HC-KAR

NC: 2026:KHC:46252
CRL.P No. 3812 of 2022

CNR: KAHC010184992022

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 27TH DAY OF AUGUST, 2026

BEFORE

THE HON'BLE MR. JUSTICE RAVI V HOSMANI

CRIMINAL PETITION NO.3812 OF 2022

BETWEEN:

1. P K GAJRA @ PREMA KUMAR GAJRA
S/O HARIRAM K.GAJRA
AGED ABOUT 64 YEARS
DIRECTOR
M/s. PARKWAY DEVELOPMENTS
PRIVATE LIMITED,
BENGALURU 560 066.

ALSO AT:
NO.12, SATYEN DUTTA ROAD,
KOLKATA
WEST BENGAL - 700 029.

2. M/s. PARKWAY DEVELOPMENTS
PRIVATE LIMITED,
REP BY ITS DIRECTOR
P.K GAJRA

3. M/s. PARKWAY HOLDINGS PVT., LTD.,
REP BY ITS DIRECTOR
P.K.GAJRA

BOTH ARE HAVING ITS OFFICE
AT NO.209, 2ND FLOOR
RCHMOND TOWERS,
BENGALURU - 560 066.

...PETITIONERS

(BY SRI CHANDAN B.K., ADVOCATE FOR
SRI BHADRAVADI SIDDESWARA, ADVOCATE)

AND:

1. THE STATE OF KARNATAKA
BY WHITE FIELD P.S,
REPRESENTED BY SPP
HIGH COURT BUILDING
BENGALURU - 560 001.

2. SRI. UTTAPPA
S/O N.P UTTAPPA
M/S IDEB PROJECTS PVT., LTD,
9TH FLOOR, DELTA TOWER
SIGMA SOFT TECH PARK,
WHITEFIELD MAIN ROAD,
VARTHUR LAKE, BENGALURU CITY,
KARNATKA 56006.

MR.VELAYUDHAN JAYAVEL, AMENDMENT CARRIED OUT
LIQUIDATOR FOR V/O DATED 17.07.2026
M/s. IDEB PROJECTS PVT. LTD.,
F1, WINDSOR MEENAKSHI,
5TH CROSS, PAI LAYOUT
HULIMAVU,
BENGALURU - 560 076.

...RESPONDENTS

(BY SRI MAHESHA P., HCGP FOR R1;
SRI AAKASH SHERWAL, ADVOCATE A/W
SRI SUCHNT KRISHNA, ADVOCATE FOR
SMT.POORNIMA HATTI, ADVOCATE FOR R2)

THIS CRL.P IS FILED U/S.482 CR.P.C PRAYING TO QUASH THE FIR IN CR.NO.126/2019 FOR THE OFFENCE P/U/S 406, 420 OF IPC REGISTERED BY WHITE FIELD POLICE STATION, BENGALURU PENDING ON THE FILE OF ADDL.C.J.M., BENGALURU RURAL DISTRICT.

THIS PETITION, COMING ON FOR *HEARING ON I.A.*, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE RAVI V HOSMANI

ORAL ORDER

Challenging registration of FIR in Crime no.126/2019 by White Field Police Station, Bangalore for offences punishable under Sections 406 and 420 of Indian Penal Code, 1860 (**IPC**), presently stated to be pending on Additional Chief Judicial Magistrate, Bangalore Rural District, Bangalore, this petition is filed.

2. Sri Chandan B.K, learned counsel appearing for Sri Bhadravadi Siddeswara, advocate for petitioners submitted that petition was by accused no.1, 4 and 5 (petitioners) in a complaint filed by respondent no.2 (complainant) on 21.02.2019 alleging that M/s. IDEB Projects Private Limited (**IDEB**) was a Company registered under Companies Act, 2013 and engaged in business of construction of infrastructure projects and represented by Sri N.M. Uthappa, Authorized Signatory. Likewise, Parkway Developments Private Limited (**PDPL**) was also a Company registered under Companies Act,

2013 and engaged in business of development of projects and marketing.

