

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

CRIMINAL APPEAL NO.337 OF 2026

Primezone Developers Private
Limited, A Company registered
under the Companies Act 1956
Having its registered office at 109-
110, Main Market Sector-8, Urban
Estate Karnal Haryana 132001.

... Appellant

V/s.

1. State of Maharashtra, through
Public Prosecutor, H.C.A.S. Bombay.

2. Competent Authority under MPID
Act, Mumbai, Having its office at 3rd
floor, D.D. Building, Old Custom
House, Mumbai 400 001.

3. Economic Offence Wing,
through Senior Police Inspector,
Unit-V, Crime Branch, Mumbai
400 001.

4. Quiker Realty Ltd.
Ramon House, 169, Backbay
Reclamation, HT Parekh Marg,
Churchgate, Mumbai 400 002.

5. Rudraveerya Developers Limited
a company registered under the
Companies Act 1956, and having its
registered office at 375, Third Floor,
Block – B, Plot No.7, Vardhman Grand,
Plaza, Mangalam Place, Near M2K,
Sector-3, Rohini, New Delhi.

... Respondents

**WITH
INTERIM APPLICATION NO.2323 OF 2025
IN
CRIMINAL APPEAL NO.337 OF 2026**

Rudraveerya Developers Limited
a company registered under the
Companies Act 1956, and having its
registered office at 375, Third Floor,
Block – B, Plot No.7, Vardhman Grand,
Plaza, Mangalam Place, Near M2K,
Sector-3, Rohini, New Delhi.

... Applicant

In the matter of:

Primezone Developers Private
Limited, A Company registered
under the Companies Act 1956
Having its registered office at 109-
110, Main Market Sector-8, Urban
Estate Karnal Haryana 132001.

... Appellant

V/s.

1. State of Maharashtra,
Through Public Prosecutor, H.C.
Appellate Side Bombay.
2. The Competent Authority
under MPID Act, Mumbai,
having its office at 3rd floor,
D.D. Building, Old Custom House,
Mumbai 400 001.
3. Economic Offence Wing,
through Senior Police Inspector,
Unit-V, Crime Branch, Mumbai
400 001.
4. Quiker Realty Ltd.
Ramon House, 169, Backbay
Reclamation, HT Parekh Marg,
Churchgate, Mumbai 400 002.
5. Rudraveerya Developers Limited
a company registered under the
Companies Act 1956, and having its
registered office at 375, Third Floor,
Block – B, Plot No.7, Vardhman Grand,
Plaza, Mangalam Place, Near M2K,
Sector-3, Rohini, New Delhi.

... Respondents

**WITH
INTERIM APPLICATION NO.2469 OF 2023
IN
CRIMINAL APPEAL NO.337 OF 2026**

Primezone Developers Private
Limited, A Company registered
under the Companies Act 1956
Having its registered office at 109-
110, Main Market Sector-8, Urban
Estate Karnal Haryana 132001.

... Applicant

V/s.

1. The State of Maharashtra,
through Public Prosecutor,
High Court, Bombay.
2. Competent Authority,
MPID Act, having its office at 3rd
floor, DD Building, Old Custom
House, Mumbai 400 001.
3. Economic Offence Wing,
through Senior Police Inspector,
Unit-V, Crime Branch, Mumbai
400 001.
4. Rudraveerya Developers Limited
A Company registered under the
Companies Act 1956,
having registered office
at 375, TF Block-B, Plot No.7,
Vardhaman Grand Plaza,
Mangalam Place, Near M2K, Sector-3,
Rohini, New Delhi.
5. Mrs. Jaiwanti w/o. Sh. Roshan Lal,
Aged: 32 years, House No.1089-78/2,
Basant Vihar, District- Karnal- 132001.
6. Mr. Satya Narain Shastri S/o.
Sh. Nanak Chand, Aged: 52 years,
House No.375, Ward No.5, Assandh,
District Karnal – 132001.

7. Mr. Surinder Kumar S/o.
Sh. Sewa Ram, Aged: 31 years,
Mahabir, Electronics, Ward No.13,
Dairy Mohalla, Tarori,
District Karnal – 132001.
8. Mr. Suresh Kumar S/o.
Sewa Ram, Aged: 42 years, Mahabir,
Electronics, Ward No.13, Dairy Mohalla,
Tarori, District Karnal – 132001.
9. Mr. Rakesh Kumar S/o Sh. Chander
Bhan Virmani, Aged: 39 years,
House No. 2088, Sector 7, U.E.,
District Karnal – 132001.
Through General Power of Attorney
Mr. Munish Kumar Ahuja S/o Sh. Jagdish
Lal Ahuja, 72A, Near F.C.I, Ram Nagar,
Karnal – 132001
10. Mr. Roshan Lal S/o Sh. Nanak
Chand, Aged: 63 years,
House No. 1069-78/2(10),
Basant Vihar, Karnal – 132001
11. Mrs. Meenakshi, W/o Dr. Rajesh
Kumar, Aged: 49 years, C/O om
Hospital Ram Nagar, Assandh,
District Karnal – 132001.
12. Mr. Munish Kumar, S/o Inder Singh,
Aged: 29 years, House No. 154,
M.C. Colony, Near Rohtak Road,
Bhiwani 127021.
13. Mr. Sayed Zafer Ali, S/o Sh. Syed
Zahid Ali, Aged: 49 years,
Village – Phaphrana, Tehsil-Assandh,
District Karnal – 132001.
14. Ms. Ranjana Bhalla, W/o Sh. Somnath
Bhalla, Aged: 52 years, House No. 65,
Ward No. 7, Tehsil-Assandh,
District Karnal – 132001.
15. Mr. Jatinder Singh, Aged: 39 years,
House No. 228, Thambu, Village & P.O.

Jaishinghpura, Tehsil: Assandh,
District Karnal – 132001.

16. Mr. Vijay Kumar Gaur, S/o
Sh. Krishan Dev, Aged: 30 years,
Vivekananda Vidya Niketan,
Kaithal Road, Assandh,
District Karnal – 132001.

17. Mr. Mahabir Sharma, S/o
Sh. Nanak Chand, Aged: 69 years,
House No. 7, Ward No. 5, Assandh,
District Karnal – 132001.

18. Mr. Harpreet Singh, S/o
Sh. Nirmal Singh, Aged: 49 years,
Flat No. G-6, Plot No. 22, New
Aadarsh Apartment, Sector 10,
Dwarka, New Delhi – 110075.

19. Mrs. Maya Devi, W/o
Sh. Subhash Chander, Aged: 59 years,
House No. 29, village Goli,
Block-4, Tehsil- Assandh,
District Karnal – 132001.

20. Mr. Mastan Singh, S/o Tarlok Singh,
Aged: 40 years, House No. 48,
Village Malakpur, Block No. 3, Tehsil,
Saffidon, District Jind, (Haryana).

21. Mr. Raghbir Singh, S/o
Aged: 32 years,
Sh. Amar Singh, Village and P.O. Jalmana,
Tehsil Assandh, District Karnal – 132001.

22. Mr. Aakash Chauhan, S/o Ram
Swaroop Chauhan, Aged: 49 years,
having address at House No. 844,
Sheesh Mahal, Kot Mohalla,
Karnal – 132001.

23. Dr. Dharamveer Singh, Aged: 52 years,
having address at House No. 55,
Block No. 41, Village P.O. Theh Bahari,
District Kaithal, Haryana.

24. Mr. Surinder Kumar, Aged:49 years, having address @ Ward 5, Near Ganesh Mandir, Assandh, District Karnal 132001.
25. Mr. Sandeep Turan, Aged: 49 years, having address at village and P.O. Popda, Tehsil Assandh, District Karnal – 132001.
26. Mr. Sarwan Kumar, Aged: 32 years, having address at Ward No. 12, Assandh, District Karnal – 132001.
27. Mr. Vijay Pal, Aged: 49 years, having address at H. No. 41, Village Chochra, Block No.2, Assandh, District Karnal – 132001.
28. Naresh Chaudhary, Aged 49 years, having address at village Bazid Roran, Bazida, Roran (16), District Karnal – 132001.
29. Mr. Netrapal, Aged: 47 years, having address at House No. 106, Ward No. 4, Chopre Wali Gali, Assandh, District Karnal – 132001.
30. Mr. Mahinder Singh, (Deceased) through LR Karampal S/o Late Sh. Mohinder Singh, having address at House No.88, Ward No. 12, Malikpur Road, Assandh, District Karnal – 132039.
31. Mr. Munesh Kumar, Aged: 27 years, having address @ Civil Hospital, Assandh, District Karnal – 132001.
32. Mr. Ghanshyam Dass Garg, Aged: 27 years, having address at H. No. 195, Ward No. 13, Geeta Colony, Assandh, District Karnal – 132001.
33. Ms. Amarjeet Kaur, Aged: 59 years, having address at House No. 56, Ward No.9, Dr. Bansal Wali Gali, Assandh, District Karnal – 132001.

34. Ms. Meena Rani, Aged: 49 years,
Address at House No. 217,
Ward No. 5, Assandh,
District Karnal – 132001
35. Mrs. Devender kaur, Aged: 42 years,
Santokh Singh, House No. 55,
village & P.O. Khanda Kheri(83), Assandh,
District Karnal – 132001.
36. Mr. Raj Kumar Chhabra, Aged 69 years,
having address at House No. 145-L,
Model Town, Karnal – 132001.
37. Jagdish Singh, Aged: 49 years,
having address at V.P.O. New Jinda,
Tehsil Assandh, District- Karnal.
38. Ms. Mamta Chahal, Aged: 49 years,
having address at HAFED Sugar Mill,
Village, Phaphrana, Assandh,
Karnal, Haryana.
39. Union Bank of India,
A body corporate constituted
under the Banking Companies
(Acquisition & transfer of undertakings
Act V, 1970) and having head Office
at 239, Vidhan Bhavan Marg, Back Bay
Reclamation, Nariman Point,
Mumbai 400021 and branch
officer at Karnal Haryana Branch having
address at SCO 11, Sector 9, Urban Estate,
Karnal Haryana 132001.
40. National Spot Exchange Limited,
A Company incorporated under
Companies Act 1956 having its registered
officer at FT Towers, Suren Road,
Andheri (E) Mumbai 400093.
41. Quiker Realty Ltd.
Ramon House 169, Back boy Reclamation,
H.T Parekh Marg,
Churchgate, Mumbai 400020.

... Respondents

**WITH
INTERIM APPLICATION NO.1166 OF 2026
IN
CRIMINAL APPEAL NO.337 OF 2026**

Primezone Developers Private
Limited, A company registered
under the Companies Act 1956
Having its registered office at
109-110, Main Market Sector -8,
Urban Estate, Karnal Haryana 132001.

... Applicant

V/s.

1. The State of Maharashtra
through Public Prosecutor,
High Court A.S. Bombay.

2. Competent Authority,
MPID Act, having its office at 3rd floor,
DD Building, Old Custom House,
Mumbai 400001.

3. Economic Offence Wing,
through Senior Police Inspector,
Unit- V, Crime Branch,
Mumbai 400001.

4. Quiker Realty Ltd.
Ramon House, 169, Backbay
Reclamation, HT Parekh Marg,
Churchgate, Mumbai 400002.

... Respondents

**WITH
INTERIM APPLICATION NO.1330 OF 2026
IN
CRIMINAL APPEAL NO.337 OF 2026**

Rudraveerya Developers Limited
a company registered under the

Companies Act 1956, and having its registered office at 375, Third Floor, Block – B, Plot No. 7, Vardhaman Grand, Plaza, Mangalam Place, Near M2K, Sector – 3, Rohini, New Delhi.

... Applicant

In the matter of:-

Primezone Developers Private Limited, A Company registered under the Companies Act 1956 Having its registered office at 109-10, Main Market Sector-8, Urban Estate, Karnal Haryana 132001.

