HC-KAR

NC: 2026:KHC:60433
CRL.P No. 225 of 2025

CNR: KAHC010006552025

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 30TH DAY OF OCTOBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

CRIMINAL PETITION NO. 225 OF 2025 (482(Cr.PC) / 528(BNSS)-)

BETWEEN:

1. MUNISWAMY K
   SON OF LATE KRISHNAPPA
   AGED ABOUT 57 YEARS,
   RESIDING AT NO. 2708,
   7TH A MAIN RPC LAYOUT,
   VIJAYNAGAR,
   BANGALORE - 560040.

2. G RAMAPPA
   SON OF LATE GOVINDAPPA,
   AGED ABOUT 75 YEARS,
   RESIDING AT NO. 642
   PUTTAPPA TEMPLE STREET,
   WARD NO.20,
   DEVANAHALLI - 562110.

...PETITIONERS

(BY SRI. M.T. NANAIAH., SENIOR COUNSEL FOR
SRI. P.R. MADHU GOUD &
SRI. HIREMATH M.S., ADVOCATES)

AND:

1. STATE OF KARNATAKA
   BY KALISIPALYA POLICE STATION
   REPRESENTED BY
   THE STATE PUBLIC PROSECUTOR,
   HIGH COURT BUILDING
   BENGALURU - 560001.

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

2. NEENA D M
AGED MAJOR,
DISTRICT OFFICER,
BACKWARD COMMUNITY WELFARE DEPARTMENT,
BANGALORE URBAN DISTRICT,
V.V.TOWER, AMBEDKAR VEEDHI,
BANGALORE - 560001.

…RESPONDENTS

(BY SRI. RANJITH KUMAR N., HCGP FOR R1;
R2-SERVED)

THIS CRIMINAL PETITION IS FILED U/S 482 CR.PC (FILED U/S 528 BNSS) PRAYING TO CALL FOR THE RECORDS IN CRIME NO. 0118/2021 PENDING ON THE FILE OF IV ADDITIONAL CHIEF METROPOLITAN MAGISTRATE AT BANGALORE; AND ETC.

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

CORAM: HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

ORAL ORDER

1. The petitioners are before this Court seeking for the following reliefs;

> *a. Call for records in Crime No.0118/2021 pending on the file of IV Additional Chief Metropolitan Magistrate at Bangalore;*
>
> *b. Quash the proceedings in FIR bearing Crime No.0118/2021 in Kalasi palya.P.S. for offences punishable under sections 403, 406, 417, 420, r/w 34 of Indian Penal Code, 1860 pending on the file of IV Additional Chief Metropolitan Magistrate at Bangalore (Annexure against the Petitioners and consequently quash the complaint dated 13.07.2021 (Annexure - B); A),*

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

c. Pass any other reliefs as deemed fit by this Hon'ble Court in the circumstances of the case in the interest of justice and equity

2. On a complaint being submitted by the Deputy Commissioner, Bangalore, FIR in Crime No.118/2021 came to be registered by the Kalasipalya Police Station for offences under Section 403, 406, 417, 420 and 34 of IPC. Investigation having been completed, a charge sheet came to be laid against other accused. Insofar as the petitioners are concerned, charge sheet is not laid on account of the interim order passed by the Coordinate Bench of this Court on 03.02.2025.

3. The submission of Sri. M. T. Nanaiah, learned Senior Counsel appearing for the petitioners, is that there are no grounds which have been made out in support of the alleged offences. His submission is that a complaint had been filed by a defeated candidate and it is for political motivations that the matter had been taken up.

4. In the present case, the allegation being that an amount of Rs.1,00,00,000/- which had been provided as an aid by the Backward Classes Department is being misused by the petitioners and

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

certain other accused is completely misplaced. False allegation had been made by the defeated candidate resulting in unnecessary harassment of the petitioners. He submits that the works have been carried out from the year 2019 to 2021. A utilization certificate has also been issued in respect thereto along with a third-party inspection report for the works having been carried out. Thus, he submits that the works for which the grant was made by the Backward Classes Department has been put to use for the concerned purpose. The allegations are completely misplaced.

