



CNR: KAHC010352882020

NC: 2026:KHC:53727
CRL.P No. 6828 of 2020

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 28TH DAY OF SEPTEMBER, 2026

BEFORE

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

CRIMINAL PETITION NO.6828 OF 2020

BETWEEN:

K ANANTH
S/O KENCHAPPA
AGED ABOUT 50 YEARS
R/O PADMAMBA LAYOUT
HOSADURGA
CHITRADURGA-577527
PROPRIETOR
M/S RASHMI COMPUTER
OPP. VETERINARY HOSPITAL
HOSADURGA
CHITRADURGA-577527

...PETITIONER

Digitally signed
by DEVIKA M
Location: HIGH
COURT OF
KARNATAKA

(BY SRI. H.K RAVI, ADVOCATE)

AND:

1. STATE BY CHITRADURGA
EXTENSION POLICE STATION
CHITRADURGA TOWN CIRCLE
CHITRADURGA-577501
REP BY STATE PUBLIC PROSECUTOR
OFFICE OF THE ADVOCATE GENERAL
KARNATAKA HIGH COURT BUILDING
BENGALURU-560001
2. MOHAMMED MUBEEN
S/O ABDUL SATTAR



CNR: KAHC010352882020

NC: 2026:KHC:53727
CRL.P No. 6828 of 2020

AGED ABOUT 58 YEARS
DEPUTY SECRETARY
ZILLA PANCHAYAT OFFICE
CHITRADURGA-577501

...RESPONDENTS

(BY SRI SUHAS GOWDA M, HCGP FOR R1;
SRI PRAVEEN KUMAR, ADVOCATE FOR R2)

THIS CRL.P IS FILED U/S.482 OF CR.P.C PRAYING TO
QUASH THE FIR BEARING CR.NO.71/2019 REGISTERED BY THE
RESPONDENT NO.1 POLICE AGAINST THE PETITIONER FOR
THE OFFENCE P/U/S 406, 409 AND 420 OF IPC AND ETC.

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

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

ORAL ORDER

This petition is filed praying this Court to quash the FIR in
Cr.No.71/2019 registered against the petitioner for the offences
punishable under Sections 406, 409 and 420 of IPC.

2. This matter is listed for admission. Heard the
learned counsel appearing for the respective parties.

3. In the complaint, an allegation is made that PF
amount is payable to the tune of Rs.41,56,376/-, but payment



NC: 2026:KHC:53727
CRL.P No. 6828 of 2020

was made only to the tune of Rs.5,47,247/- and balance amount payable was Rs.36,09,129/-. The accusation made against the petitioner is that the said balance amount of PF was not paid and the same was misappropriated. To that effect, a letter of the Deputy Commissioner dated 02.07.2019 was also referred in the complaint, so also the letter of the Chief Executive Officer dated 20.07.2019 at reference No.2. Based on that complaint, police have registered the case in Cr.No.71/2019. The document of Annexure-J dated 20.07.2019 was also referred in the complaint wherein similar allegations are made against the petitioner by the Chief Executive Officer, Zilla Panchayat, Chitradurga.

4. Now, the counsel appearing for the petitioner would vehemently contend that this is a contractual matter. In terms of Annexure-A dated 17.10.2012, when invitation was called for bids, an agreement came into existence in terms of Annexure-B. The counsel brought to notice of this court the contents of Annexure-B, particularly, Clause-(c) of Condition No.5 with regard to the payment of ESI employer's contribution and employee's contribution. The counsel brought to notice of this



Court the terms of the agreement particularly Condition No.8b – by the Manpower Agency or the Second Party, wherein mentioned that payment is due and has remained unpaid for more than 90 days shall be decided, on reference by either Party to this agreement, by Principal Secretary, RDPR department, Government of Karnataka. The counsel also brought to notice of this Court the Condition No.9 i.e., Breach of Contract particularly 9.1, 9.3, 9.4, 9.6 and 9.7. The counsel brought to notice of this Court Condition No.19 - Resolution of Disputes. If any dispute arises regarding escalation procedure set forth therein and procedures stated therein shall be as per Clause 28.0 of the ITB document of the RFB, which deals with disputes and their settlement.

5. The counsel also brought to notice of this Court Annexure-C for Manpower Tender under MGNREGS particularly, Clause No.28 - Resolving of Disputes and brought to notice of this Court Clause Nos.28.1 and 28.2. So also, the counsel brought to notice of this Court Annexure-E and also the payment of Rs.9,39,463/- by way of demand draft. The counsel would contend that the accusation made in Annexure-H and J is



not correct. A false case has been registered against the petitioner. The counsel also would submit that it is nothing but giving the criminal colour in respect of the civil dispute and if any payments are not made, there cannot be any criminal prosecution against the petitioner. The counsel also brought to notice of this Court Annexure-K, wherein a reference was made with regard to the payment is concerned and the same is also not particularly determined with regard to the particular account. When such being the case, there cannot be any criminal prosecution against the petitioner.