....Appellant

V/s.

1. The State of Maharashtra Through Public Prosecutor H.C Appellate Side Bombay.

2. Competent Authority under MPID Act, Mumbai, having its office at 3rd Floor, D.D. Building, Old Custom House, Mumbai-400001

3. Economic Offence Wing through Senior Police Inspector, Unit- V, Crime Branch, Mumbai 400001.

4. Quiker Realty Ltd. Ramon House, 169, Backbay Reclamation, HT Parekh Marg, Churchgate, Mumbai – 400002.

... Respondents

**WITH
CRIMINAL APPEAL NO.633 OF 2022**

Union Bank of India,
A body corporate constituted under
Banking Companies (Acquisition &
Transfer of undertakings) Act, 1970
Having its Registered office at Union
Bank Bhavan, 239, Vidhan Bhavan Marg,
Nariman Point, Mumbai- 400 021
Maharashtra. India.
Having its branch office at
ASA Ram Market, Model Town.
Karnal, Haryana -132001.
Through Mr. Sanjay Kumar
S/o. Kedar Prasad, presently
at Mumbai – Chief Manager.

... Appellant

V/s.

1. The State of Maharashtra
through Economic Offenses Wing
EOW Crime Branch, New Building,
3rd Floor, Near Crawford Market,
Commissioner office compound,
Mumbai- 400001.
2. The Deputy Collector & Competent
Authority (NSEL)
The Deputy Collector (Land Acquisition),
Mumbai City, and The Competent
Authority appointed under MPID Act,
Having office address at 3rd Floor,
MPID branch. Old Custom House,
Fort, Mumbai -400001.
3. National Spot Exchange Limited
Having its corporate/registered office at
6th floor. Chintamani Plaza.
Chakala, Andheri-Kurla Road,
Andheri(East), Mumbai 4000 099.

... Respondents

**WITH
CRIMINAL APPEAL NO.932 OF 2022**

1. Mrs. Jaiwanti W/o
Sh. Roshan Lal, Aged: 42 years,
House No. 1089-78/2, Basant Vihar,
District Karnal – 132001.
2. Mr. Satya Narain Shastri
S/o Sh. Nanak Chand, Aged: 65 Years,
House No. 375, Ward No. 5, Assandh,
District Karnal – 132001.
3. Mr. Surinder Kumar
S/o Sh. Sewa Ram, Aged: 51 years,
Mahabir Electronics, Ward No. 13,
Diary Mohalla, Tarori,
District Karnal – 132001.
4. Mr. Suresh Kumar S/o
Sh. Sewa Ram, Aged: 48 years,
Mahabir Electronics, Ward No. 13,
Dairy Mohalla, Tarori,
District Karnal – 132001.
5. Mr. Rakesh Kumar S/o
Sh. Chander Bhan Virmani,
House No. 2088, Sector -7, U.E.,
District Karnal – 132001.
Through General Power of
Attorney Mr. Munish Kumar
Ahuja S/o Sh. Jagdish Lal
Ahuja, Aged: 37 years,
72A, Near F.C.I, Ram
Nagar, Karnal- 132001
6. Mr. Roshan Lal S/o
Sh. Nanak Chand, Aged: 47 years,
House No. 1069-78/2(10), Basant
Vihar, Karnal- 132001.
7. Mrs. Meenakshi W/o
Dr. Rajesh Kumar, Aged: 39 years,

Co. Om Hospital Ram Nagar, Assandh,
District Karnal – 132001.

8. Mr. Munish Kumar S/o Sh. Inder
Singh, Aged: 37 years, House
No. 154, M.C. Colony, Near
Rohtak Road, Bhiwani- 127021.

9. Mr. Sayed Zafer Ali S/o Sh. Syed
Zahid Ali, Aged 52 years,
Village – Phaphrana,
Tehsil – Assandh,
District Karnal – 132001.

10. Ms. Ranjana Bhalla W/o
Sh. Somnath Bhalla, Aged: 56 years,
House No. 65, Ward No.7,
Tehsil Assandh,
District Karnal – 132001.

11. Ms. Jatinder Singh S/o
Sh. Randhir Singh, Aged: 32 years,
House No. 228, Thambu,
Village & P.O. Jaishinghpura,
Tehsil : Assandh,
District Karnal – 132001.

12. Mr. Vijay Kumar Gaur S/o
Sh. Krishan Dev, Aged: 52 years,
C/o Vivekananda Vidya Niketan,
Kaithal Road, Assandh,
District Karnal – 132001.

13. Mr. Mahabir Sharma S/o
Sh. Nanak Chand, Aged: 53 years,
House No. 7, Ward No. 5, Assandh,
District Karnal – 132001.

14. Mr. Harpreet Singh S/o
Sh. Nirmal Singh, Aged: 45 years,
Flat No. G-6, Plot No. 22,
New Aadarsh Apartment,
Sector – 10, Dwarka,

New Delhi -110075.

15. Mrs. Maya Devi W/o
Sh. Subhash Chander, Aged: 62 years,
House No. 29, Village – Goli,
Block 4, Tehsil- Assandh,
District Karnal – 132001.

16. Mr. Mastan Singh S/o
Sh. Tarlok singh, Aged: 63 years,
House No. 48, Village Malakpur,
Block No. 3, Tehsil: Saffidon,
District. Jind (Haryana).

17. Mr. Raghbir Singh, S/o
Sh. Amar Singh, Aged: 52 years,
Village and P.O. Jalmana,
Tehsil – Assandh,
District Karnal – 132001.

18. Mr. Aakash Chauhan S/o
Sh. Ram Swaroop Chauhan,
Aged: 28 years, House No. 844,
Sheesh Mahal, Kot Mohalla, Karnal 132001,

19. Dr. Dharamveer Singh S/o
Devata Ram, Aged: 40 years,
House No.55, Block No.41,
Village P.O. ThehBahari,
District Kaithal Haryana.

20. Mr. Surinder Kumar S/o
Sh. Nanak Chand, Aged: 45 years,
Ward No.5, Near Ganesh Mandir,
Assandh, District Karnal – 132001.

21. Mr. Sandeep Turan S/o
Sh. Satya Pal, Aged: 42 years,
Village and P.O. Popda,
Tahsil : Assandh,
District Karnal – 132001.

22. Mr. Sarwan Kumar S/o

Sh. Madan Lal, Aged: 48 years,
Ward No. 12, Assandh,
District Karnal – 132001.

23. Mr. Vijay Pal S/o Sh. Prithi,
Aged: 42 years, H.No. 41, Village
Chochra, Block No.2,
Tehsil: Assandh,
District Karnal – 132001.

24. Mr. Naresh Chaudhary S/o
Sh. Bir Singh, Aged: 34 years,
Village: Bazid Roran,
Bazida Roran (16)
District Karnal – 132001.

25. Mr. Nerapal S/o Sh. Mam
Chand, Aged: 38 years,
House No. 106, Ward No.4,
Chopre Wali Gali, Assandh,
District Karnal – 132001.

26. Mr. Mahinder Singh (Deceased)
Aged: 38 years, through LR Karampal
S/o Lata Sh. Mohinder Singh,
House No.88, Ward No. 12,
Malikpur Road, Assandh,
District Karnal – 132039.

27. Mr. Munesh Kumar S/o
Sh. Brij Bhushan, Aged: 46 years,
C/O Civil Hospital, Assandh,
District Karnal – 132001.

28. Mr. Ghanshyam Dass Garg S/o
Sh. Ram Kumar, Aged: 52 years,
H.No. 195, Ward No. 13,
Geeta Colony, Assandh,
District Karnal – 132001.

29. Ms. Amarjeet Kaur W/o
Sh. Virender Singh, Aged: 39 years,
House No. 56, Ward No.9,
Dr. Bansal Wali Gali, Assandh,

District Karnal – 132001.

30. Ms. Meena Rani D/o
Sh. Gian Chand, Aged: 38 years,
House No. 217, Ward No.5,
Assandh, District Karnal – 132001.

31. Mrs. Devender Kaur W/o
Santokh Singh, Aged: 61 years,
House No.55, Village & P.O.
Khandakheri (83),
Tehsil : Assandh,
District Karnal – 132001.

32. Mr. Raj Kumar Chhabra S/o
Sh. Sai Dass Chhabra, Aged: 61 years,
House No. 145-L, Model Town,
Karnal- 1321001.

33. Sh. Jagdish Singh S/o
Sh. Mohar Singh, Aged: 48 years,
V.P.O. New Jinda,
Tahsil Assandh,
District- Karnal.

34. Ms. Mamta Chahal D/o
Sh. Balwan Singh, Aged: 33 years,
C/O HAFED Sugar Mill,
Village, Phaphrana,
Assandh, Karnal, Haryana.

... Appellants

V/s.

1. Competent Authority under MPID
Act, Mumbai, having its office at 3rd
floor, D.D. Building, Old Custom
House, Mumbai 400 001.

2. Economic Offence Wing,
through Senior Police Inspector,
Unit-V, Crime Branch, Mumbai
400 001.

4. Prime Zone Developers Private Limited, A Company registered under the Companies Act 1956 Having its registered office at 109-110, Main Market Sector-8, Urban Estate Karnal Haryana 132001.

5. Rudraveerya Developers Limited a company registered under the Companies Act 1956, and having its registered office at 375, Third Floor, Block – B, Plot No.7, Vardhman Grand, Plaza, Mangalam Place, Near M2K, Sector-3, Rohini, New Delhi.

6. Sub-Registrar/Tehsildar, Tehsil Assandh, District Karnal, State- Haryana.

7. The State of Maharashtra ... Respondent

**WITH
INTERIM APPLICATION NO.720 OF 2021
IN
CRIMINAL APPEAL NO.932 OF 2022**

1. Mrs. Jaiwanti W/o Sh. Roshan Lal, Aged: 42 years, House No. 1089-78/2, Basant Vihar, District Karnal – 132001.

2. Mr. Satya Narain Shastri S/o Sh. Nanak Chand, Aged: 65 years, House No. 375, Ward No. 5, Assandh, District Karnal – 132001.

3. Mr. Surinder Kumar S/o Sh. Sewa Ram, Aged: 51 years, Mahabir Electronics, Ward No. 13, Dairy Mohalla, Tarori, District Karnal – 132001.

4. Mr. Suresh Kumar S/o
Sh. Sewa Ram, Aged: 48 years,
Mahabir Electronics, Ward No. 13,
Dairy Mohalla, Tarori,
District Karnal – 132001.
5. Mr. Rakesh Kumar S/o
Sh. Chander Bhan Virmani,
House No. 2088, Sector -7, U.E.,
District Karnal – 132001
Nagar, Karnal- 132001.
6. Mr. Roshan Lal S/o
Sh. Nanak Chand, Aged: 47 years,
House No. 1069-78/2(10), Basant
Vihar, Karnal- 132001.
7. Mrs. Meenakshi W/o
Dr. Rajesh Kumar, Aged: 38 years,
Om Hospital Ram Nagar, Assandh,
District Karnal – 132001.
8. Mr. Munish Kumar S/o Sh. Inder
Singh, Aged: 37 years, House
No. 154, M.C. Colony, Near
Rohtak Road, Bhiwani- 127021.
9. Mr. Sayed Zafer Ali S/o
Sh. Syed Zahid Ali, Aged: 42 years,
Village – Phaphrana,
Tehsil – Assandh,
District Karnal – 132001.
10. Ms. Ranjana Bhalla W/o
Sh. Somnath Bhalla, Aged: 56 years,
House No. 65, Ward No. 7,
Tehsil -Assandh,
District Karnal – 132001.
11. Mr. Jatinder Singh S/o
Sh. Randhir Singh, Aged: 32 years,
House No. 228, Thambu,
Village & P.O. Jaishinghpura,

Tehsil : Assandh,
District Karnal – 132001.

