



**IN THE COURT OF THE PRINCIPAL CIVIL JUDGE  
AND JMFC, VIRAJPET.**

**PRESENT: Sri. PRADIP POTADAR, B.COM. L.L.B.  
C/C Addl. Civil Judge and JMFC, Virajpet.**

**Dated this the 05<sup>th</sup> day of March 2026.  
Criminal Case. No. 48/2026.  
VRPS Crime No. 108/2025.**

**PETITIONER NO.1:** 1.M/S Mectec,  
A proprietorship Concern,  
Having its residence-cum  
branch office at  
G. Shivaji House,  
Ground Floor, Baugodu,  
Karnataka,  
Rep. by its sole Propreitrix,  
Smt. Neena Kamalesh,  
Rep. By her Power of attorney  
Holder,  
Sri. Kamalesh Shah,  
S/o Rajenaikanth Shah,  
Aged about 63 years,  
R/a A.P. 06, Suramya Part-II,  
Gandhinagar District,  
Gujarath.

**(By Sri. K.N.Subba Reddy, Advocate)**

Vs.

KAKD520000802026

2

Criminal Case No. 48/2026.



**OPPONENT**

: The State of Karnataka,  
Virajpet Rural Police Station.  
**(Asst. Government Pleader)**

**PETITIONER NO.2/** : 1. The Deputy Director of Income  
**RIVAL CLAIMANT.** Tax-(Investigation) Hassan,  
“Aayakar Bhavan”, Belur Road,  
Vijayanagar, Hassan-573 201.

**(By Sri. Dilip. M, Advocate)**

**VS.**

**OPPONENT.**

: 1. M/S Mectec,  
A proprietorship Concern,  
Having its residence-cum  
branch office at  
G. Shivaji House,  
Ground Floor, Baugodu,  
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Rep. by its sole Propreitrix,  
Smt. Neena Kamalesh,  
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Sri. Kamalesh Shah,  
S/o Rajenaikanth Shah,  
Aged about 63 years,  
R/a A.P. 06, Suramya Part-II,  
Gandhinagar District,  
Gujarath.

**(By Sri. K.N.Subba Reddy, Advocate)**



**COMMON ORDERS ON APPLICATIONS FILED BY  
PETITIONER NO.1 U/SEC. 497(1) and 503 OF B.N.S.S  
AND APPLICATION FILED BY RIVAL  
CLAIMANT/PETITIONER NO.2 UNDER SECTION U/SEC.  
497(1) and 503 B.N.S.S.**

The petitioner No.1 namely M/s Mectec represented by its proprietary Smt. Neenakamalesh W/o Kamalesh Shah through her lawful power of attorney has filed present application seeking release of seized amount in her favour.

On the other hand, petitioner no.2/rival claimant the Deputy Director of Income Tax (Investigation) Hassan, "Aayakar Bhavan", Belur Road, Vijayanagar, Hassan-573 201 has filed present application seeking release of seized amount in its favour.

**1. Brief facts of the application filed by the petitioner No.1 :-**

It is submitted that the petitioner No.1 Firm is engaged in the purchase and sale of agricultural products throughout India. The firm purchases apple,



simlamirchi, jeera rice from Punjab, Dal from Bihar and various other agricultural products. They also deal with purchase of fruits, vegetables. The petitioner No.1 Firm makes payment to the Farmers in cash. It is further submitted that the petitioner No.1 firm is also engaged in wholesale business of trading of agricultural products, fruits, vegetables and post-harvest products throughout India. All these transactions are part of the Income Tax declarations and part of their firm business. It is relevant to state that the farmers transact only with the cash and hence the firm usually conducts its business in cash transaction with the said farmers.

2. It is further submitted that the aforesaid firm has been duly registered with ministry of Micro and Medium Enterprises (MSME) vide Udyog Adhaar Registration No.



GJO1E0078872 and also approved in Kendriya Bhandaar (central stores) with major Metro Cities and shops and establishments in India having 300 employees.