3. It was submitted that accused no.1 and 2 were Directors of IDEB and PDPL, while accused no.3 was Director of PDPL only. IDEB and PDPL intended to undertake construction projects in Bangalore and Mysore. For said purpose, they incorporated IDEB Parkway Holdings Private Limited on 02.05.2004 namely Special Purpose Vehicle (**SPV**). In SPV, IDEB holding 49.9% share and PDPL holding 49.9% share and balance 0.2% by Employees of IDEB. On transfer of employees share, IDEB became majority shareholder. SPV thereafter undertook three projects namely (i) River Spring, (ii) Tivoli at Bengaluru and (iii) Mysore Mall at Mysore. However in early 2009, differences arose between promoters of IDEB and PDPL, accused no.1 and 2 insisted on termination of relationship with IDEB and for exiting SPV. In course of same, arbitration proceedings were initiated and there was settlement. As per terms of compromise, PDPL agreed to transfer its entire shares in SPV in favour of IDEB and in return, it agreed to receive

Villas no.1, 2, 3 and 11 in Tivoli project, apart from Rs.3.3 Crores worth of space in Mysore Mall.

4. Though objections were raised over compromise, arbitration proceedings resulted in award dated 13.04.2015. It was later, realized that IDEB had notified and alienated properties in Tivoli project without knowledge or consent of complainant. After obtaining copies from Sub-Registrar, it was found that Agreements of Sale were executed even with regard to Villas no.1, 2 and 11 for paltry sale consideration. Execution of Agreement of Sale in favour of third parties in respect of Villas awarded in favour of complainant for paltry sums indicated malafide and dishonest intention to commit breach of trust and cheat complainant with regard to properties and with intention to make unlawful gain, contrary to terms of compromise petition/arbitral award. Same amounted to offences of breach of trust and cheating, therefore sought action. On said complaint, FIR was registered as Crime no.126/2019 by Whitefield Police Station, Bangalore for offences punishable under Sections 406 and 420 of IPC. Assailing same, this petition is filed.

5. Learned counsel for petitioners further submitted that on transfer of entire shares of IDEB in SPV, SPV was renamed as M/s. Parkway Holdings Private Limited. It was submitted, sum and substance of allegations in complaint was that complainant and accused had entered into Joint Venture Agreement for development of projects, incorporated SPV Company for said purposes, proceeded with project and due to discord between them, complainant sought to exit from SPV and in arbitration proceedings award came to passed on compromise, wherein IDEB had agreed to part with Villas no.1, 2, 3 and 11 in Tivoli project, in addition to Rs.3.3 Crores worth of space in Mysore Mall in favour of complainant against transfer of its entire share holding by complainant in favour of PDPL. But contrary to terms of settlement had entered into registered Agreements of Sale in respect of Villas no.1, 2 and 11 which would indicate dishonest intention to cheat complainant. It was submitted that allegation of breach of arbitral award would give rise to a claim in Civil law. Therefore, dispute was purely civil in nature. Apart from above, complaint also lacked essential ingredients for offences.

6. Relying upon decision of Hon'ble Supreme Court in case of **Delhi Race Club (1940) Ltd. and Ors. v. State of Uttar Pradesh and Anr.**, reported in **(2024) 10 SCC 690**, it was submitted simultaneous invocation of offences under Sections 406 as well as 420 of IPC would be untenable. It was submitted that complaint allegations in either case would not substantiate offences either under Sections 406 or 420 of IPC. Reliance was also placed on decision of Hon'ble Supreme Court in **Mohammed Ibrahim and Ors. v. State of Bihar and Anr.**, reported in **(2009) 8 SCC 751**. On said grounds sought for allowing petition.

7. On other hand, Sri Mahesha P., learned HCGP for respondent no.1 - State opposed petition. Sri Akash Sherwal, learned counsel appearing for respondent no.2 - Liquidator would also oppose petition. At outset, in response to contention that simultaneous invocation of offences under Sections 406 and 420 of IPC would be untenable. It was submitted that complaint would be pursued only insofar as offence under Section 420 of IPC. It was submitted, entire conduct of petitioners was required to be taken into consideration. It was

submitted, on differences arising in course of execution of Joint Venture Projects, arbitration proceedings were initiated. In course of arbitration proceedings, compromise was arrived.