12. Mr. Vijay Kumar Gaur S/o
Sh. Krishan Dev, Aged: 52 years,
C/O Vivekananda Vidya Niketan,
Kaithal Road, Assandh,
District Karnal – 132001.

13. Mr. Mahabir Sharma S/O
Sh. Nanak Chand, Aged: 53 years,
House No. 7, Ward No. 5, Assandh,
District Karnal – 132001.

14. Mr. Harpreet Singh S/o
Sh. Nirmal Singh, Aged: 45 years,
Flat No. G-6, Plot No. 22,
New Aadarsh Apartment,
Sector – 10, Dwarka,
New Delhi -11075.

15. Mrs. Maya Devi W/o
Sh. Subhash Chander, Aged: 62 years,
House No. 29, Village – Goli,
Block 4, Tehsil- Assandh,
District Karnal – 132001.

16. Mr. Mastan Singh S/o
Sh. Tarlok Singh, Aged: 63 years,
House No. 48, Village
Malakpur, Block No. 3,
Tehsil: Saffidon,
District Jind (Haryana).

17. Mr. Raghbir Singh S/o
Sh. Amar Singh, Aged: 52 years,
Village and P.O. Jalmana,
Tehsil – Assandh,
District Karnal – 132001.

18. Mr. Aakash Chauhan S/o
Sh. Ram Swaroop Chauhan,
Aged: 28 years, House No. 844,

Sheesh Mahal, Kot Mohalla,
District Karnal – 132001.

19. Dr. Dharamveer Singh S/o
Devata Ram, Aged: 40 years,
House No.55, Block No.41,
Village P.O. ThehBahari
District- Kaithal Haryana.

20. Mr. Surinder Kumar S/o
Sh. Nanak Chand, Aged: 45 years,
Ward No. 5, Near Ganesh
Mandir, Assandh,
District Karnal – 132001.

21. Mr. Sandeep Turan S/o
Sh. Satya Pal, Aged: 42 years,
Village and P. O. Popda,
Tehsil : Assandh,
District Karnal – 132001.

22. Mr. Sarwan Kumar S/o
Sh. Madan Lal, Aged: 48 years
Ward No.12, Assandh,
District Karnal – 132001.

23. Mr. Vijay Pal S/o Sh. Prithi,
Aged: 42 years, H.No. 41, Village
Chochra, Block No. 2,
Tehsil: Assandh,
District Karnal – 132001.

24. Mr. Naresh Chaudhary S/o
Sh. Bir Singh, Aged: 34 years,
Village: Bazid Roran,
BazidaRoran(16),
District Karnal – 132001.

25. Mr. Netrapal S/o Sh. Mam
Chand, Aged: 38 years,
House No. 106, Ward No.4,
Chopre Wali Gali, Assandh,

District Karnal – 132001.

26. Mr. Mahinder Singh (Deceased)
Aged: 38 years, through
LR Karampal S/o Late Sh. Mohinder
Singh, House No.88, Ward No.12,
Malikpur Road, Assandh,
District Karnal – 132001.

27. Mr. Munesh Kumar S/o
Sh. Brij Bhushan, Aged: 46 years,
C/O Civil Hospital, Assandh,
District Karnal – 132001.

28. Mr. Ghanshyam Dass Garg S/o
Sh. Ram Kumar, Aged: 52 years,
H.No. 195, Ward No. 13,
Geeta Colony, Assandh,
District Karnal – 132001.

29. Ms. Amarjeet Kaur W/o
Sh. Virender Singh, Aged: 39 years,
House No. 56, Ward No. 9,
Dr. Bansal Wali Gali, Assandh,
District Karnal – 132001.

30. Ms. Meena Rani D/o
Sh. Gian Chand, Aged: 38 years,
House No. 217, Ward No. 5,
Assandh, District Karnal – 132001.

31. Mrs. Devender Kaur W/o
Santokh singh, Aged: 61 years,
House No. 55, Village & P. O.
Khanda Kheri(83)
Tehsil : Assandh,
District Karnal – 132001.

32. Mr. Raj Kumar Chhabra S/o
Sh. Sai Dass Chhabra,
House No. 145-L, Model Town,
Karnal- 132001.

33. Sh. Jagdish Singh S/o
Sh. Mohar Singh, Aged: 48 years,
V.P.O. New Jinda, Tehsil Assandh,
District – Karnal

34. Ms. Mamta Chahal D/o
Sh. Balwan Singh, Aged: 33 years,
C/O HAFED Sugar Mill,
Village, Phaphrana,
Assandh, Karnal, Haryana.

... Appellants

V/s.

1. Competent Authority under MPID
Act, Mumbai, Having its office at 3rd
floor, D.D. Building, Old Custom
House, Mumbai 400 001.

2. Economic Offence Wing,
through Senior Police Inspector,
Unit-V, Crime Branch, Mumbai
400 001.

4. Prime Zone Developers Private
Limited, A Company registered
under the Companies Act 1956
Having its registered office at 109-
110, Main Market Sector-8, Urban
Estate Karnal Haryana 132001.

5. Rudraveerya Developers Limited
a company registered under the
Companies Act 1956, and having its
registered office at 375, Third Floor,
Block – B, Plot No.7, Vardhman Grand,
Plaza, Mangalam Place, Near M2K,
Sector-3, Rohini, New Delhi.

6. Sub-Registrar/Tehsildar,
Tehsil Assandh, District Karnal,
State- Haryana.

... Respondents

Mr. Arshad Shaikh, Senior Advocate a/w. Mr. Ranjit Agashe, Mr. Rajendra Jain, Mr. Pranil Lahigade, Mr. Aniket Pardeshi i/by Ms. Vinsha Acharya for the Appellant in APEAL/337/2026.

Mr. Atul Rajadhyaksha, Senior Advocate a/w. Mr. Avinash Avhad, S.P.P. for Respondent Nos.1 and 2 in APEAL/337/2026.

Mr. Avinash Avhad, S.P.P. for Respondent No.3 in APEAL/337/2026.

Mr. Avinash Avhad, S.P.P. for Respondent Nos.1 and 2 in APEAL/633/2022.

Mr. Girish Godbole, Senior Advocate a/w. Ms. Pooja Gera, Mr. Vikas Poojary i/by PDS Legal for Respondent No.5 in APEAL/337/2026.

Mr. Arvind Lakhawat a/w. Mr. Nimeet Sharma, Mr. Vinit Vaidya, Ms. Jalpa Shah i/by MZM Legal LLP for Respondent No.40-NSEL.

Mr. Munish Kumar i/by Mr. Ninad Muzumdar for the Appellant in APEAL/932/2022.

Mr. Nainesh Amin i/by N.N. Amin & Co. for the Appellant in APEAL/633/2022 and for Respondent No.39 in APEAL/337/2026.

CORAM : A. S. GADKARI AND
KAMAL KHATA, JJ.

RESERVED ON : 29th April, 2026.

PRONOUNCED ON : 8th May, 2026

Judgment (Per : Kamal Khata, J) :-

CRIMINAL APPEAL NO.337 OF 2026

1) By this Appeal under Section 11 of the Maharashtra Protection of Interest of Depositors (In Financial Establishments) Act, 1999 ('MPID Act'), the Appellant has impugned Judgment and Order dated 6th February, 2018 ("the impugned Order").

Brief Facts:

2) The Appellant Primezone Developers Limited ('Primezone') is engaged in construction of residential complexes. The Appellant commenced construction of a complex named "Prime Residential" at Sector 32, District Karnal, Haryana and "Prime City" at Sector 10, Assandh, District Karnal, Haryana in the year 2011. The investments for acquiring the properties were out of the personal incomes of the Directors namely Mr. Anil Kumar and Mr. Sohan Singh. The Appellant was in need of finances sometime in the year 2013. One Mr. Ranjeev Agarwal offered to invest. The Companies Directors on behalf of the Company and Mr. Ranjeev Agarwal executed various documents including Memorandum of Understanding/Agreement and Indemnity Bond thereby transferring the shareholding, management and control of the Appellant Company to Mr. Ranjeev Agarwal. At this time there were no proceedings under the Prevention of Money Laundering Act, 2002 and/or MPID Act against Mr. Ranjeev Agarwal. Mr. Ranjeev Agarwal was appointed Chairman and Managing Director of the Appellant in December 2012 and thereafter assumed control of the Appellant. Neither the erstwhile Directors, Mr. Anil Kumar or Mr. Sohan Singh or the plot/flat purchasers in the residential project were aware that, the investment brought in by Mr. Ranjeev Agarwal was tainted. No sooner Mr. Ranjeev Agarwal assumed the control of the Appellant, not only he but also the erstwhile Directors Mr. Anil Kumar and

Mr. Sohan Singh were impleaded in the proceedings initiated by the Enforcement Directorate under Section 3 read with Section 4 of the Prevention of Money Laundering Act, 2002, before the Special PMLA Court at Sessions Court, Greater Mumbai. Subsequently, an Attachment Order came to be passed on 4th August, 2014, whereby the two properties “Prime Residential” and “Prime City” came to be attached.

3) The Appellant was neither made a party to the proceedings nor served with any Notice of such Attachment. No sooner the erstwhile Directors came to know about the Order of Attachment, they attempted to defend and protect the rights of not only the Appellant but also the flat purchasers in the two properties. Notably, the Directors, Mr. Anil Kumar and Mr. Sohan Singh are neither named as accused in the FIR in the predicate offence in MPID Act nor are they charge-sheeted under the predicate offences registered by EOW, Unit V, Mumbai.

4) Mr. Shaikh, learned senior counsel appearing for Primezone submitted that, Mr. Ranjeev Agarwal is alleged to have laundered monies as CFO of Dunar Foods Ltd. and Director of PD Agro Processor Pvt. Ltd. to the tune of Rs. 31 crores allegedly received from National Spot Exchange Limited (“NSE”) in the account of PD Agro Processor Pvt. Ltd. and has invested the amounts in the Appellant Company. Mr. Ranjeev Agarwal has vide his statement to the Enforcement Directorate absolved the Directors as well as the Appellant Company of any role in the tainted transaction

concerning repayment of monies received from the Trading Cum Clearing Members of NSEL. He submitted that, the Attachment Order dated 4th August, 2014, passed by the Special PMLA Court in case No.4 of 2015 has been challenged before the PMLA, Appellate Tribunal at New Delhi which is pending. He submitted that, the Appellate Tribunal has issued Notice. That, Mr. Ranjeev Agarwal has absconded and thereby the Appellant Company has been suffering immensely. The erstwhile Directors have removed Mr. Ranjeev Agarwal from the Appellant Company vide a requisite Board Resolution.

4.1) Mr. Shaikh submitted that, by the impugned Order dated 6th February, 2018, the attachment of the two properties have been made absolute and the properties vest with the Competent Authority in MPID Special Case No.1 of 2014. The Appellant after having been made aware of the impugned Order, had immediately sent Notices to all the Respondents, through their Advocate's communication dated 23rd July 2020 calling upon them to desist from taking any further action. In these aforesaid circumstances, the present Appeal is filed challenging the impugned Order.

4.2) Mr. Shaikh raised several objections which are as under:

- (i) The Competent Authority did not ensure pasting of the auction Notice on the Appellant's property.
- (ii) Sections 4 to 7 of the MPID Act would relate to assets acquired by a financial establishment out of deposits standing in its name, if it were not,

then, it would be benamidar.

(iii) There is no allegation that, the Appellant Company is a financial establishment.

(iv) The Appellant's name is recorded in the land records and persons participating in the auction cannot secure title over the Appellant's property.

(v) The two properties are mortgaged with the Bank.

