

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CRIMINAL APPELLATE JURISDICTION**

CRIMINAL APPEAL NO. 1310 OF 2024

Mechineni Vijaya w/o. Shrinivasa Rao Appellant
V/s.
The State of Maharashtra and Ors. Respondents

**WITH
CRIMINAL APPEAL (ST.) NO. 1734 OF 2025**

Mr. Gangula Punnamchander Reddy Appellant
V/s.
The State of Maharashtra and anr. Respondents

**WITH
CRIMINAL APPEAL (ST.) NO. 12315 OF 2025**

M/s. Shri. Venkateshwara Developers Appellant
V/s.
The State of Maharashtra and anr. Respondents

Mr. Pravin Gaikwad a/w. Mr. Prathmesh Mahadeshwar for the Appellant
in all Appeals.
Ms. Leena Patil, Special PP a/w. Ms. Sangeeta Shinde, APP for the
Respondent – State.

**CORAM : BHARATI DANGRE &
SHYAM C. CHANDAK, JJ.**

DATED : 16th DECEMBER, 2025

P.C. :-

1) The three Appeals raise a challenge to the Order dated 18/09/2023 passed by the learned Special Court (MPID), City Civil & Sessions Court, Gr. Bombay in MPID Special Case No.1/2014, on the

Application filed by the State to make the attachment of the properties of M/s. MSR Food Processing absolute.

The impugned Order covered three properties to the following effect :-

Sr. No.	Type	Location details	Area
1.	Land	Survey No.322, Maruti Industries, Hasanparthi, Seetampeth Cross Road, Mandal-Hasanparthi, Dist. Warangal.	
2.	Land	Survey No.89/D, Kanyaka Parmeshwari Industries, Ellapur Village, Bahupeth Cross Road, Mandal-Hasanparthi, Dist. Warangal	3.17 acres
3.	Land	Survey No.558, Bahupeth Village, Mandal – Elkathurthy, Dist – Karimnagar	2.17 acres

2) The impugned Order proceed on the basis that the three properties belong to M/s. MSR Food Processing, were mentioned in the Notification dated 13/01/2016 published by the Government under Section 4 of the Maharashtra Protection of Interest of Depositors (in Financial Establishments) (MPID) Act, 1999 and by filing the Miscellaneous Application, the State made a request to make the attachment absolute.

It is pertinent to note that the MPID Special Case No.1/2014 arises out of C.R.No.216/2013 which had invoked the provisions of Indian Penal Code alleging that the National Spot Exchange Limited (NSEL), a Company which provide an electronic platform for spot trading in commodities, had allowed 25 members named as accused, to trade on their exchange as sellers without following due diligence. The FIR alleged that

during the relevant period, 25 members (sellers) in connivance with NSEL traded fictitious stocks on the exchange, for which they raised fake documents and the Companies squared off the contracts on the date of maturity when the investment in the Companies grew substantially and they did not honour the commitment, thereby causing wrongful loss to the tune of Rs.2.2 Crores to the Complainant – Mr. Pankaj Ramnaresh Saraf and approximately Rs.5600 Crores to the investors numbering more than 13000.

M/s. MSR Food Processing was one of the trading member of the Financial Establishment – NSEL who is alleged to have received monies from NSEL and had defaulted in making the payment.

3) It is in these background, when the provisions of MPID Act were invoked in the subject C.R., the properties and monies of the Directors of NSEL and members of NSEL came to be attached vide Notification dated 13/01/2016 but since the total value of the attached properties and monies was not found to be sufficient for repayment of the deposits to the depositors, the Government deemed it appropriate to attach the properties of the Members of the Financial Establishment – NSEL and their associated companies and this included M/s. MSR Food Processing, a proprietary concern of Mr. Mesineni Sampath Rao.

Since he demised, the State preferred an Application to bring his heirs on record and thereafter, summons were issued to the legal heirs. When

the State made an Application to the Competent Court for making the attachment absolute, it placed on record the affidavit of one Mr. Ravindra Rajput stating that the service of summons has been effected upon the three legal heirs on 17/01/2020.

4) Recording that the three legal heirs failed to mark their appearance, the Competent Court proceeded on a footing that since no objections are received under Section 7(3) of the MPID Act before the specified date, it is necessary to make the attachment absolute so as to make the assets available for the equitable distribution among the depositors of the money realized out of the property attached.

Since the liability of M/s. MSR Food Processing was finally adjudicated to be of Rs.8.82 Crores, and this was so assessed on the basis of the Forensic Audit Report which had initially crystallized the liability to be Rs.9.05 Crores but subsequently reduced it to Rs.8.82 Crores.