5. In this regard, he relies on the charge sheet material which has been placed on record including a report where the report itself indicates that the works have been carried out. Hence, he submits that when the works for which the amounts were granted have been carried out, the question of any offence as alleged would not arise.

6. His submission by relying on the decision of the Hon'ble Apex Court in ***Delhi Race Club (1940) Ltd vs The State Of Uttar Pradesh*** [2024 SCC OnLine SC 2248] is that offences under Sections 406 and 420 cannot go hand in hand, they being separate and

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

distinct, the FIR which has been registered against the petitioners cannot be continued insofar as the petitioners are concerned.

7. Learned HCGP, by relying on the charge sheet material, more particularly the bank account statement of Corporation Bank, submits that the grant amount was deposited in the bank account of the Kumbhara Sangha.

8. On 16.03.2019, an amount of Rs.10,00,000/- had been transferred to one Shri P. Krishnappa; an amount of Rs.10,00,000/- had been transferred to one Smt. T. S. Roopa, who is the wife of petitioner No.1; an amount of Rs.10,00,000/- was transferred to Sarvagna Mahila Sahakari Sangha;

9. On 18.03.2019, an amount of Rs.10,00,000/- had been transferred to accused no.5- S.Nandini; an amount of Rs.5,00,000/- had been transferred to accused no.4-Nagesh.N and an amount of Rs.5,00,000/- was transferred to P.Muniraj, an amount of Rs.25,00,000/- was transferred to BPR Constructions, and another amount of Rs.5,00,000/- was transferred to Nagesh N, who is accused no.4.

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

10. On 19.03.2019, an amount of Rs.25,00,000/- was transferred to BPR Constructions and on 20.03.2019 an amount of Rs.5,00,000/- was transferred to Real Metals and Systems.

11. His submission is that the entire amount of grant deposited in the account of the petitioners on 16.03.2019, came to be transferred out of the account by 20.03.2019. His submission is that these amounts have been siphoned off by the petitioners and the other accused and it is in furtherance of the same that the chargesheet has been laid, taking into account the various statements of the witnesses and the inspection of the building which has been conducted.

12. He therefore submits that the charge sheet clearly makes out a case against the petitioners for the misuse of the said funds, the interim order passed in favour of the petitioners has to be vacated, permitting the respondents to complete the investigation insofar as the petitioners are concerned and file the final report.

13. Heard Sri.M.T.Nanaiah, learned Senior Counsel for Sri.P.R. Madhu Goud learned counsel for the

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

petitioners and Sri.Ranjith Kumar N., learned HCGP for respondent No.1.

14. Respondent No.2 though served has chosen to be unrepresented.

15. Section 406 of the IPC is reproduced hereunder for easy reference:

> ***406. Punishment for criminal breach of trust***.— *Whoever commits criminal breach of trust shall be punished with imprisonment of either description for a term which may extend to three years, or with fine, or with both.*

16. Section 406 is the punishment for offence under Section 405.

17. Section 405 is reproduced hereunder for easy reference:

> ***405. Criminal breach of trust***.—*Whoever, being in any manner entrusted with property, or with any dominion over property, dishonestly misappropriates or converts to his own use that property, or dishonestly uses or disposes of that property in violation of any direction of law prescribing the mode in which such trust is to be discharged, or of any legal contract, express or implied, which he has made touching the discharge of such trust, or wilfully suffers any other person so to do, commits "criminal breach of trust".*
>
> *Explanation 1.—A person, being an employer of an establishment whether exempted under section 17 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952) or not who deducts the employee's contribution from the wages payable to the employee for credit to a Provident Fund or Family Pension Fund established by any law for the time being in force, shall be*

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

deemed to have been entrusted with the amount of the contribution so deducted by him and if he makes default in the payment of such contribution to the said Fund in violation of the said law, shall be deemed to have dishonestly used the amount of the said contribution in violation of a direction of law as aforesaid.

Explanation 2.—A person, being an employer, who deducts the employees' contribution from the wages payable to the employee for credit to the Employees' State Insurance Fund held and administered by the Employees' State Insurance Corporation established under the Employees' State Insurance Act, 1948 (34 of 1948), shall be deemed to have been entrusted with the amount of the contribution so deducted by him and if he makes default in the payment of such contribution to the said Fund in violation of the said Act, shall be deemed to have dishonestly used the amount of the said contribution in violation of a direction of law as aforesaid.