(vi) The monies received by the Appellant are in lieu of the transfer of shares. If at all the tainted money has to be traced and recovered it could be through sell of shares and not the Appellant's properties.

(vii) The Appellant's properties were purchased out of the personal incomes of the two Directors Mr. Anil Kumar and Mr. Sohan Singh.

(viii) There was no attachment under Section 8 of the MPID Act.

(ix) The impugned Order is contrary to Rule 9 of MPID Rules.

(x) The rights of homebuyers in the two properties are affected in view of the said attachments.

4.3) Mr. Shaikh further submitted that, the Appellant's property has also been attached under an Order dated 4th August, 2014 passed by the Special Court, Mumbai, in PMLA Case No.4 of 2015. He submitted that, the said Order has been challenged and the matter is *sub-judice*. He submitted that, the impugned Order was passed without the MPID Court having been informed about the Attachment Order dated 4th August, 2014 and consequently appears to have been obtained by playing a fraud on the

Court.

4.4) In view of the above, he submitted that the Appeal be allowed.

5) Mr. Atul Rajadhyaksha, learned senior counsel appearing for Respondent Nos.1 and 2 raised a preliminary objection to the maintainability of the Appeal on the ground that, the subject properties were sold in auction to Respondent No.5 and a Sale Certificate has also been issued, therefore, the Appellant cannot challenge the Order at such a belated stage.

5.1) He invited our attention to some facts as under:

(I) Mr. Ranjeev Agarwal was arrested by EOW, Unit V of Mumbai Police on 21st October, 2014 in connection with offence under Sections 120(B), 409, 465, 467, 468, 471, 474, 477(A) of Indian Penal Code, 1860 ('IPC') and Sections 3 and 4 of the MPID Act in Crime No.89 of 2013. From October 2008 to July 2013, the NSEL allowed 25 members who are named as accused to trade on the exchange as sellers, these members in connivance with NSEL traded fictitious stocks by raising fake documents. When the investments grew substantially, the NSEL failed to honour its commitments and caused a wrongful loss of approximately Rs.5600 crores to more than 13,000 investors.

(ii) Mr. Ranjeev Agarwal posed an amount of Rs.633.49 crores to NSEL in respect of Settlement Account for trading of Paddy. Mr. Ranjeev Agarwal has siphoned off Rs. 31 crores from PD Agro Processors and utilized it by

investing in M/s. Prime Zone Developers and M/s. Sky High Infraland Pvt. Ltd. which were engaged in construction activities.

(iii) The properties of M/s. Prime Zone Developers and M/s. Sky High Infraland Pvt. Ltd. are attached under the provisions of Section 4 of the MPID Act. Upon his arrest, he granted consent before the Special Court for sale of his properties for repayment of the amount due from him. On the basis of the said undertaking, the MPID Court granted bail by its Order dated 10th November, 2014. He, however, failed to comply with the undertaking and consequently, the State filed an Application for cancellation of his bail. The MPID Court cancelled the bail by its Order dated 20th February, 2017. He was again arrested and thereafter, he once again applied for bail which was granted by the MPID Court on 8th November 2019. By the said Order, the Court directed Mr. Ranjeev Agarwal to comply with the undertaking. Instead of complying with the Order, Mr. Ranjeev Agarwal filed a Miscellaneous Application bearing No.450 of 2021 for modification of the Order. The Application stated that, he was unable to comply with the undertaking and conditions, since his properties worth more than Rs. 40 crores has been seized. The Application was rejected by Order dated 3rd September, 2021.

5.2) Mr. Ranjeev Agarwal filed another Application bearing No.221 of 2021 before the High Court for modification of Order dated 8th November, 2018. By the said Application, he furnished an undertaking to

deposit Rs.2,00,000/- and stated that, he intended to comply with the undertaking by liquidating the assets of M/s. Prime Zone Developers as well as his personal properties. He also stated that, he will not take any objection in the auction process of property belonging to M/s. P.D. Agro Processor Pvt. Ltd. Since no objection was raised during the hearing the MPID Court made the attachment of Mr. Ranjeev Agarwal's properties absolute under Section 7 of the MPID Act by an Order dated 6th February, 2018. The subject properties were sold in auction and purchase by Rudraveerya Developers Ltd, the Respondent No.5 in Interim Application No.2323 of 2025. It was later granted a Sale Certificate on 31st August, 2020 and accordingly, the subject property stood fully transferred in the name of Respondent No.5

5.3) Mr. Rajadhyaksha submitted that, it was open for the Appellant to approach the MPID Court under Section 9 of the MPID Act and to give security in lieu of such attachment, by depositing the amount of Rs.31 crores that were invested in the Appellant Company by Mr. Ranjeev Agarwal and seek release of the property.

5.4) He submitted that, the present Appeal challenging the impugned Order would be an abuse of process, with an intent only to delay the proceedings, inasmuch as the Appellant has failed to deposit the amount of Rs.31 crores, invested by Mr. Ranjeev Agarwal in the Appellant Company. He further submitted that, the Government of Maharashtra had

appointed Quiker Realty Ltd., the Respondent No.4 in the present Appeal, as Valuers and Auctioneers for the properties attached in the NSEL case.

5.5) Quiker Realty Ltd. had carried out site inspection of the subject land admeasuring approximately 35.768 acres located at Assandh Road, Tehsil Assandh, District Karnal, Haryana. The Valuer used “Valuation by Income Approach using Discounted Cash Flow” method for valuation of the subject land. The method of valuation ascertains not only the present worth but also future benefits of the property after its full development value is calculated after reducing the total expenditure for the same. As per the said methodology, the estimated freehold value was assessed at RS.74.74 crores. The estimated distressed sale value was Rs.56 crores and the circle rate value was Rs.95 crores. In June, 2020, when Quiker Realty Ltd. was asked to submit a valuation report in respect of the subject land, the valuation was done on “As is where is basis”. This method entailed determining the value by using the direct sales comparison method. The value of the subject land was determined at Rs.10.41 crores as on 30th June, 2020.

5.6) Mr. Rajadhyaksha explained the difference between the two methods of valuation. In the first method namely, “Valuation by Income Approach using Discounted Cash Flow” method, the total amount of auction price is not paid by the auction purchaser and is paid as and when the property is developed. On the other hand, as per “As is where is basis” method, the auction purchaser is required to pay the entire auction price at

the time of signing of the auction purchaser document. He submitted that, most of the Government auctions, Bank auctions are done “As is where is basis” method.

5.7) Upon the auction Notice published on 13th July, 2020, 4 bids were received for the purchase of the subject property. Respondent No.5 was declared as the successful bidder. The successful bidder made the entire payment on 28th August, 2020 and the Sale Certificate was issued to them on 31st August 2020.

5.8) Mr. Rajadhyaksha submits that, the Appellant failed to take any objection before the MPID Court with regard to the valuation of the subject property. It was only during the oral arguments that, the Appellant contended that the subject property was worth Rs.60 crores and has been sold at a meager price of Rs.10 crores. He submitted that, there is no basis of such contention. He submitted that, although the Appellant claims the property to be worth more than Rs.60 crores, he has only offered Rs.15 crores to the Government of Maharashtra. In view of the aforesaid he submits that, the Appeal deserves to be dismissed.

6) Mr. Girish Godbole learned senior counsel for Respondent No.5 submits that, the auction Notice was issued in July 2020 and yet the Appellant consciously waited until the entire process was completed for filing the present Appeal. He submitted that, the Appeal only challenges the Order of absolute Attachment but fails to challenge the auction or the Sale

Certificate that was issued. The Appeal, therefore, is rendered infructuous. He invited our attention to the Notary Stamp on the Appeal being dated 18th August, 2020 which is before issuance of the Sale Certificate in favour of Respondent No.5, but the Appeal was lodged only in December 2020 before this Court.

6.1) Mr. Godbole submits that, the Appellant has admitted receipt of tainted funds as investments in the Company. He invited our attention to the statements of Mr. Ranjeev Agarwal which is extracted hereinbelow for ready reference:

“i. “I had an offer to take over a real estate project from one Shri Anil Kumar Gupta, who was Director and promoter of M/s. Prime Zone Developers Pvt. Ltd. It was agreed between us that he would exit from the company and all shares of the company would be transferred in my name. The total deal for taking over the project of M/s. Prime Zone Developers Pvt. Ltd. was approx. Rs. 6 Crores. Between May 2012 to September 2012, an amount of Rs. 31.10 Crores was transferred from the bank account of M/s. PD Agro Processors Pvt. Ltd. to the account of Shri Anil Kumar and then from Shri Anil Kumar to the account of M/s Prime Zone Developers Pvt. Ltd. The said funds of Rs. 31.10 Crores diverted to M/s Prime Zone Developers Pvt. Ltd from M/s PD Agro Processors Pvt. Ltd. were received from NSEL and were utilised by me to procure the project and to purchase land from farmers for the project at Assand, District Karnal.

ii. *“When it was agreed between us that the project of “Prime City” and consequentially the company M/s Prime Zone Developers Pvt. Ltd. was to be taken over by me, there was an urgent need of finances for development of land of the said project. I convinced Shri Anil Kumar Gupta to become a member of NSEL and accordingly did all the documentation with the assistance of Shri Amit Mukherjee. After becoming member, I effected all the trades to generate around Rs. 7 Crores which were utilised for making payments towards development expenses. After receipts from M/s. PD Agro processors Pvt. Ltd., the said amounts were returned back with interest and NSEL outstanding was nullified. Due to roll over of trades, the total turnover of the Settlement Account of Shri Anil Kumar works out to approx. Rs. 40 Crores.”*

iii. *In his statement, Mr. Anil Kumar has also confirmed the receipt of monies as above. He has further stated that while the purchase of 35 Acres of land was contemplated and consideration amount of Rs. 69.5 Lacs per Acre was to be paid to the owners within 11 months, the financiers withdrew from the Project and it was difficult to make payment to farmers within 11 months due to which he reached out to Mr. Aggarwal for finance. He further admitted that funds were received from the account of PD Agro Processors Pvt. Ltd. to his personal account.*

iv. *These admissions are directly contrary to what is claimed in the Appeal. Mr. Sohan Singh and Mr. Anil Kumar have affirmed the Appeal.”*

6.2) Mr. Godbole submitted that, some of the proceeds of crime

generated in the NSEL scam was deposited in the Appellant Company and was utilized to pay the consideration for the subject properties. He accordingly submitted that, the submissions that the subject properties were acquired by Mr. Anil Kumar and Mr. Sohan Singh through untainted funds is incorrect. He referred to the decision of the Hon'ble Supreme Court in the case of *Ravindra Shah vs. State of Maharashtra (SLP (Cr.) Diary No.10560 of 2023)* to explain the scope of attachment under the MPID Act.

6.3) He further submitted that, admittedly an amount of Rs.31 crores was received by the Appellant by diversion of investors' funds from M/s. PD Agro Processors Pvt. Ltd. in 2012. He submitted that, the Appellant offered Rs.15 crores consideration to re-purchase the entire land after 12 years of having admittedly received and utilized the sum of Rs.31 crores.

6.4) Mr. Godbole submitted that, the Appellant had sold plots in the subject property to homebuyers who filed claims before Competent Authority. However, no objections were raised by any homebuyer before the MPID Court and before the auction. He invited our attention to the dismissal of the Appellant's Application before the PMLA Appellate Tribunal, New Delhi. The Application for condonation of delay of 1530 days came to be dismissed by an Order dated 3rd October, 2023 which also resulted in dismissal of Appeal challenging the Order of Attachment of the subject property made by Enforcement Directorate vide PAO dated 28th February, 2014 confirmed on 4th August, 2014. He submitted that, by

suppression of these facts before this Court, only exhibits the conduct of the Appellant who has attempted to mislead this Court and consequently, has approached this Court with unclean hands. He submits that, on this ground alone the Appeal deserves to be dismissed with costs.

