruments Act, where the company is a necessary party in the circumstances contemplated by the statutory provision. The applicability of the said principle to the facts of the present case therefore requires consideration.

42. It is also settled that criminal law does not ordinarily recognise vicarious liability in the absence of a specific statutory provision. Where vicarious liability is sought to be imposed upon a director, there must be specific allegations regarding his role and involvement and, where required, he is being in charge of and responsible for the affairs of the company. Only upon satisfying the applicable legal requirements can criminal liability be fastened upon such an individual.

43. In the case on hand, having considered the principles laid down in the judgments relied upon by learned counsel appearing for accused No.1, the contention that a civil dispute has been given a criminal



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

colour cannot be accepted. However, when the company has not been made a party to the proceedings and there is no specific accusation against accused No.2, the question of fastening criminal liability upon him requires consideration. When the transaction in question is between the company and the complainant and the company itself has not been arraigned as an accused, criminal prosecution against the petitioners cannot be sustained in the circumstances of the case.

44. Under the circumstances, without entering into the merits of the case, and on the technical aspect relating to the alleged criminal act and the accusations made against the petitioners, this Court is of the view that, when the company has not been made a party to the proceedings, the criminal prosecution against accused Nos.1 and 2 cannot be continued. The civil suit has already been filed, and the same is also subject to adjudication regarding the execution and validity of the alleged agreement. The grant of any relief by the Civil Court, as



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

well as the observations made by this Court herein, shall not influence the Civil Court while considering the civil dispute pending between the parties, namely, the complainant and the accused persons.

45. Having considered the factual aspects and the discussion made above, there is force in the contention of learned counsel appearing for the petitioners that, without arraigning the company as a party to the proceedings, the criminal prosecution cannot be sustained and that vicarious liability cannot be fastened in the absence of specific allegations and charges against each of the petitioners. Hence, the petitioners have made out grounds for interference. Accordingly, the point is answered in the affirmative. In view of the discussion made above, I pass the following:

ORDER

- i. Both the petitions are ***allowed***.



CNR: KAHC010102772020

NC: 2026:KHC:50497
CRL.P No. 2004 of 2020
C/W CRL.P No. 2129 of 2022

- ii. The criminal proceedings initiated against the petitioners are hereby quashed.
- iii. The Civil Court, while considering the civil suit, shall not be influenced by any of the observations or discussions made by this Court herein while considering the present petitions.

Sd/-
(H.P.SANDESH)
JUDGE

TMP
List No.: 1 Sl No.: 17