

KACB320001742026



**IN THE COURT OF THE II ADDITIONAL DISTRICT
& SESSIONS JUDGE, CHIKKABALLAPURA
SITTING AT CHINTAMANI**

Dated this the 16th day of April 2026.

PRESENT :

Sri. Kantharaju S.V. B.A. LL.B.
II Additional District & Sessions Judge,
Chikkaballapura Sitting at Chintamani

Crl. Misc.No.72/2026

Petitioners:

1. Smt.Varalakshmi
Wife of Lakshmisha,
Aged about 38 years,
C.E.O, Bhumishettihalli
Vyavasaya Seva Sahakara
Sangha Niyamitha,
Chintamani Taluk,
Chikkaballapura District.
2. Santosh.K.
Son of R.Konappa,
Aged about 46 years,
Ex.Supervisor,
DCC Bank,
Chintamani Branch,
Residing of Official Layout,
Malapalli,
Chintamani City.


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3. G.Nagaraja,
Son of V.Gopala Reddy,
Aged about 34 years,
Ex. Manager,
DCC Bank,
Chintamani Branch,
Residing of Near Library
Oolavadi Village,
Chintamani Taluk.
4. Bylahalli Govinde Gowda,
Son of Mulabagalappa,
Ex. President,
Aged about 60 years,
Byalahalli village,
Kolar Taluk, Kolar.
5. Balaji,
Son of Shankarappa,
Aged about 58 years,
Ward No.25, NNT road,
Near KGN High School,
Chintamani City.
6. Kaleemulla,
Son of Mohammed Amanulla Sheriff,
Aged about 56 years,
Residing of #623/1, Amvarpet,
Circle, Tippusultan road,
Amvarpet, Kolar-563124.

(Rep.by Sri.B.R.Srinath Advocate)

V/s

Respondent:

State of Karnataka


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Rep. by Kencharalahalli Police
Station, Chikkaballapura District

(Rep. by Learned Public Prosecutor,
Chintamani)

:ORDERS:

This petition is filed under Section 482 of Bharathiya Nagarika Suraksha Sanhitha, 2023 on behalf of the petitioners/accused No.1 to 6 for grant of anticipatory bail in the event of their arrest in connection with Crime No.42/2025 in Kencharalahalli Police Station for the offences punishable under Sections 417, 420, 465, 467, 468 of Indian Penal Code, pending on the file of Senior Civil Judge and JMFC., Chintamani, in the interest of justice.

2. The learned Public Prosecutor representing the State has seriously opposed the application and has requested to reject it for the reasons stated in her written objection and I.O. Report.

3. Heard arguments from both sides.

4. The point for my consideration is;

"Whether the petitioners/accused No.1 to 6 have made out ground for grant of the bail as sought?"

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5. The above point is answered in the **Negative** for the following;

:REASONS:

6. I have perused the records. On the strength of complaint lodged by Venkatareddy.S of Ankalamadagu Village dated 03.03.2026 at 9.00 P.M. alleging that, Kolar and Chikkaballapur DCC Bank Chintamani Branch under the jurisdiction of Bhumishettihalli Vyavasaya Seva Sahakar Sangha Niyamitha, Chintamani Taluk, the Chief Executive Officer accused No.1 Varalakshmi petitioner No.1 herein, Ex-Proprietor of DCC Bank, Chintamani Branch accused No.3 Nagaraj G. petitioner No.2 herein and DCC Bank, former branch supervisor accused No.2 Santosh K, petitioner No.2 herein former chairman of the bank's board of directors and sub-committee executive committee, accused No.4 Byalahalli Govindagowda petitioner No.4 herein have misused their power and created a false file with the intention of defrauding DCC Bank and obtained a benami loan in the name of Mahila Self-Help Association and personally used it and did not repay the bank. For this fraud, the Central Office officials of SHG. Accused No.5 Balaji, petitioner No.5 herein the officer of the department, is checking the files outside the bank instead of checking them in the bank and accused No.6 Kalimulla petitioner No.6 herein cooperated him and


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the loans were not yet repaid. Further, the Present Chief Executive Officers have not taken any action to recover the said loan as per Section 70 and Section 65(B) of the Karnataka Cooperative Societies Act, 1959. Further, Kuruburu Silk and Farmers Service Cooperative Society Chintamani Taluk, has 9 villages as per Bylaw and there are approximately 600 houses. The SHG section of the bank's head office has released a total of 32 Crores 25 Lakhs Midterm loans to 645 Women's Self-Help Groups on several dates. These loans does not go to poor rural women members. The above-mentioned persons have misused the same. The condition in the sanction order, violating the rules and regulations of the bank's loan schemes, government orders and NABARD circulars, forged signatures and directly withdraw money from the savings accounts of the members of the benami self-help groups and made ATM withdrawals to the beneficiaries under Condition No.6. They have violated the rules of disbursing loans through Micro ATM and Mobile Wan. They have violated the rules of the bank's loan schemes, loan conditions, government orders and RBI NABARD circulars by drawing more than 20 thousand in cash as per the Income Tax Act 26955. And they have misused the bank's financial resources for personal gain and have committed fraud and are the reason for the deprivation of the financial