6.5) He further submitted that, the Respondents had acquired rights in the subject property pursuant to a lawful process under an auction conducted as per the MPID Act. He invited our attention to some undisputed facts as under:

“i. By Notification dated 28.08.2014 published by the Home Department, Government of Maharashtra under the MPID Act, the Subject Property was attached in exercise of powers conferred under Section 4(1) and Section 5(1) of the MPID Act.

ii. As recorded in the Order of 06.02.2018, on 19.04.2015, an affidavit under Section 5(3) of MPID Act was filed to make the attachment absolute of the properties attached under notification dated 28.08.2014. Despite service of notice, the concerned parties did not appear nor raised objections. Therefore, in accordance with Section 7(4), the attachment was made absolute.

iii. On 14.05.2018, a Public Notice for registering claims was issued.

iv. On 16.11.2018, the first Notice for Auction was issued with reserve price of Rs. 60 Crores was issued by the Ld. Competent Authority.

v. Since no bids were received, a second Auction Notice

was issued on 11.01.2019 with the same reserve price of Rs. 60 Crores.

vi. A third auction Notice was issued on 15.07.2019 for an open bid auction. No reserve price was mentioned on this Notice and bid deposit was specified to be Rs. 10 Lacs.

vii. A fourth auction Notice dated 13.07.2020 was issued with EMD mentioned as Rs. 50,00,000.

viii. The Ld. Competent Authority was informed of receipt of 4 bids.

ix. The Competent Authority approved the bid of Rudraveerya Developers as the H1 Bidder and issued the "Intimation of successful bidder." On 10.08.2020.

x. On 30.08.2020, a Sale Certificate was issued by the Competent Authority.

xi. The amount of Rs. 10,09,00,000/- paid by Respondent No. 5 has been retained by the Ld. Competent Authority. Additionally, Stamp duty of Rs. 50,54,000 has been paid by Respondent No. 5

6.6) Mr. Godbole submitted that, the Sale is neither fraudulent nor collusive and the Appeals do not question the same. He submitted that, the entire purchase consideration of Rs.10,09,00,000/- has been paid prior to the issuance of the Sale Certificate. An amount of Rs.50,45,000/- is paid towards stamp duty and Rs.50,000/- is paid towards registration charges. He submitted that, upon issuance of Sale Certificate in accordance with the Order of the MPID Court, the Sale has become final. In support of his

contention that, upon issuance of Sale Certificate, the Sale is final, he refers to the Judgment of our High Court in *Lemon Seeds Hospitality Pvt. Ltd. vs. Union of India & Ors* (Writ Petition No.3248 of 2024). He relies upon the decision of the Hon'ble Supreme Court in the case of *State of Punjab & Anr. vs. M/s. Ferrous Alloy Forgings P. Ltd. & Ors.* (Civil Appeal No.12527 of 2024 decided on 19th November, 2024) to submit that, the Sale Certificate does not require registration under Section 17(1) of the Registration Act. He submitted that, the said Judgment was followed by this Court in the cases of *Vishal Laxman Arkal vs. Inspector General of Registration & Ors.* reported in 2025 SCC OnLine Bom 4727 and *S. Arvind Kumar vs. Government of India* reported in (2007) 5 SCC 745.

6.7) Mr. Godbole submitted that, the High Court must not look into the aspect of valuation after 5 years of completion of auction and issuance of Sale Certificate inasmuch there was no allegation of fraud or collusion. He relied upon the Judgments in the cases of *Janak Raj vs. Gurdial Singh* reported in AIR 1967 SC 608 and *Janatha Textiles & Ors. vs. Tax Recovery Officer* reported in (2008) 12 SCC 582, whereby the Court observed that, a third-party auction purchasers' interest in the auction property must be protected even if the underlying decree is set aside or otherwise.

6.8) He submits that, Respondent No.5 is an absolute stranger to the proceedings and the Sale in his favour must be protected in view of the aforesaid Judgments. Relying upon a recent Judgment of the Supreme

Court in *Om Sakthi Sekar vs. V Sukumar & Ors. (Civil Appeal No.3362 of 2026)* to submit that, the Hon'ble Supreme Court has not deviated from the aforesaid position of law. He submitted that, the said Judgment observed that, the Hon'ble High Court had neither set aside the auction sale nor questioned the participation of the auction purchaser but had confined the direction to reconsideration of the issue of valuation. Such a limited direction without disturbing the Sale in favour of the auction purchaser was found to be legally tenable by the Hon'ble Apex Court. It was specifically noted that, consideration of issue of valuation did not render the auction void.

6.9) Mr. Godbole submitted that, the Court must consider the two parties before it. On the one hand is the auction purchaser who has acquired rights in the subject property pursuant to a valid Sale conducted under the MPID Act and on the other hand, the Appellant Company, whose management was involved in illegal transactions concerning money it received from NSEL scam. According to him, the present Appeal is nothing but a belated challenge to an impugned Order dated 6th February, 2018, by which the subject properties attachment was made absolute.

6.10) According to him the contention of the Appellant regarding their being a gap between the valuation conducted by the Competent Authority in 2018 vis-a-vis the valuation in 2020 is not only based on suppression of material facts but is grossly misleading. He submitted that,

the Appellant has deliberately suppressed that, the gap between the two valuations that was highlighted by the Appellant being Rs.60 crores in 2018 as against Rs.10 crores in 2020 did not take into account that just a few months after the first valuation exercise was conducted, the Town and Country Planning Authority, Haryana, Chandigarh had cancelled the license bearing license No.120 of 2012 dated 10th December 2012 which was issued in favour of the Appellant for development of a residential plotted colony over the subject property. Notably, the license was valid upto 9th December, 2016 and was required to be renewed, which the Appellant had failed to do. He pointed out that,

(i) the Valuation Report described the access and connectivity of the plot as well as marketability. He submitted that, the Report recorded “Assand is not planned nor is there any residential housing development like that of neighboring cities like Karnal and Panipat”. City comprises of population of mostly lower middle class and middle class projected population of Assand is 1.17 lakhs by the year 2031 compared to the 42,000 as per census 2001

(ii) The Valuation Report of 5th May, 2018 specified “current usage” of the plot to be proposed residential plotted development and applied the income approach / discounted cash flow method. It presumed that, the project would generate future cash flows.

6.11) Notably, the license of the Appellant had not been cancelled at

the time of 2018 valuation. Apparently, the cancellation of the license took place few months later on 9th October, 2018. He submitted that, despite having the license since 2012, the Appellants only did road mapping on the subject plot and no other construction activity had been done till the date of inspection. Thus, at the time of the second valuation, there was no valid license for the said land.

6.12) Mr. Godbole drew our attention to the fact that, when two auctions were conducted with the reserve price of Rs.60 crores, the same yielded no bidders. According to him, it only demonstrated that the earlier valuation was not aligned with the ground reality. On the other hand, when the valuation exercise was conducted again in 2020, there was no subsisting license in favor of the appellant. The methodology adopted by the Valuer was different. The Valuation Report of 2nd July, 2020 specified the current usage to be agriculture and applied the direct sales approach. The approach, thus, estimated the value of the subject property by comparing recent sales / listings of similar interest in the properties located in the surrounding area. The third Valuation Report submitted on 22nd October, 2024 corroborated that, the valuation done in 2020 was apt. The Report recorded that, the property was a “vacant barren land” and fell within agricultural land use zone. It applied the sales comparison approach and arrived at a distress value of Rs.13.2 crores for the said property. It submitted that, the outstanding dues on the subject land as on 31st January

2019, was Rs.42.15 crore on account of pending EDC dues and that as on today would certainly be more.

6.13) According to Mr. Godbole, the liabilities were not considered during the earlier valuation process and notably, the purchaser is required to bear these additional expenses. He further contended that, the first valuation by Quiker Reality in May 2018 was incorrect for the following reasons:

- i. as the *usage of the land was considered* 'proposed residential plotted development' without substantiating the status of the license from the DTCP, Haryana.
- ii. The report *further failed to consider the liabilities attached with the land/license*, ignore the master plan zone usage of the land.
- iii. The *usage of the land appearing in the sale deeds* (the only document available with the valuer) and proceeded to determine the value of the land on the basis of the market value.
- iv. The report hence was a ***hypothetical based on Discounted Cash Flow*** (DCF) method and was completely inappropriate."

6.14) According to Mr. Godbole, a fruitful attempt was made to determine the fair value of the land on an "As is where is basis" in the second Valuation Report dated 30th June, 2020. The reasons in support of his contention are as under:

- “i. Valuer *aligned the current usage of the land with the zoned usage.*
- ii. the *usage of the land (agriculture) shown in the sale deeds* and determine the value on the basis of circle rate.
- iii. **No license was there on the land for development of the colony as the same was cancelled on 09.10.2018 by the Director, Town and country Planning, Haryana.**
- iv. The approach adopted by the valuer i.e. ***Direct Sale Approach has led to the realistic value*** of the land i.e. **Rs. 8,39,98,125/-** and which led to successful auction of the land.”

6.15) A fresh valuation in the year 2024 also assesses the property at Rs.13.2 crore confirming the earlier valuation of 2020 to be realistic and factually correct. It also demonstrates that, the valuation conducted in 2018 was purely hypothetical and not based on correct facts. In support of the valuations, he contended that, even from the perspective of the Appellant and as stated in the Affidavit-in-Reply by the Appellant itself, they had offered Rs.15 crores towards the property that too in installments. The amount included other debts and facilities availed of by the Appellant and not towards the price of the property. He therefore submitted that, the value offered by the Respondent No.5 was correct in all forms. He accordingly submitted that, the Appeal deserves to be dismissed.

7) Mr. Lakhawat learned Counsel appearing for Respondent No.40-NSEL in Interim Application No.2469 of 2023 was also in favor of

setting aside the Sale. He highlighted that, the earlier auction that was conducted did not give wide publicity. He submitted that, there was a vast difference between the first valuation Report done by Quiker and the fourth Valuation Report, instead of the value rising it had devalued the property. Even in 2024, the market value was shown to be Rs.21 crores. He drew our attention to the facts that, Rs.7 crores were claimed by flat buyers, a sum of Rs.7.45 crores was due towards the bank loan, in addition thereto, the dues of the Government were to be paid.

7.1) He argued that, the land was contiguous and all the Khasara Numbers were a part of the same contiguous land. It, therefore, could not be contended that, each piece and parcel of the land would have to be considered and valued separately. He further submitted that, the license for commercial exploitation of the land could always be renewed and therefore, the subsequent valuation by Quiker on the basis that the land was agricultural could not be countenanced. He submitted that, while the circle rate, namely, the ready reckoner rate was considered for the valuation, the same would be unrealistic, since the market value of the land is always higher. He submitted that, save and except in certain parts of the Country the ready reckoner rates or the circle rate in other parts of the country would always be lower than the market value. According to him, therefore, the Court must consider setting aside the sale and re-auctioning the said property.