18. Section 420 of the IPC is reproduced hereunder for easy reference:

***420. Cheating and dishonestly inducing delivery of property**.—Whoever cheats and thereby dishonestly induces the person deceived to deliver any property to any person, or to make, alter or destroy the whole or any part of a valuable security, or anything which is signed or sealed, and which is capable of being converted into a valuable security, shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine.*

19. Sections 415 to Section 418 are reproduced hereunder for easy reference:

***415. Cheating**.—Whoever, by deceiving any person, fraudulently or dishonestly induces the person so deceived to deliver any property to any person, or to consent that any person shall retain any property, or intentionally induces the person so deceived to do or omit to do anything which he would not do or omit if he were not so deceived,*

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

and which act or omission causes or is likely to cause damage or harm to that person in body, mind, reputation or property, is said to "cheat".

Explanation.—A dishonest concealment of facts is a deception within the meaning of this section.

***416. Cheating by personation**.—A person is said to "cheat by personation" if he cheats by pretending to be some other person, or by knowingly substituting one person for another, or representing that he or any other person is a person other than he or such other person really is.*

Explanation.—The offence is committed whether the individual personated is a real or imaginary person.

***417. Punishment for cheating**.—Whoever cheats shall be punished with imprisonment of either description for a term which may extend to one year, or with fine, or with both.*

***418. Cheating with knowledge that wrongful loss may ensue to person whose interest offender is bound to protect.**—Whoever cheats with the knowledge that he is likely thereby to cause wrongful loss to a person whose interest in the transaction to which the cheating relates, he was bound, either by law, or by a legal contract, to protect, shall be punished with imprisonment of either description for a term which may extend to three years, or with fine, or with both.*

20. The principal contention urged on behalf of the petitioners is that the offences punishable under Sections 406 and 420 of the Indian Penal Code, 1860, being distinct and mutually exclusive, cannot be invoked simultaneously on the same set of allegations. Reliance is placed upon the judgment of the Hon'ble Supreme Court in ***Delhi Race Club (1940) Ltd. v. State of U.P.,*** [(2024) 10 SCC 690].

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

21. The question, therefore, is whether, having regard to the allegations and the material collected during investigation, the invocation of Sections 406 and 420 IPC against the petitioners is impermissible in law, or whether the facts alleged disclose the ingredients of the respective offences so as to warrant continuation of investigation.

22. In ***Delhi Race Club*** (supra), the Hon'ble Supreme Court explained the distinction between the offences of cheating and criminal breach of trust. In paragraphs 40 and 41, as extracted and considered by a co-ordinate bench of this Court in ***K.S. Keerthikumar v. State of Karnataka & Anr.,*** [Criminal Petition No.11 of 2026, decided on 29.09.2026], the Supreme Court observed:

> *"Since the learned counsel for the petitioner referred to Delhi Race Club (supra), it is necessary to notice the following paragraphs in the aforementioned judgment.*
>
> ***"40**. To put it in other words, the case of cheating and dishonest intention starts with the very inception of the transaction. But in the case of criminal breach of trust, a person who comes into possession of the movable property and receives it legally, but illegally retains it or converts it to his own use against the terms of the contract, then the question is, in a case like this, whether the retention is with dishonest intention or not, whether the retention involves criminal breach of trust or only a*

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

civil liability would depend upon the facts of each case"."