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facilities of the common farmer who wants financial relief from the bank and the members of the women's self-help groups implemented by the Central and State Government for women's empowerment and poverty eradication. There is a suspicion that Mr. Byalahalli Govindagowda has misused his power and mismanaged and used it personally. There was a government circular that the sanctioned loan should be disbursed by transferring it to the general account of the Women Members Of The Self-Help Groups and that even if the Self-Help Groups did not pay the installments, they should not deposit the installments from other sources to the accounts of the DCC Bank and prime the interest subsidy. However, the loan disbursed to the association on several dates was not transferred to the accounts of the members and was used for other purposes and misappropriated.

Further, as the loan amount shown as sanctioned by Kuruburu VSSN in the name of their association does not belong to any of them. When they look at the list of VSSN Kuruburu Stree Shakti Self-Help groups published, they find that these associations are not under their control. Benami associations and real groups like them have not received the money that is shown to have been sanctioned. Therefore, they have been deprived of the money of the Women Empowerment Scheme of the State and Central

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Government. They have created a false file in the name of Poor Women Members And Taken Benami Loans and cheated them. On the basis of the said allegations, the present case has been registered by the concerned Batlahalli Police Station for the aforesaid offences.

7. The learned counsel for the petitioners contended that, all the above formalities have been observed and not even a single beneficiaries so for single beneficiaries has not complained of non receipt of loan or mis appropriation. Either the secretary, CEO Supervisor of DCC bank branch of the concerned society are not under any obligation to physically verify the beneficiaries. It is not the secretary to recommend to list of beneficiaries. It is not the secretary to recommend the list of beneficiaries who are the genuine member of the society entitle for loan. At any stage no fault could be found with the Supervisor or Manager of the DCC bank branch or Secretary of the society. Further the Hon'ble High Court of Karnataka in Criminal Petition No. Crl. P. 3241/2025 BPS v/s C. Byra Reddy & others have pleased to grant to interim order as follows:

“Learned Senior Counsel for the petitioners would take of this Court through the documents appended to the petition to demonstrate that on the same set of facts, a complaint was registered before the Lokayuktha. The Lokayuktha after preliminary


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enquiry has held that there is no misappropriation of funds or any falsification of the records as is alleged. Notwithstanding the same fact, a rival group is generating certain complaints, an audit was conducted after the report of the Lokayuktha and that also is stayed by a co-ordinate bench of this court in W.P. No. 23510/2024. After all these, emerges the impugned crime on the same set of facts. Therefore, there shall be an interim order of stay of the investigation and all further proceedings in crime No. 109/2024, pending on the file of the Principal Civil Judge (Sr. Dn) and JMFC Court, Chintamani, Chikkaballapura, qua the petitioners till the next date of hearing".

Further, as per the observations of the Hon'ble High Court, the concerned Lokayuktha have conducted preliminary enquiry and come to conclusion that there are no misappropriation funds. Without prejudice it is submitted the respondent police cannot sit in judging the findings of Lokayuktha. The petitioners have not committed any offence much less the alleged offences.

7(a). It is further contended that, the alleged offences are not punishable either with death or imprisonment for life. The complainant is busy body and instead of the protecting & promoting the economic stability of the women, the complainant had lodged a false compliant to see that the benefit should not go to women. **Further, the Hon'ble High Court of Karnataka was pleased to dispose**

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of the Criminal Petition with a direction to the petitioners to co-operate with the investigation and they are at liberty to file separate anticipatory bail application seeking bail within 3 weeks from the date of receipt of copy of the order. As such the petitioners are filing this petition before this Court and the present petition is filed within three weeks from 03-03-2026. All the petitioners excepting the President, are employees of the society, DCC Bank Branch Office, DCC Bank Head Office all are discharging their duties decades and earning members in respective families.

7(b). Further, it is contended that, the Petitioner No. 4 namely Byalahalli Govind Gowda had been the President of DCC Bank Head Office for several decades and when the Bank was under DORMANT CONDITION, he appraised the Government of Karnataka, the poor position of the farmers and Government appreciated his remarkable service in cooperation movement had sanctioned Cross of rupees for disbursement of loans to the poor farmers. As such there is no need for him to commit the alleged offences. Totally he has uplifted the DCC bank and it is a rewarded and recorded achievement. **The audit reports disclose that no mis-appropriation is taken place.** The Hierarchy of DCC Bank, Apex Bank, Cooperative Department and NABARD have no any allegation against these petitioners in respect


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of alleged and created crime. The petitioners are ready to co-operate for investigation and appear before the court or I.O. whenever they are directed to do so. The petitioners are ready to offer surety abide the conditions.