5) By exercising the power available under Section 7(4) of the MPID Act, since no objections were raised, the MPID Court passed the following Order :-

“ The attached properties of M/s. MSR Food Processing described in the notification dated 13.01.2016 are made absolute. ”

6) The three Appeals before us raise a challenge to the said Order and the learned Counsel representing the Appellants had placed before us the

document of conveyance in his favour of distinct dates but for a valuable consideration wherein the vendor of the subject property is mentioned to be Kanyaka Parmeshwari Industries, Ellapur Village, Warangal District with the names of the purchasers and the description of the property as below :-

Name of Vendor	Name of the purchasers	Description of the property	Date of Sale Deed	Area
Kanyaka Parmeshwari Industries	Mechineni Vijaya	Survey No.558A/2 Bahupeth Village, Mandal – Elkathurthy, Dist – Karimnagar	12/07/2016	0.20 acres
		Survey No.558B, Bahupeth Village, Mandal – Elkathurthy, Dist – Karimnagar	12/07/2016	1.03 acres
Kanyaka Parmeshwari Industries	Gangula Punnam Chander Reddy	Survey No.558/A Bahupeth Village, Mandal – Elkathurthy, Dist – Karimnagar	05/07/2016	0.24 acres
Kanyaka Parmeshwari Industries	M/s Sri Venkateshwara Developers	Survey No.89/D, Yellapur Village, Bahupeth Cross Road, Mandal Hasanparthi, Dist. Warangal	06/12/2019	3.17 acres

7) Alongwith the said document of conveyance, the entries of the Revenue Record maintained by the Revenue Department, are also placed on record which reflect that all the three properties which are the subject matter of the impugned Order, were shown to be in occupation of Kanyaka Parmeshwari Industries, Ellapur. The revenue entries also record the transfer of the property in the name of the respective purchasers.

8) By relying upon the aforesaid document, it is the claim of the Appellants that the three properties covered by the impugned Order, in fact, were never in the ownership of M/s. MSR Food Processing and they were always mutated in the name of Kanyaka Parmeshwari Industries. He would submit that M/s. MSR Food Processing was a sole proprietary concern and

when its proprietor demised, his legal heirs were brought on record but unmindful of the fact that the properties never stood in the name of M/s. MSR Food Processing and in fact, from the impugned Order itself, there is a reference to the property at Item No.2 in form of Land Survey No.89/D with the reference of Kanyaka Parmeshwari Industries, Dist. Warangal.

The concerned Court or the Competent Authority did not even bother to track the revenue records to ascertain whether the properties stand in the name of M/s. MSR Food Processing and therefore, upon demise of the sole proprietor, issued notices to the legal heirs and when they failed to mark their appearance, the Court made the attachment of the properties absolute.

9) In any case, in the wake of the sale deeds *qua* each of the property mentioned in the impugned Order supported by the revenue records, the contention of the Appellants deserve consideration as the Appellants are the purchasers of the said properties from Kanyaka Industries and their names are mutated against the respective property, in respect of which the attachment has been made absolute by the impugned Order.

10) In light of the aforesaid, we quash and set-aside the Order passed by the Special Court (MPID), City Civil & Sessions Court, Gr. Bombay on 18/09/2023 in MPID Special Case No.1/2014, making the attachment in respect of the three properties absolute.

We direct the Competent Authority to issue notices to the

Appellants before State make a fresh Application for making the attachment absolute and their objections shall be considered as objections raised under Section 7(3) of the MPID Act and the Competent Court shall then pass an Order after granting an opportunity of hearing to them and shall take into consideration the necessary documents of title in their favour before the attachment is made absolute.

11) We are informed that as regards property at Serial Nos.2 and 3 in the impugned Order being property situated at Survey No.89/D, Warangar and property situated at Survey No.558, Bahupeth Village, District Karimnagar, the sale certificate is already issued.

However, in the aforesaid situation when M/s. MSR Food Processing prima facie, according to us, was not the owner of the property and since we have found the action of the Competent Authority in attaching the properties to be erroneous, we direct the parties to maintain status quo as regards the two properties and if, at all, the Competent Authority is desirous of making the attachment absolute, it shall seek permission from the Court which shall be subject to hearing the Appellants and now even the prospective purchasers of the said property.

12) In light of the aforesaid directions, the Appeals are allowed.

PREETI
HEERO
JAYANI

(SHYAM C. CHANDAK, J.)

(BHARATI DANGRE, J.)