23. The Hon'ble Supreme Court further observed:

> "***41**. …In case of cheating, the intention of the accused at the time of inducement should be looked into which may be judged by a subsequent conduct, but for this, the subsequent conduct is not the sole test. Mere breach of contract cannot give rise to a criminal prosecution for cheating unless fraudulent or dishonest intention is shown right from the beginning of the transaction i.e. the time when the offence is said to have been committed..."*

24. The Hon'ble Supreme Court, in paragraphs 42 and 43 of ***Delhi Race Club***, further explained the distinction in the following terms:

> "***42.** Whereas, for the criminal breach of trust, the property must have been entrusted to the accused or he must have dominion over it. The property in respect of which the offence of breach of trust has been committed must be either the property of some person other than the accused or the beneficial interest in or ownership of it must be of some other person. The accused must hold that property on trust of such other person. Although the offence i.e. the offence of breach of trust and cheating involve dishonest intention, yet they are mutually exclusive and different in basic concept."*

25. The Hon'ble Supreme Court further held:

> "***43.** There is a distinction between criminal breach of trust and cheating. For cheating, criminal intention is necessary at the time of making a false or misleading representation i.e. since inception. In criminal breach*

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

> *of trust, mere proof of entrustment is sufficient. Thus, in case of criminal breach of trust, the offender is lawfully entrusted with the property, and he dishonestly misappropriated the same. Whereas, in case of cheating, the offender fraudulently or dishonestly induces a person by deceiving him to deliver any property. In such a situation, both the offences cannot co-exist simultaneously."*

26. The aforesaid principles have been considered by the co-ordinate bench of this Court in ***K.S. Keerthikumar*** *(supra).* In paragraph 28, the co-ordinate bench noticed the factual background of ***Delhi Race Club***, namely, that the complainant therein alleged that goods had been supplied and the purchaser had not paid the dues. The Hon'ble Supreme Court had concluded that the ingredients of Sections 406 and 420 IPC were not made out in the circumstances of that case.

27. In paragraph 30, the co-ordinate bench observed:

> *"**30.** As can be noticed from the paragraphs No.40 to 43 in Delhi Race Club (supra) extracted above, it is evident that the Apex Court has not laid down a ratio that there cannot be simultaneous prosecution of offences under Sections 406 and 420 IPC in every case where the charges are framed under aforementioned provisions…"*

28. The co-ordinate bench further observed:

> *"**30.** …To put it simply, the facts in Delhi Race Club (supra) did not attract any of the said offences."*

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

29. In paragraph 31, the co-ordinate bench held:

> *"**31**. It is required to be noticed that if the complaint refers to two or more distinct transactions/incidents and if such transactions/incidents independently attract the offences under Sections 420 and 406 of the IPC, then there cannot be any bar to try the accused for both the offences."*

30. In paragraph 32, the co-ordinate bench further observed:

> *"**32**. The contention that the offences under Sections 406 and 420 of IPC cannot be tried together cannot be accepted as an inflexible thumb rule. In a given case, the facts may attract both the offences. In some cases it may attract either one of the two.* It can be explained with illustrations as under:
>
> *Illustration-1 - A and B are aware that C has met with an accident and is in need of money for the treatment. –*
>
> *A transfers money to B with an express mandate that B should pay the money to C to meet the medical expenses. –*
>
> *B does not pay the money to C, however B misappropriates the same.*
>
> *Illustration -2 –*
>
> *A and B are aware that C has met with an accident and is in need of money for the treatment.*
>
> *- A pays money to B with instruction to pay to C. B, misappropriates the same.*
>
> *B thereafter induces A to pay more money saying C is in need of money.*

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

A believes and pays money to B. Again B misappropriates."

31. The co-ordinate bench illustrated the distinction in paragraphs 33 and 34. In Illustration 1, money is entrusted to a person with an express mandate to pay it to a third person. The recipient instead misappropriates the money. The co-ordinate bench held that Section 406 IPC may be attracted, but Section 420 IPC would not be applicable in the absence of inducement preceding the transfer.

32. In Illustration 2, the recipient first misappropriates the entrusted amount and thereafter induces the giver to transfer additional money by representing that the third person is still in need of money. The co-ordinate bench held that both Sections 406 and 420 IPC may be attracted, since the subsequent transfer was preceded by a further inducement.

33. The co-ordinate bench thus observed in paragraph 34:

*"**34**. However, in Illustration -2 both Sections 406 and 420 of IPC are attracted. The reason is that when A pays money for the second time, there is an inducement before delivery."*

34. The principles emerging from the aforesaid judgments are that the ingredients of cheating and

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

criminal breach of trust are distinct and must be independently examined. Section 420 IPC requires dishonest or fraudulent inducement at the inception of the transaction, while Section 406 IPC requires entrustment or dominion over property followed by dishonest misappropriation, conversion, use or disposal contrary to the terms of the entrustment.