7(c). It is further contended that, under the guise of registering the false crime, the respondent police or seriously trying to arrest the petitioners for the last one week as such they apprehend their arrest and ill treatment by the respondent police. If the bail is not granted the petitioners will be great hardship and they will lose their respect reputation in the society which cannot be re-gained or compensated. **The petitioners earlier filed Criminal Mis No. 216/2025 and the same was rejected vide order dated 17-07-2025 on the ground that by that time the Hon'ble High Court of Karnataka was pleased to stay the further investigation criminal petition and there is no apprehension arrest.** But now the changed circumstance is that the criminal petition is disposed off with direction to the petitioners to apply for anticipatory bail within three weeks from the date of receipt of certified copy of orders in criminal petition. Hence, they prayed to allow the bail petition.

8. On the contrary the learned Public Prosecutor has filed objections and seriously opposing the bail petition on

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the grounds that, the bail petition filed by the petitioners is contrary to law and facts, liable to be dismissed. Further the learned Public Prosecutor has reiterated the complaint averments. The petitioners have committed non bailable offences and on perusal of the complaint averments and documents collected by the Investigating Officer, there is a prima facie case made out against the petitioners. Further, the Investigating Officer on 06.03.2025 has visited the spot and conducted the Mahazar in the presence of Panchas. In connection with this case the Hon'ble High Court of Karnataka stayed the further proceedings in Crl.Mis.No.1355/2025. Thereafter, the petitioners have filed an anticipatory bail in Crl.Mis.No.218/2025, said petition was dismissed on 17.07.2025. Thereafter, the petitioners have filed anticipatory bail petition before the Hon'ble High Court of Karnataka, in Criminal Petition No.2572/2025, thereafter, the stay order was vacated and order to further investigation in this case on 03.03.2026. The said case needs to be investigated at a higher Level. As per the Notification of the Police Head Quarters Circular No.C.R.3(1)/42/2022 dated 14.05.2024 (AMENDMENT FPR STANDING ORDER NO.1006, REVISED) dated 20.09.2022 and 04.09.2023 if the cases is registered and involves fraud in a transacation of 3 Crores or more, such cases have to be handed over to CID for investigation, so the original files


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of this case has to be transferred to the CID for further investigation. Further, the petitioners are required to appear before the investigating officer of the case to co-operate in the investigation. However, it is not reasonable for the said petitioners to have failed to do so and to have filed the above bail application seeking anticipatory bail for the second time before this Court. Further, this case is under investigation and the statements of witnesses are yet to be recorded, documents related to the case are to be obtained and evidence is to be collected. In the case, it has been found that the accused have embezzled and misappropriated crores of rupees as mentioned above and the above petitioners are essential for the investigation in the case. Further, the petitioners have committed a serious offences, which imprisonment for a term of up to 7 years and fine is punishable and the said offences are non-bailable offences. At this stage, if the petitioners are granted anticipatory bail, there is every possibility that they will obstruct the investigation, intimidate witnesses, destroy the prosecution evidence and prejudice the case. There is also a possibility of engaging in similar acts again and destroying supporting documents. Hence, they are not entitled for anticipatory bail. Hence, it is requested to reject the petition.


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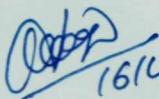
9. The contentions of either side is placed on record. I have carefully perused the allegations made against the petitioners in the FIR, the statement of objection filed by the prosecution, and the contentions raised by the petitioners in this petition. Admittedly, **1)** Nagaraj G., **2)** Santhosh K. Chief Executive Officer of Kolar DCC Bank, **3)** Sheela B., Chief Executive Officer of Chikkaballapura DCC Bank **4)** Bommepalli Vyavasay Seva Sahakara Sangha Niyamatha, represented by its C.E.O. Byra Reddy, **5)** Ankalamadagu Vyavasay Seva Sahakara Sangha Niyamatha, represented by C.E.O. by Sowmya S., and **6)** Yenamalapadi Vyavasay Seva Sahakara Sangha Niyamatha, represented by C.E.O. Byra Reddy. **7)** Narayanaswamy, C.E.O. of Rayalapadu, Primaray Agricultural Co-operative Society Limited, **8)** Venkatamuniyappa, Ex Administrator of Rayalapadu, Primaray Agricultural Co-operative Society Limited, **9)** Srinivas A.V. Ex Manager of DCC Bank, Srinivasapura Branch, Bylahalli Govinde Gowda, Ex-President of Kolar and Chikkaballapur DCC Bank, **10)** B. Venkatesh Murthy, C.E.O. Nandanahosahali Vyavasay Seva Sahakara Sangha Niyamatha, **11)** Balaji and **12)** Kaleemulla **13)** Varalakshmi, C.E.O. of Bhumishettihalli Vyavasay Seva Sahakara Sangha Niyamatha, have filed Criminal Petitions No.11824/2024 C/w 3149/2025, 3155/2025,