8. It was submitted, objections were raised against terms of compromise by accused before Arbitral Tribunal, same was rejected and arbitral award came to be passed on 13.04.2015 clearly directing handing over of Villas no.1, 2, 3 and 11 in Tivoli project and Rs.3.3 Crores worth of space in Mysore Mall in favour of complainant. Even after award and without any just cause availing remedy under Sections 34 and 37 of Arbitration and Conciliation Act, 1996 (**Act**) and failing in same and in violation of award entering into Agreements of Sale even in respect of Villas no.1, 2 and 11 for paltry amount would indicate clear intention from inception to cheat complainant. Therefore, essential ingredients for offence under Section 420 of IPC established and there were no good or sufficient grounds for quashing proceedings at this stage.

9. Relying upon decisions of Hon'ble Supreme Court in **Indian Oil Corporation v. NEPC India Ltd. and Ors.**,

reported in **(2006) 6 SCC 736** and **C.S. Prasad v. C. Satyakumar and Ors.**, reported in **2026 SCC OnLine SC 50**, it was submitted an incident may result in a civil wrong as well as criminal offence. It was submitted that in case of former, remedy would be only under civil law. In case of latter, pursuit of civil remedies would not be a bar against criminal proceedings in case all essential ingredients of offences were established. In instant case all ingredients of offence of cheating were indicated. Hence, contentions urged would require to be examined only after investigation/evidence and there was no justification for quashing of proceedings at inception. On said ground sought for dismissal.

10. Heard learned counsel and perused material on record.

11. This petition is by accused no.1, 4 and 5 for quashing of FIR in Crime no.126/2019 for offences under Sections 406 and 420 of IPC. At outset, counsel for respondent no.2 graciously conceded to ratio laid down in **Delhi Race Club**'s case against simultaneous invocation of offences under

Sections 406 and 420 of IPC, and submitted that complaint was confined to offence under Section 420 of IPC. Hon'ble Supreme Court in **Anukul Singh v. State of Uttar Pradesh and Anr.**, reported in **2025 SCC OnLine Sc 2060**, held in challenge to FIR, scope for interference was confined to examining whether complaint averments substantiate essential ingredients of offence alleged. As pointed out by Hon'ble Supreme Court in **Delhi Race Club**, **Indian Oil Corporation** and **Mohammed Ibrahim**'s cases (*supra*) most essential ingredient for offence under Section 420 of IPC is criminal intent from inception.

12. A perusal of complaint would indicate that IDEB and PDPL companies were both involved in business of development of properties, came together for purpose of carrying out a joint venture, incorporated SPB and undertook projects. Though in course of differences arose leading to arbitration proceedings and in arbitral award under which complainant was allotted Villas no.1, 2, 3 and 11 in Tivoli project and Rs.3.3 Crores worth of space in Mysore Mall, grievance is about subsequent act of accused entering into Agreement of Sale with regard to Villas no.1, 2 and 11 in favour of third parties. But it is not

alleged that accused had with intention to cheat complainant entered into Joint Venture Agreement and incorporated SPV. Conduct aggrieved of is post-award. Therefore, essential ingredients of 'criminal intent to cheat from inception' is not disclosed from complaint.

13. Besides, accused no.5 is SPV, which was born out of agreement between complainant and PDPL. Therefore, allegation of criminal intent against SPV or its Directors would be untenable. Breach of terms of an arbitral award would be a pure civil dispute and remedy would be in civil law for seeking execution. Continuation of criminal proceedings would amount to abuse of process. In view of above, reliance upon decisions in **Indian Oil Corporation** or **C.S. Prasad**'s case (supra) would not favour complainant.

14. Hence petition is ***allowed***, proceedings in Crime no.126/2019 by White Field Police Station, Bangalore for offences punishable under Sections 406 and 420 of IPC pending before Additional Chief Judicial Magistrate, Bangalore Rural

District, Bangalore, stands ***quashed,*** with liberty to complainant to take recourse to remedies in civil law.

Sd/-
(RAVI V HOSMANI)
JUDGE

GRD
List No.: 1 Sl No.: 11