35. The judgments do not permit the same factual act to be mechanically characterised as both offences. However, where the allegations disclose distinct factual acts or transactions, each independently satisfying the ingredients of the respective offence, the mere fact that both provisions are invoked would not, by itself, render the prosecution impermissible.

36. In the present case, the allegation is that the Kumbhara Sangha approached the Backward Classes Department seeking a grant of ₹1,00,00,000/- for renovation of its building. The grant was sanctioned and deposited in the bank account of the Sangha on 16.03.2019. The representation on the basis of which the grant was sought was that the amount would be utilised for the specified renovation works.

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

37. The allegation, therefore, is not merely of a failure to repay money advanced in a commercial transaction. The amount is stated to have been sanctioned as a Government grant for a specified purpose. The question whether the grant was sought by making a dishonest representation, and whether the amount was thereafter entrusted for the stipulated purpose and dishonestly diverted, requires consideration in the light of the material collected during investigation.

38. The learned HCGP has relied upon the bank account statement of the Sangha, which forms part of the charge-sheet material. The statement indicates that the grant amount of ₹1,00,00,000/- was credited to the account on 16.03.2019 and an amount of ₹1,10,00,000/- including the entire grant amount, was transferred out of the account over the following four days. The transfers relied upon by the prosecution are as follows:

Date	**Transfers referred to in the material**

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

16.03.2019	₹30,00,000/-
18.03.2019	₹50,00,000/-
19.03.2019	₹25,00,000/-
20.03.2019	₹5,00,000/-
Total	**₹1,10,00,000/-**

39. The particulars of the individual recipients and the transfers are set out in the material placed before the Court. The prosecution relies upon the fact that the grant was transferred out of the Sangha's account within four days of its receipt, including transfers to persons and entities alleged to be connected with the accused.

40. The above transactions, taken together with the allegation that the grant was sanctioned for renovation works, constitute material requiring investigation into whether the amount was utilised in accordance with the purpose for which it was sanctioned.

41. The bank statement, is a relevant circumstance which, when considered with the representations made for obtaining the grant, the nature and conditions of the sanction, the subsequent transfers, the statements of witnesses and the inspection

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

material, would have a bearing upon the ingredients of the offences alleged.

42. The petitioners' contention is that the renovation works were carried out between 2019 and 2021 and that a utilisation certificate and third-party inspection report have been produced in support of such contention. These materials are relevant to the issue of utilisation of the grant and will have to be considered by the Investigating Officer and, if necessary, by the competent Court at the appropriate stage.

43. However, the existence of a utilisation certificate or inspection report does not, at this stage, conclusively resolve the allegations concerning the purpose for which the grant was obtained, the manner in which the funds were transferred, or the alleged involvement of the petitioners in those transfers. The contents and evidentiary value of those documents, as well as their reconciliation with the bank transactions and the other material, are matters requiring appropriate examination.

44. It is also necessary to bear in mind that the grant was sanctioned to the Kumbhara Sangha. Petitioner

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

No.1 is stated to be its President and petitioner No.2 its Secretary. Their office-bearership, by itself, cannot be treated as sufficient to establish criminal liability. The investigation must examine the individual role of each petitioner, including their alleged participation in seeking the grant, the representations made to the Department, their authority or dominion over the funds, and their alleged involvement in the subsequent transfers or utilisation of the grant.

45. Applying the principles laid down in ***Delhi Race Club*** and the subsequent reasoning of the Co-ordinate bench in ***K.S. Keerthikumar***, it cannot be said, at this stage, that the invocation of Sections 406 and 420 IPC is barred merely because both provisions have been included in the FIR.

46. The allegations, as placed before this Court, concern, on the one hand, the representation allegedly made by the Kumbhara Sangha to obtain a Government grant of ₹1,00,00,000/- for renovation works and, on the other, the alleged diversion or dishonest utilisation of the grant after it was received for the specified purpose.