APPEAL NO.633 OF 2022

8) The Appellant-Union Bank of India has preferred the Appeal seeking to set aside the impugned Order dated 6th October, 2021 and to declare that the attachment levied by the Competent Authority in respect of the Khasra No.134/18(4-10), 134/19-(8-0), 134/22(8-0), 134/23 (8-2), 166/1/2-(1-9), 166/10-(8-0), 166/12-(8-0), 166/13/1-(5-18), 166/13/2-(2-2), 166/14-(8-0), 166/19/2 (4-12), 166/2-(8-0),166/23-(8-0), 166/25-(7-12), 166/3-(8-0), 166/4-(4-0),166/7-(7-10), 166/8-(8-0), 166/9-(8-0), 171/2-(8-0), 171/3-(8-0), 171/4/1(7-18), 171/4/2-(0-2), 171/7/1-(0-2),171/7/1-(7-18),171/8 (8-0), 171/9-(8-0), 166/15-(5-16), 171/23-(8-0), 134/12/1-(3-4), 165/6-(7-8), 166/17-(8-0), 166/18-(8-0), 166/19/1-(3-8), 166/21/2-(3-4), 166/22-(8-0), 166/24-(8-0), 166/6-(0-15), 166/16-(7-12), 171/13-(8-0), 171/18-(7-11), 171/24-(8-0), 171/5-(7-12), 171/6-(7-8) in village Assandh, Tehsil Assandh, District Karnal as per the Notification dated 28th August, 2014 and the subsequent sale under Sale Certificate No. DC/MPID/NSEL/Sale/Mohan/2020/194 dated 31st August, 2020 is invalid. Alternatively, the Appellant seeks a direction to the Competent Authority to remit the sale consideration realized from the sale of the mortgaged property to the Appellant to the extent of its outstanding dues.

8.1) The Appellant had intervened in the Original Application under Section 7 of the MPID Act.

8.2) The Appellant-Bank had issued Bank Guarantee bearing

No.66790/GL0000312 dated 24th August, 2012 amounting to Rs.6,71,59,600/- valid upto 23rd August, 2016 for external development of the residential colony on an Application made by Primezone Developers Pvt. Ltd. ("Primezone"). The Appellant issued another Bank Guarantee bearing No.66790/GL0000212 dated 24th August 2012 for a sum of Rs.1,88,89,800/- valid upto 23rd August, 2016 for internal development of the residential colony. The Appellant accordingly, has lien on the aforesated properties, as per the letter of a lien dated 24th August, 2012 issued in favour of the Appellant-Bank. The Appellant-Bank has also furnished to Primezone a Bank Guarantee limit to the extent of Rs.8.60 crores vide letter dated 10th July, 2013. As a security, Mr. Ranjeev Agarwal and Ms. Savita Agarwal had executed Demand Promissory Note in favour of the Appellant-Bank. Additionally, Mr. Anil Kumar, Mr. Sohan Singh, Mr. Ranjeev Agarwal and Ms. Savita Agarwal had also executed Deed of Guarantee in favour of the Appellant-Bank. The said Deeds of Guarantee record their personal liabilities as guarantors in addition to the liability as Directors of the Company to the Appellant-Bank. The amounts advanced had been secured by way of mortgage upon deposit of Title Deeds as recorded in Memorandum of Deposit of Title Deeds dated 17th July, 2013. Subsequently, a Supplementary Memorandum dated 18th July, 2013 was executed in favour of the Appellant-Bank, whereby, the equitable mortgage of lands was revised.

8.3) The Appellant-Bank had permitted the encashment of Bank Guarantees upon receipt of the Notice dated 19th August, 2016 from the Directorate of Town Planning and Country Planning, Haryana Chandigarh. Upon invocation of these Bank Guarantees, the borrower namely, Primezone, became liable for repayment of the encashed amount alongwith further interest thereon as per the Agreement and the Communication in that regard dated 23rd August, 2016.

8.4) The Appellant-Bank recalled the entire outstanding amount from the borrowers and Guarantors vide its Notice dated 24th October 2021. Upon the borrowers and Guarantors defaulting in repayment of the outstanding amount, the account of the borrowers were classified as an NPA on 30th November, 2016.

8.5) The Appellant-Bank filed an Original Application bearing No.4959 of 2017 against the borrowers and Guarantors before the Debt Recovery Tribunal ('DRT'), Chandigarh for recovery of a sum of Rs.7,45,41,044/- on 31st July, 2017. Notwithstanding the aforesaid, earlier in or around April, 2015, the Appellant-Bank had appeared before the Committee constituted under the Hon'ble Bombay High Court Order dated 2nd September, 2014 in Suit No.173 of 2014 and other related Suits. The Commission, pursuant to the hearing on 26th June, 2015, recorded that the Appellant-Bank had a claim and that in the event of any action being initiated against the properties against the properties mortgaged with the

Appellant-Bank, an advance notice will be given to the Bank in that regard.

8.6) Mr. Amin submitted that, the equitable mortgage of the properties in favour of the Appellant-Bank is still in force and the original Title Deeds of the mortgaged properties are lying in the custody of the Appellant-Bank. On 30th September, 2020 the Appellant-Bank learnt about Sale Certificate issued by the Special Court in respect of the mortgage properties and on 1st October, 2020 procured a copy of the Certificate of Sale. The Certificate of Sale indicated that, properties mortgaged with the Bank was auctioned by the Collector and District Magistrate, Mumbai City, MPID Branch, Fort, Mumbai, in favour of one M/s. Rudraveerya Developers Limited. It also came to know that, auction purchaser had written a letter dated 31st August, 2020 to Sub-Registrar, Tehsil Assandh, District Karnal, Haryana to register the Certificate of Sale dated 31st August, 2020 in its favour. Upon further inquiries, the Appellant-Bank also learnt that, the mortgaged properties was attached under the provisions of MPID Act vide Notification dated 28th August, 2014.

8.7) The Appellant-Bank filed their Objections under Section 7 of the MPID Act to protect the rights qua the mortgaged properties. The Special Court by its Order dated 6th September, 2021 was pleased to Order and restrain the Deputy Collector & Competent Authority (NSEL) ("DCCA-NSEL") from distributing the sale proceeds from the sale of the mortgage assets until further Orders. The Application of the Appellant-Bank came to

be rejected by the impugned Order dated 6th October, 2021. By the said Order, the Special Court rejected the Application for extension of the Order of injunction granted on 6th September, 2021, thereby, foreclosing their attempt to challenge the impugned Order dated 6th October 2021. It is in these circumstances that, the present Appeal was preferred by the Appellant-Bank.

8.8) Mr. Nainesh Amin narrated the afore-stated facts and submitted that, impugned Order dated 6th October, 2021 is bad in law and deserves to be set aside. He further contended that, it is trite law that once a mortgage always a mortgage until redeemed or sold by the secured creditor. He submitted that, the Special Court failed to consider the fact that, Deputy Collector and DCCA-NSEL was present before the Hon'ble Committee for hearing on 26th June, 2015 and the fact that, there was a valid mortgage in favour of the Appellant-Bank. He further submitted that, it was the duty of Respondent No.2-DCCA-NSEL to display the encumbrances of the Appellant-Bank and publish the same by way of public Notice in the local newspapers, which called for claims or persons having interest in the mortgage properties. According to him, the local newspapers "Ajit" and "Dainik Jagran" did not display encumbrance of the Appellant-Bank in the publication done on 25th July, 2018.

8.9) He submitted that, having attended the hearing before the Committee, the DCCA-NSEL had knowledge about Appellant-Bank's right

over the subject properties and could not plead ignorance about the same. He submitted that, by not disclosing the Appellant-Bank rights, the DCCA-NSEL has perpetuated a fraud on the Special Court.

8.10) He submitted that, the Special Court erred in holding that, the Appellant-Bank's Application was not maintainable as an Order of Attachment was already made absolute in favour of the auction purchaser. He further submitted that, the Special Court misinterpreted the provisions of Section 7(4) of the MPID Act. He submitted that, despite the fact that Mr. Ajit Sakhare, (DCCA-NSEL) had appeared before the Commission on 26th June, 2015 and 14th July, 2015, he has falsely denied that he was unaware of the claim of the Appellant-Bank in his Affidavit dated 22nd September, 2021. He submitted that, the DCCA-NSEL has attempted to mislead the Court which cannot countenanced. He further submitted that, the Special Judge also erred in holding that, no Notice was required to be given to the Appellant-Bank by the DCCA-NSEL before initiating an auction of the mortgage properties. It is in these circumstances he submitted that, the impugned Order dated 6th October, 2021 deserves to be set aside.

APPEAL NO.932 OF 2022

9) By this Appeal, the Appellants seek to set aside the impugned Judgment and Order dated 6th February, 2018 passed by the Additional Sessions Judge in MPID Special Court Sessions, Mumbai. Additionally, the Appellants seek to remand the matter back to the designated MPID Court

and direct it to consider the claims of the Appellants. Additionally, they seek the release of the attachment on the properties purchased by them in the subject properties of Primezone.

9.1) The Appellants herein are bonafide purchasers of plots of land offered for sale by Primezone. The Appellants state that, the residential Complexes known as Prime Residential was one of the first well planned sector at Assandh, Karnal, Haryana. The Appellants had purchased the plots in this sector planning to have a family home for themselves. The Appellants had applied for allotment of plots as per their requirements and made advance payments for the same. The Appellants have in their possession the receipts for the payments as well as the allotment letters for the plots as per their application. The Appellants have exercised due diligence before booking the plots and are accordingly bonafide purchasers in this project. The Appellants believed the Project's viability since the option of bank loans were available for the purchase. Some of the Appellants in the Appeal also availed of loans from various nationalized banks.

9.2) On account of the delay in development of the township, some Appellants had filed Consumer complaints against the developers before the Haryana State Consumer Disputes Redressal Commission, Panchkula, Haryana, which are pending for adjudication. Some Appellants had filed the Writ Petition bearing No.11008 of 2018 before the High Court of Punjab

and Haryana and Chandigarh and even sought cancellation of license bearing No.120 of 2012 dated 10th December, 2012 due to the failure of development of the project known as Prime City, Assandh.

9.3) By an Order dated 3rd May, 2018, the concerned Office was directed to decide the Representation dated 11th April, 2018 in accordance with law. This was directed to be completed within a period of three months. Apparently, the concerned Office had cancelled the license of Respondent No.4 Primezone. Subsequently, the Appellants came to know that one Rudraveerya Developers Ltd. has purchased the property through auction for an amount of Rs.10,09,00,000/- only. The Appellants, however, had made payments of Rs.7,01,54,053/- for just 40 plots totaling to around 2.3 acres out of the 35 acres during the period 2011 to 2015 and were accordingly surprised as to how the entire 35 acres was auctioned for Rs. 10,9,00,000/- only in 2020.

9.4) The Appellants had raised objections to the registration of the Sale Certificate before the Tahsildar claiming protection of their interests and rights in the attached property by way of a written complaint to the office of the Deputy Commissioner, Karnal, Haryana and office of Sub-Divisional Magistrate, Karnal. The office of Tahsildar informed the Appellants that, the charge was registered in the name of Enforcement Directorate in respect of Sector 10, Assandh, Karnal, Haryana i.e. the subject properties. Thereafter, they came to know that a case bearing MPID

No.12 of 2014 was pending for adjudication before the Special Judge City Civil and Sessions Court at Mumbai and that by an Order dated 6th February 2018, the attachment of the subject properties was made absolute.

9.5) On 1st October, 2020 the Appellants were informed about the publication in newspapers “Ajit” published in Punjabi language, Chandigarh Edition and “Dainik Jagran” published in Hindi language in Chandigarh Edition dated 25th July, 2018. The Appellants submitted that, Tehsil, Assandh, District Karnal, only has circulation of the newspaper “Dainik Jagran” Panipat Edition and not of Chandigarh Edition. Besides, the newspaper “Ajit” Chandigarh Edition, being in Punjabi language has very limited circulation in the Hindi speaking area.

10) Mr. Munish Kumar, learned Advocate appearing for the Appellants submitted that, the Appellants have neither received any notice from the Office of the Collector and District Magistrate, Mumbai City, nor from the Special Judge, MPID, City Civil and Sessions Court, Mumbai, about the proceedings in respect of the subject properties. The Appellants, accordingly, were completely unaware that, the Directors of Primezone were accused in proceedings under PMLA, initiated by the Directorate of Enforcement, Mumbai. They were also unaware about the Order of attachment by the Adjudicating Authority under PMLA in Complaint bearing No.275 of 2014 in Case File No. ECIR/14/MZO/2013.