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3157/2025, 3170/2025, 3232/2025, 3239/2025 and 3241/2025 for quashing the FIR in Cr.No.109/2024 of Batlahalli Police station, Cr.No.22/2025 of Rayalapadu Police Station, Cr.No.44/2025, 42/2025 of Kencharalahalli Police station, Cr.No.24/2025 of Batlahalli Police Station, Cr.No.82/2025 of Chintamani Rural Police Station, Cr.No.25/2025 and Cr.No.26/2025 of Batlahalli Police Station respectively. In the above said case, the Hon'ble High Court of Karnataka stayed the further proceedings. Later on 20.02.2026 vacated the earlier stay order and opined in para-3 of the impugned order xxxx **despite the Lokayukta finding that there was no mis-appropriation in the case on hand based on the said statement an interim order was so granted.** Further opined that the matter would requires investigation and the petitioners shall co-operate with the investigation. In the event, the final reports goes against these petitioners and others, it is open for them to approach the Hon'ble High Court of Karnataka. Consequently, the Hon'ble High Court of Karnataka directed the petitioners to approach this Court for anticipatory bail with a direction to dispose off the same within three weeks from the date of receipt of the impugned order. Based on that, the petitioners have filed this present anticipatory bail application.


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10. In compliance of the order of the Hon'ble High Court of Karnataka, the Investigating Officer on 04.03.2026 seeking permission from the Superintendent of Police, Chikkaballapur District and as per the Notification of the Police Head Quarters Circular No.C.R.3(1)/42/2022 dated 14.05.2024 (AMENDMENT FPR STANDING ORDER NO.1006, REVISED) dated 20.09.2022 and 04.09.2023 if the cases is registered and involves fraud in a transacation of 3 Crores or more, such cases have to be handed over to CID for investigation, so the original files of this case has to be transferred to the CID for further investigation. The learned Public Prosecutor vehemently argued that in view of the stay order of the Hon'ble High Court of Karnataka, the Investigating Officer has not conducted the further investigation after registration of the cases against the petitioners and others. Moreover, the argument the alleged misappropriation pertaining to Crores of rupees that has to be recovered from the petitioners. Hence, the custodial interrogation of the petitioners are very much necessary in this case. On the other hand, the documents relied by the petitioners counsel, which reveals that on 22.07.2024 the Director General of Police, Karnataka Lokayukta Bengaluru, requesting to the Managing Director of Kolar and Chikkaballapur DCC Bank to accord sanction to prosecute the case agaisnt them. In response to the same,


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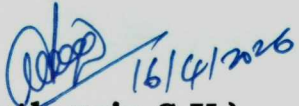
on 07.11.2024 Smt. Sheela B.N. the Chief Executive Officer of Kolar and Chikkaballapur DCC Bank forwarded the letter and submitted report saying that it has not vested the sanctioning power. Moreover, the said Smt. Sheela is the accused in Cr.No.109/2024 of Batlahalli Police Station. Further, though the reports submitted by the Chartered Accountants seems to be tally with the account, the same has to be clarified by the Investigating Officer after due investigation as per the observation of the Hon'ble High Court of Karnataka. Further, the investigation of the case is pending. If the bail application is allowed, the apprehension of prosecution that, there is every possibilities that they may commit similar offences, they may abscond and cause obstruction for Investigation of the case, chances of threatening the prosecution witnesses, and complainant and chances of destroying evidence cannot be ruled out. Hence, in the light of the above, looking to the surrounding circumstances, facts of the case, I feel this is not a fit case to exercise discretion to grant anticipatory bail. Accordingly, the bail application filed is not at all deserves to be allowed at this stage. With due respect, the ratio held in the decisions relied upon by the learned counsel for the petitioners are not helpful at this stage. Hence, I hold that the petitioners are not entitled for anticipatory bail at this stage and proceed to pass the following :


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ORDER

The application under Sec.482 of BNSS, 2023 filed on behalf of the petitioners/accused No.1 to 6, is hereby **dismissed**.

(Dictated to the Stenographer directly on computer, typed by him, corrected and then pronounced by me in the Open Court, this the **16th day of April, 2026.**)


(Kantharaju S.V.)

II Addl. District & Sessions Judge,
Chikkaballapura, Sitting at Chintamani.