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

47. If the allegations are accepted as true, the representation that the grant would be utilised for renovation works, allegedly made with dishonest intention at the inception and resulting in the grant being sanctioned and released, prima facie attracts the ingredients of cheating punishable under Section 420 IPC.

48. Further, the grant, having been sanctioned and entrusted for a specified purpose, and the allegation that the amount was thereafter transferred and utilised contrary to that purpose, prima facie attracts the ingredients of criminal breach of trust punishable under Section 406 IPC.

49. The allegations thus disclose both the initial inducement leading to delivery of the grant and the subsequent alleged dishonest diversion of the entrusted funds. In the light of the principles explained in ***Delhi Race Club***, and ***K.S. Keerthikumar***, the allegations, if established, may attract both offences.

50. This Court is not, at this stage, recording a finding that the petitioners have committed the offences alleged. The limited question is whether the material

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

placed before the Court warrants permitting the investigation to proceed to its lawful conclusion. Having regard to the nature of the grant, the representation allegedly made for obtaining the same, the purpose for which it was sanctioned, the bank transactions relied upon by the prosecution indicating that substantial amounts were transferred out of the Sangha's account within a short period after receipt of the grant, and the other charge-sheet material referred to by the learned HCGP as laid against the other accused, this Court is of the considered opinion that, if the allegations are ultimately established, the ingredients of the offences punishable under Sections 406 and 420 IPC are prima facie made out. The material, therefore, cannot be held to be wholly devoid of basis so as to warrant termination of the proceedings at this stage.

51. The contention that the complaint was initiated by a defeated candidate for political reasons also does not, by itself, warrant termination of the proceedings. The FIR is stated to have been registered on the complaint submitted by the Deputy Commissioner. In any event, the question for consideration is whether the allegations and the

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

material collected disclose a matter requiring investigation, and not merely the political background or motivation attributed to the complainant.

52. It is relevant that the investigation has been completed and a charge sheet has been filed against the other accused for the offences alleged in the FIR. Insofar as the petitioners are concerned, the charge sheet has not been filed on account of the interim order passed by this Court on 03.02.2025. In these circumstances, the appropriate course is to permit the respondent-State to complete the investigation insofar as the petitioners are concerned and to file the appropriate final report in accordance with law.

53. The petitioners shall be at liberty to raise all contentions available to them, including the applicability of Sections 406 and 420 IPC in the light of ***Delhi Race Club*** and ***K.S. Keerthikumar***, before the competent Court at the appropriate stage.

54. In the above background, this court passes the following:

Order

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

(i) The petition is **dismissed**.

(ii) The interim order dated 03.02.2025, insofar as it has restrained the respondent-State from completing the investigation and filing the final report in respect of the petitioners, stands vacated.

(iii) The respondent-State is permitted to complete the investigation insofar as the petitioners are concerned and to file the appropriate final report in accordance with law.

(iv) It is clarified that the observations made in this order are confined to the question whether the investigation may proceed. They shall not be construed as findings on the guilt of the petitioners or as a determination that the ingredients of Sections 406 and 420 IPC have been conclusively established.

(v) The Investigating Officer shall examine the allegations against each petitioner individually and consider the applicability of the offences alleged in the light of the principles laid down in ***Delhi Race Club (1940) Ltd. v. State of Uttar Pradesh,*** [(2024) 10 SCC 690]

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

particularly paragraphs 40 to 43 thereof, as extracted and considered in ***K.S. Keerthikumar v. State of Karnataka & Anr.,*** [Criminal Petition No.11 of 2026**,** decided on 29.09.2026], particularly paragraphs 27 to 34 thereof.

(vi) All contentions of the petitioners on the merits, including the alleged utilisation of the grant for the sanctioned purpose and the applicability of Sections 406 and 420 IPC, are left open to be urged before the competent Court in accordance with law.

This Court has been assisted by Mr. Sourav, Law Clerk, in the formulation of this Judgment.

Digitally Signed By:
SURAJ GOVINDA RAJ
13/11/2026, 14:19, Bengaluru
Verified

(SURAJ GOVINDARAJ)
JUDGE

PRS
List No.: 1 Sl No.: 1