10.1) He submitted that, only on 26th September, 2020, the

Appellants came to know that Primezone had challenged the Provisional Attachment Order before the Appellate Tribunal PMLA at New Delhi and have accordingly taken steps to defend and protect the rights and interest in the attached properties before the said Tribunal. He submitted that, the Appellants could not procure any documents from the Authorities due to lack of *locus standi* as well as Covid-19 situations. The Appellants received the certified copy of the Order dated 6th February, 2018 and have consequently approached this High Court in the present Appeal. He submitted that, the Orders are passed without notice and/or hearing given to them. The Appellants are bonafide purchasers and entitled to a hearing.

10.2) He submitted that, the publications made in the two newspapers “Ajit” (Punjabi) Chandigarh Edition and “Dainik Jagran” in Punjabi language were deliberate and malafide and consequently, the Appellants were not aware about the same since the area does not provide circulation of these papers. Moreover, the local vernacular language is Hindi and not Punjabi. Consequently, the newspapers have not been circulated in the area where the property is located and thus the Appellants cannot be deemed to be aware about the publication of such notice. He therefore submits that, the publications made by the concerned Competent Authority DCCA-NSEL are not as per the statute and consequently, does not satisfy the compliance as required for the auction. He submitted that, in the absence of lawful procedure being followed, the intent to invite claims of objections

through the publications could not be fulfilled and the Appellants could not raise objections pursuant to those publications and accordingly all actions undertaken on the basis of those publications are non-est and render nugatory.

10.3) He submitted that, the Appellants would be covered under the term “Deposit” as per the definition of Section 2(c) of the MPID Act. He submitted that, the Appellants deserve protection. He submitted that, the attachment and sale is on the basis of a fraud played by the Authorities on the Court by contending that due process as contemplated under the Statute was followed and accordingly, the entire exercise is nothing but an illusion created to mislead the Court in support of the contention that the due process was followed before the auction sale was conducted.

10.4) In view of the above, he submits that, the impugned Judgment and Order dated 6th February, 2018 deserves to be set aside and the interest of the Appellants deserve to be protected.

11) We have heard all the Advocates and have perused the record carefully.

Reasons and Conclusions:

Valuation and Auction Notices:

12) Under the MPID Act, the legislature intended that, attached properties are correctly valued, so as to fetch the maximum possible price, thereby ensuring that the proceeds enure to the benefit of the defrauded

investors.

12.1) In the present case, however, we find that the Competent Authority, DCCA-NSEL, which functions in a fiduciary capacity to safeguard the interest of the investors, has acted contrary to that objective.

13) Two valuation reports dated 5th May 2018 and dated 30th June 2020 have been prepared.

Valuation of May 2018

14) Upon a closer examination of the 1st valuation report, it reveals that it was prepared on Valuation by income approach using Discounted Cash Flow Method for a plotted residential development project. The valuation was based on under-construction residential projects in Karnal and Assandh. The 1st Valuation Report estimated the freehold value of the subject property at ₹ 74.74 crores, the Circle Rate value (Ready Recknor rate) at ₹ 95 crores and the distress sale value at 70% of the market value at ₹ 56 Crores.

15) Based on this valuation, three Auction Notices came to be issued. First on 16th November 2018 which was published in two newspapers *Dainik Jagran* (Hindi) Chandigarh edition and *Ajit* daily (Punjabi) Chandigarh edition. The second auction notice issued on 11th January 2019 as well as the third notice issued on 15th July 2019 were only put up on Quiker Website.

16) The first Auction notice dated 16th November 2018 quoted a

reserve price of ₹ 60 crores and a close bid auction would be conducted. The second too quoted a reserve price of ₹ 60 crores. However, the third notice did not mention a reserve price and declared that it would be an open bid auction. All these attempts were allegedly unsuccessful. However, we find mischief played by the Competent Authority.

Newspaper Publication:

17) In our view, the newspaper publication of the 1st auction notice in the two newspapers *Ajit* and *Dainik Jagran* for sale of the subject properties was thoroughly misleading. It appears to have been done merely to create the impression of wide publicity, despite full knowledge that such publications would not effectively reach local prospective purchasers who were Hindi speaking and the Chandigarh edition had limited circulation in the area where the subject property was located. Notably, the 2nd and 3rd Public Auction Notices on 11th January 2019 and 15th July 2019 were advertised and hosted only on the website of Quiker Realty.

18) Consequently, interested bidders remained unaware of the auction and naturally no bids were received. It would be plainly dishonest for the Competent Authority to contend that adequate publication was made. In our view, this amounts to nothing short of a fraud played upon the Court.

Valuation of June 2020

19) After an alleged unsuccessful attempt of auction, a 2nd

valuation report dated 30th June 2020 was prepared. The subject property was valued at ₹ 10,41,98,940/-.

20) Based on this report the fourth auction notice dated 17th July 2020 was published again on the website of Quiker Realty only. No reserve price was quoted and a sealed bid auction was proposed. It is under this 4th auction that the subject property was sold and the sale completed by issuance of a sale certificate in favour of the auction purchaser – Rudraveerya Developers Ltd. This sale is under challenge.

Errors in Valuation and misclassification

21) We examined the June 2020 valuation report, there was no justification for suddenly changing the description of the land to an agricultural land parcel. This itself shows mis-description. Both the Competent Authority and Quiker Realty knew the land was part of a residential plotted development project and not agricultural land. This mischief appears to be ill-intended to reduce the value of the subject properties to ₹ 10 crores.

22) It is evident from the executive summary to the Valuation Report that, no site inspection was undertaken before preparing the fresh valuation. We see no reason to treat the subject land as ‘agricultural’ for valuation purposes. In our view, the valuation report of 2020 rather deliberately recorded the present use of land as ‘agricultural’ based on information supplied by the Competent Authority itself. In our view, the

Competent Authority and Quiker Reality were responsible for the misdescription and appear to have engineered the sale in favour of a particular entity i.e. Respondent No.5 herein.

23) We find it impossible to accept that a property initially valued at Rs.60 crores could subsequently be reduced to Rs.10 crores for an area measuring approximately 35 acres. Even after considering the explanations offered by Mr. Rajadhyaksha, learned Senior Counsel for the Competent Authority, we are unable to accept the same and find several glaring lacunae in those submissions. We are equally unable to accept the explanation as to why the property was first valued as a 'residential property' and later as an 'agricultural property'. It only leads us to an adverse inference.

24) We are not persuaded by the contention that, at the time of first valuation in May 2018, the license permitting development of the land as a 'residential area' was valid and subsisting, but that after its lapse, the land was required to be valued as an 'agricultural property'. We find this submission wholly absurd and baseless. Since the subject property had been valued on the strength of a license for residential development, issued by the local authority, it could not subsequently be treated as 'agricultural land' for valuation purposes. It is undisputed that the land was earmarked for 'residential development' and designated as 'Sector 10' by the local Planning Authority. Therefore, the valuation therefore ought to have

reflected its development potential, rather than the temporary status of subject property sans the license. We are informed that the license fee demanded by the local authority was around Rs. 50 crores. If so, it is natural to infer that such fee was fixed with reference to the substantial development potential of the land. It is common knowledge that a license fee is a small percentage of the land cost and its potential.

25) Assuming the licence fee formed part of the basis for the first valuation of ₹60 crores, a subsequent valuation of ₹10 crores would imply that the licence fee alone was five times the land's value. Such a proposition is wholly untenable. A licence fee imposed by a local authority cannot reasonably exceed the land value by five times. If the property was valued at Rs 60 crores being a 'residential area', even then it is unclear as to whether the outstanding renewal charges of license was taken into consideration. In that event too, the land cost for the purchaser would be around Rs 100 crores. In our view the license fee for a land to be developed as 'residential area' cannot be over or around 50%. It would be exorbitant, unless the estimated realization from the project is much higher. Notably, the Appellants (plot purchasers) have paid about 7.01 crores for only 2.3 acres of land which confirms that the lands are sold at an under value. Consequently, the first valuation itself appears baseless and deserves to be set aside. Equally, the second valuation is flawed because it reclassified the property as 'agricultural land'. On that ground alone, the second valuation

must also be set aside.

26) We are unable to accept the contention of the Competent Authority that, property prices depend upon license fees being paid or unpaid. We are expected to believe that, the subject property is rightly valued at Rs 10 crores and the license fee for developing it for residential purposes is about Rs 50 crores. We unhesitatingly reject the contention.

27) A public notice cannot be in a coded language for prospective buyers to connect the dots. It has to be clear and unambiguous. By no stretch of imagination, can a license fee be five times the value of the land itself. License fees are ordinarily only a percentage of the property value. Neither the Government nor a local authority can claim license fees amounting to five times the value of the land. The entire argument is therefore, fallacious and unfounded. It is settled law that, the Court is the custodian of the interest of the company and its creditors (*Navalkha & Sons v Ramanya Das* reported in (1969) 3 SCC 537) and it is the duty of the Court to see that the price fetched at the auction is an adequate price even though there is no suggestion of irregularity or fraud. (*Divya Manufacturing Company (P) Ltd. v Union Bank of India* reported in (2000) 6 SCC 69.)

Incorrect Description and location of the Subject Property on the Plan:

28) Mr. Shaikh submitted two plans, one of which correctly showed the location of the subject properties, while the other plan showing zoning characteristics and the location advertised on the Quiker Realty website was

clearly a wrong plan. The subject property was actually within Sector 10, represented by the semi- rectangular plot, but the star mark incorrectly indicated the location. When Mr. Rajadhyaksha was confronted with these plans, he sought time to obtain instructions, which was granted. On the next date of hearing, Mr. Rajadhyaksha fairly admitted that Mr. Shaikh's contention was correct and there had been a misdescription of the property location on the Quiker website. In our view, this is yet another ground to invalidate and reject the sale.

29) It is pertinent to note that, Quiker Realty have attempted to protect itself through clause "x" of its report, which reads as under:

"x. We have valued the property considering the subject property as an agricultural land as per the sale deed shared by the client. We were not provided with any change in land use or any other documents supporting the change of land use of the property."

30) We appreciate the fairness of Mr. Rajadhyaksha, who submitted that the subject properties lies within Sector 10 and that the sketch map shown in the Valuation Report was erroneous rather incorrect. He fairly submitted that this error was of material importance and would significantly affect the subject property valuation.

Lack of Data – Website Reach

31) Upon posing a question to Mr. Rajadhyaksha regarding the

website's usual viewership and supporting data, he fairly stated that no such information was available. We, therefore, granted him time to fetch the same. Despite being granted to produce the same, he was unable to do so even on the next date. In the absence of any data, we are unable to draw any positive inference that the website enjoyed a reasonably large viewership. We are therefore, compelled to draw an adverse inference that the website had limited reach and was incapable of attracting adequate bidders.

Maintainability:-

32) We are unable to accede to the proposition that, the Appeal is not maintainable merely because a Sale Certificate has been issued following allegedly a valid auction. It is settled law that fraud vitiates all acts and conclusions (*S P Chengalvaraya Naidu v Jagannath* reported in and *A V Papayya Sastry v Govt of A.P* reported in (1994) 1 SCC 1). In the present case, we find that the entire procedure adopted by the Competent Authority, in collusion with Quiker Realty Ltd., is nothing else, but a fraud played upon 13,000 investors who are victims in a crime involving a huge sum of Rs.5600 crores. Additionally and rather unfortunately, this is not an isolated case in NSEL scam where we find the Competent Authority has attempted a sale at a gross under valuation. Accordingly, we reject the preliminary objection regarding maintainability of the Appeal.