6. The counsel appearing for respondent No.1/State would submit that when it was noticed that misappropriation was made particularly non-payment of PF, only part payment was made and major amount was not paid and the same was misappropriated, a complaint was given and police have registered the case. The counsel would contend that it is not the case of civil dispute as contended by the petitioner counsel and also not the dispute of contractual issue and the payment is in respect of the statute is concerned.



7. The counsel appearing for respondent No.2 also would contend that already investigation was conducted and charge sheet is ready but not filed in view of stay granted by this court. The counsel appearing for respondent No.2 also not disputes the fact that the allegation is made against the petitioner towards the misappropriation.

8. In reply to this argument, counsel appearing for the petitioner relies upon judgment reported in **(2024) 3 S.C.R. 740** in the case of **NARESH KUMAR AND ANOTHER vs THE STATE OF KARNATAKA AND ANOTHER** wherein discussion was made with regard to the scope of Section 482. When there was a contractual dispute between the parties that too with regard to the payment is concerned, there cannot be a criminal prosecution. The Apex Court also exercised its powers in this regard. The counsel would submit that this judgment is aptly applicable to the case on hand. The counsel brought to notice of this Court that when the dispute between the parties with regard to the civil transaction may also have a criminal texture. But the High Court must see whether a dispute which is essentially of a civil nature is given a cloak of criminal offence.



In such a situation, if a civil remedy is available and is, in fact, adopted as has happened in this case, the High Court should not hesitate to quash the criminal proceedings to prevent abuse of process of the court and emphasis supplied in terms of the judgment in the case of **Paramjeet Batra vs. State of Uttarakhand (2013) 11 SCC 673.**

9. Having heard the learned counsel appearing for the respective parties and also on perusal of the material on record, it discloses that there is no dispute with regard to Annexure-A - Invitation was made to bid and also in terms of the successful bidder, agreement came into existence at Annexure-B. The counsel for the petitioner also brought to notice of this Court the relevant Condition Nos.5, 8, 9, and 19, wherein it is held that when there was a dispute with regard to the payment is concerned, the same has to be considered in terms of the agreement and there was a dispute resolution also. In the case on hand, no dispute with regard to the agreement is concerned. The very allegation against the petitioner before the police is that in terms of the complaint at Annexure-H, the amount of PF payable is Rs.41,56,376/- but



NC: 2026:KHC:53727
CRL.P No. 6828 of 2020

only made the payment of Rs.5,47,247/- and difference amount payable is Rs.36,09,129/-. The counsel brought to notice of this Court that letter was given stating that if there is any deficit amount, the same has to be adjusted by the deposit amount of Rs.20,00,000/-. When the specific accusation is made in the complaint and also reference was made with regard to the letter of Deputy Commissioner and also the letter of Chief Executive Officer, it is very clear that PF amount was not paid and the same was withheld. Hence, accusation is made regarding misappropriation of PF amount is concerned. When allegation is made with regard to the misappropriation of PF amount is concerned, while exercising the power under Section 482 of Cr.P.C, the Court has to look into the contents of the complaint. If the contents of the complaint does disclose the commission of offence, the same has to be unearth by the Investigating Officer in view of the judgment of the Apex Court in the case of **DINESHBHAI CHANDUBHAI PATEL vs STATE OF GUJARAT** reported in **AIR 2018 SC 314** wherein the Apex Court cautioned the High Court that High Court should not venture to stay the FIR when the allegations are made in the



complaint and the Investigating Officer has to unearth the truth if such accusation is made. Hence, the Investigating Officer has to look into the allegations and if there is no such misappropriation as contended by the petitioner counsel, the Investigating Officer can take a decision that no materials to file a charge sheet. In the case on hand, there is no dispute of payment of contract is concerned. The dispute is only in the respect of payment of statutory amount of PF. Hence, the very contention of the petitioner counsel cannot be accepted as dispute in respect of contract. The petitioner has not made out any grounds to exercise the powers under Section 482 of Cr.P.C.

10. The counsel appearing for the petitioner would submit that while granting stay, this Court directed to deposit the 50% of the amount. In terms of the direction of this Court, the amount was deposited before the Zilla Panchayath, Chitradurga. In view of the said submission, the release of amount in deposit is subject to the result of filing of the report by the Investigating Officer.



CNR: KAHC010352882020

NC: 2026:KHC:53727
CRL.P No. 6828 of 2020

11. In view of the discussions made above, I pass the following:

ORDER

The petition is dismissed.

In view of dismissal of the main petition, I.A. if any, does not survive for consideration and the same stands disposed of.

Sd/-
(H.P.SANDESH)
JUDGE

SN