Common Director of two bidders - Brij Gopal Construction and Rudraveerya Developers Ltd:

33) Record reveals that one Director, namely Rajan Goyal, was a common director in both bidding companies - Brij Gopal Construction and Rudraveerya Developers Ltd. We note that, the board resolution of M/s Brij Gopal Construction Co. Pvt. Ltd. authorised Mr. Rajan Goyal to submit bid documents, while he was simultaneously a Director of Rudraveerya Developers. The record shows that Brij Gopal Construction bid approximately Rs.8 crores, while Rudraveerya bid Rs.10 crores. Notably, the other two bidders offered less than Rs.5 crores.

34) The aforesaid facts lead us to infer that the Competent Authority, along with Quiker Realty, contrived a situation that enabled Rudraveerya to become the successful bidder. In our view, the advertisements and auction were pre-planned to create an illusion of due process while being conducted in a manner designed to favour Rudraveerya Developers Ltd. The notice misrepresented and concealed material facts to mislead the prospective purchaser. There was no wide publicity, the auction was conducted through sealed bids and the property was grossly undervalued. For all these reasons, the auction sale deserves to be set aside. This amounts to a fraud played upon the State, the Court, and the victims of the fraud.

Appellant's Knowledge:-

35) Considering the conspectus of this case, and the consequences of confirming the sale of the attached properties at gross under value, resulting in recovery of a minimal amount and depriving an adequate return of the invested amounts, we do not restrict our adjudication based on the Appellant's knowledge, conduct or the steps taken by them in challenging the sale of the subject properties. We therefore, relying upon *Popular Muthiah v State* reported in (2006) 7 SCC 296 propose to decide this Appeal in exercise of our inherent and constitutional powers to secure the ends of justice.

36) We are not setting aside the sale merely because a higher offer is now available for the said property, but because we have found not only gross under valuation of property, but also serious discrepancies in arriving at the valuation of the property. Even though the entire auction price has been deposited, the stamp duty is paid, and the entire process of sale formally completed, these facts do not alter our conclusion.

37) The Appellants' alleged suppression of material facts, delay beyond the 60-day limitation under Section 11, or arguments regarding tainted funds do not persuade us otherwise. We are presently concerned with the fact that the properties were sold at a gross undervalue through mischievous and mala fide methods, while falsely projecting full statutory compliance.

38) We are also not convinced with the argument that certain creditors with receivables upto Rs.10 lakhs were settled under a scheme of arrangement. Such payments do not erase the mala fide conduct or misrepresentation that resulted in fraud upon the State, the Court, and 13,000 investors who were duped in a Rs 5600 crore scam.

Irregularities in Entire Process

39) The entire process was riddled with irregularities-from publication of notices on websites and newspapers to valuation of the property and finally the purchase by the successful bidder, Rudraveerya Developers Ltd.

40) Instead of showcasing and marketing the development potential of the subject property, the valuation report wrongly weighed down the property's value based on the expenses and liabilities that would fall upon the auction purchasers and by deliberately misclassifying the property as 'agricultural land'. The valuation reports ought to have considered that though the license had already expired in 2016, the same was renewable.

41) Moreover, the auction was conducted as a closed bid auction rather than an open auction. Since, the Competent Authority was required to secure the highest possible price, adopting a closed bid method was inappropriate. We have no data about the total views for the said auctions on Quiker Realty's website. We also find no evidence of wide publicity,

additionally the incorrect property description and location on the website of Quiker Realty Ltd., itself would vitiate the process.

42) It is important to note that, the auction notices described the subject property as a proposed 'residential Plot development' and the public was notified that the sale would remain subject to the Order of the MPID Court in case No.1 of 2014. Therefore, the auction purchaser cannot claim that the confirmed sale should not be set aside, as they were fully aware it was subject to Court Orders.

43) We find no need to examine the October 2024 valuation, as earlier irregularities are sufficient to set aside the auction sale.

Fraud, Findings and Observations

44) We find that, the Competent Authority has played a fraud not only upon the State but also upon the Court. Entrusted with the attachment and sale of properties arising from a scam of ₹5,600 crores involving over 13,000 investors/victims, the Competent Authority owed a duty not merely to the State and the Court but to the public at large and in particular to the victims of the crime.

45) We have found that in many cases, the nominated valuer Quiker Realty, undervalued properties and the Competent Authority attempted to sell them and in some instances successfully concluded such sales. In certain matters, we have already set aside those transactions on account of erroneous valuations.

46) According to us, this is a scam within the scam. The Competent Authority bear primary responsibility, and Quiker Realty is equally complicit. By assisting in undervaluation and facilitating sales to predetermined entities, they deprived investors of the full realization of their funds. It appears that the Competent Authority deliberately contrived circumstances to favour select parties.

47) In the present case, the entire process is fully shrouded with suspicious circumstances. It suggests bias, favoritism, suspicious circumstances, undervaluation and underbidding, all of which are detrimental to legitimate interest of the defrauded investors i.e. the victims of the crime.

48) The Competent Authority cannot itself become a party to the scam and perpetuate a fraud upon the State and the Court. Such conduct warrants serious censure and cannot be countenanced.

49) The Competent Authority has defeated the very purpose of conducting an auction. Therefore, the auction deserves to be set aside.

Investor Impact

50) It is pertinent to note that the NSEL scam came to light over a decade ago. Under the proposed scheme, investors/victims have been offered only 40% of their invested value. From any perspective, this represents a grave loss. In the ordinary course, invested sums would likely have appreciated substantially over such a period. Thus, an investor

receiving ₹40,000 today against an original investment of ₹1,00,000 effectively receives only a fraction of the true economic value lost over time.

Timing

51) In our opinion, the entire exercise carried out by the Competent Authority reflects mala fide intent. There was absolutely no reason to finalize the sales immediately after the Covid period, when the Nation was at its weakest economic condition due to the pandemic. It is common knowledge that the correct market value of land could not have been realized at that time. The Competent Authority, holding fiduciary responsibility towards the investors, was expected to act in the victim's interests rather than become party to another wrongdoing. They were expected to act prudently and not sell the properties at their lowest possible prices.

Rejection of Arguments

52) In our view, the contentions of the auction purchaser as well as the Competent Authority did not deserve to be considered at all. If their arguments are accepted, the very object of the MPID Act would be defeated, and the Courts would appear to be endorsing a large-scale fraud against the victims. The Court cannot be a party to a such an outcome. We, therefore, refuse to do so. There are more than sufficient reasons to set aside the sale.

Conduct of Parties

53) Mr. Rajadhyaksha also submitted that, The auction was

conducted and concluded on the basis of a valuation report now shown to be incorrect. The earlier reserve price of Rs.60 crores, when bids were invited in November 2018 and January 2019, failed not because the reserve price was excessive, but because the auction was not properly publicised in the local area and remained unknown to the buyers at large.

54) In our view, Quiker Realty abused its position, acted unfairly and assisted the Competent Authority in undervaluing the properties, thereby causing enormous loss to the 13,000 investors/victims who were already deprived of their investments, benefits, and interest.

54.1) Accordingly, we direct the State Government to revoke Quiker Realty's approval and take appropriate action to disqualify it from conducting valuations or public auctions for the Government of Maharashtra for at least five years.

55) We find that, the Competent Authority is the main culprit in this sale process. It either knew or in any event ought to have known, that the license granted to Primezone had expired much earlier on 9th December, 2016 and was not renewed. The Competent Authority, therefore, failed in its duty to act diligently and consider all relevant aspects before valuing and selling the attached property. This was contrary to the intention of the Government of Maharashtra, which required strict compliance with valuation rules while protecting the interests of defrauded investors and recovering the maximum possible amount.

56) Mr. Lakhawat submits that, the composition of the Competent Authority, which conducted the subject auction, has since been altered and that a new committee is now in place.

57) Be that as it may, we are of the considered view that a further change in the Competent Authority is warranted. The newly constituted members have, instead of independently examining the matter, continued to endorse and support the decisions of their predecessors. In doing so, they have failed to discharge their duty to adopt a fair and objective stand.

58) In these circumstances, we deem it appropriate that the present members of the Competent Authority also be replaced, so as to convey a clear and unequivocal message to the State regarding the impropriety of the actions of the Competent Authority.

Case Laws and Legal Principles

59) Mr. Godbole in support of his contentions had relied upon the following Judgments :-

- (I) *Ravindra Shah vs. State of Maharashtra (supra).*
- (II) *Lemon Seeds Hospitality Pvt. Ltd. vs. Union of India & Ors. (supra).*
- (III) *State of Punjab & Anr. Vs. M/s. Ferrous Alloy Forgings P. Ltd. & Ors. (supra).*
- (IV) *Vishal Laxman Arkal vs. Inspector General of Registration & Ors. (supra).*
- (V) *B. Arvind Kumar vs. Government of India (supra).*
- (VI) *Janak Raj. vs. Gurdial Singh (supra).*

- (VII) *Janatha Textiles & Ors. vs. Tax Recovery Officer (supra).*
(VIII) *Om Sakthi Sekar vs. V. Sukumar & Ors. (supra).*

60) In view of what we have noted above, the Judgments relied upon by Mr. Godbole will be of no avail to his clients. The facts of the present case are clearly distinguishable from each of the cases.

61) The judgments relied upon by Mr. Rajadhyaksha arise under Order XXI of the Civil Procedure Code. They are distinguishable both on facts and in law. The present Appeal is being considered under the MPID Act, which operates in a distinctly different legal framework from ordinary civil proceedings.

62) The Hon'ble Supreme Court in the case of *Golden Food Products India vs. State of Uttar Pradesh & Ors.* reported in 2026 SCC onLine SC 2024 in while referring to *Eva Agro Feeds (P) Ltd. vs. Punjab National Bank* reported in (2023) 10 SCC 189, has held that, the comparison of the valuation of dissimilar plots would be ground for cancellation of the auction. It referred to another Supreme Court decision in *K. Kumara Gupta vs. Sri Markendaya & Sri Omkareswara Swamy Temple* reported in (2022) 5 SCC 710 where it held that, if it was found that there is material irregularity and/or illegality in holding the public auction or the auction was vitiated by any fraud or collusion, it would be open for the Court to set aside the auction or sale in the favour of the highest bidder even though their representation was made by third party who even did not

participate in the auction proceedings or make any offer. Hon'ble Supreme Court in the case of *Rajiv Kumar Jindal & Ors. vs. BCI Staff Colony Residential Welfare Association & Ors.* reported in (2023) 238 Comp Case 227 has held that, the purpose of an auction (open or close format) is to get the most remunerative price and giving opportunity to the intending bidders to participate and fetch higher realizable value of the property. If that path is cut down or closed, the possibility of fraud or to secure inadequate price or underbidding would loom large. In the given circumstances, it is the duty of the Court to exercise its discretion wisely and with circumspection and keeping in view the facts and circumstances in each case.

63) In view of the above, we pass the following common Order in the above Appeals:-

- (a) The State shall appoint a new Competent Authority in the present case within a period of four weeks from today;
- (b) The new Competent Authority shall appoint another valuer for valuation and sale of the properties attached in the NSEL scam;
- (c) The new Competent Authority thereafter conduct fresh process of auction of property by giving wide publicity in local newspapers and also on electronic media;
- (d) The Sale Certificate dated 31st August 2020 is set aside. However, the attachment shall continue pending the reauction of the

attached properties;

(e) The amounts received from Rudraveerya Developers Ltd. be returned within a period of four weeks from the uploading of this order;

(f) The State to investigate and take appropriate action against the members of the Competent Authority and the Valuer Quiker Realty and file a compliance Affidavit after six months of uploading of this order;

(g) Appeal No.932 of 2022 is accordingly allowed;

(h) Other Appeals are accordingly disposed off in aforesaid terms;

(i) In view of disposal of Appeals, all connected Interim Applications do not survive and are accordingly disposed off.

(KAMAL KHATA, J.)

(A.S. GADKARI, J.)