3. It is further submitted that the firm is having branch office at Thane, Boriveli, Bhuleshwar, CST Mumbai, Pune, Jalgan, Nagpur, Bjjapur, Kolkata, Siligudi, Patna, Gangtok, Barbigaha, Shekpura, Siholi, Aurangabad, Purani, Yamuna Nagar, Jalandhar, Agra, Dolpur, Pali, Bilwara, Udaipur, Hyderabad, Belgaum, Bangalore and also 19 branches in Gujarat. This being the position, on the basis of complainant dated 15.10.2025 filed by the complainant Sri. Appaso S/o. Mahadev, the Virajpet Rural Police Station has registered an FIR in Crime No.108/2025 dated 15.10.2025 against



accused persons for the offences punishable under 310, (2) and 311 of the Bharatiya Nyaya Sanhita (BNS) 2023 for committing Robbery of Rs.3,99,05,000/-. The firm had sent this money Rs.3,99,05,000/- through one of its person/staff for its business purpose and the said money was brought to Virajpet by an employee of the firm. It is further submitted that as rates of Gold was going high the power of attorney holder of Smt. Neenakamalesh namely Sri. Kamalesh Shah had instructed that the money in question be deposited at M/s. Mectec Bank Account in Kerala for purchase of Gold. However, the power of attorney holder of Smt. Neenakamalesh namely Kamalesh Shah has learnt that the said staff has kept the money in the vehicle in question and was about to hand over the same to one Appaso the complainant herein at the time of which a robbery was committed on



Appaso. The money belonging to Smt. Neena W/o Sri. Kamalesh Shah, sole proprietor of M/s Mectec, Gujrath was stolen by the accused persons.

4. It is further submitted that the petitioner firm is carrying out its business activities in accordance with the provisions of the Income Tax Act which provides for certain categories of transactions shall be done using cash as a mode of transaction and the firm admittedly having its branches all over India and particularly in Kerala, Belgaum, Bangalore and Mangalore also and the transaction has been conducted by deputing its employees from time to time. Likewise, in the present case the firm deputed its employee ie., the complainant by handing over an amount of Rs.3,99,05,000/- which was required for the routine business and day to day



transactions. However, considering the continuous surge in the Gold price, the firm intended to buy Gold ornaments from Sri. Lahu K.P through its employee's Sri. Robert and the complainant herein. Under these circumstances the impugned seizure by the police is required to be released in favour of the petitioner ie., lawful owner of the same.

5. The firm has lost the right to use of the said cash amount of Rs.3,99,05,000/- in its day-to day transaction and therefore they are undergoing huge financial loss and therefore, it is prayed this court may kindly be pleased to order for release of the said amount in favour of the complainant.

6. It is further most respectfully submits that other than M/s Mectec sole proprietary concern, represented



by its proprietrix Smt. Neena Kamalesh W/o Kamalesh Shah no one is entitled to seek release or custody or possession of the seized cash amount of Rs. 3,99,05,000/- from this court in this case. The petitioner No.1 herein is ready and undertakes to execute necessary indemnity bond to this effect. On these grounds petitioner No.1 prays to allow the application.

**7. Per contra, the learned APP has filed objection to the application stating that seized amount is unaccountable money. It has to enquire through Income Tax Department and therefore, the learned APP prays to reject the application.**

**8. Brief facts of the application filed by the petitioner No.2/rival claimant:-**



It is submitted that police complaint was lodged by one Appaso Mahadev Irkar, resident of Vadagara Taluk, Kerala on 15.10.2025 at Virajpet Police Station that his car was forcibly taken by 5 men and the cash kept inside the car. Police on the same day apprehended the 4 of the kidnappers and recovered the car along with the cash.

9. Subsequently, the Director of Income Tax received information that cash of Rs.3,99,05,000/- had been seized by the Virajpet Police Station, on 15.10.2025. A commission came to be issued under section 131(a)(d) of the Act on 02.12.2025 in the case of the complainant authorizing the DDIT (Investigation), Kozhikode, Kerala to conduct necessary enquiries, in respect records and furnish a factual report. The commission issued a summons under section 131(1A) of the Act to the



complainant directing him to provide explanation regarding the source of cash seized along with documentary proof for the same. The complainant failed to respond to the summons. Report of the Commission came to be submitted on 22.12.2025. The cash is not been declared by the complainant in accordance with the provisions of the Income Tax Act, 1961 and not recorded in his books of accounts. The applicant, director of Income tax has reason to believe that income liable to tax has not been or would not have been disclosed to tax. The preliminary enquiry conducted by the police and the Income Tax Authorities has revealed that the cash seized of a sum of Rs.3,99,05,000/- is not accounted and proper source of cash is not explained. The cash seized exceeds the taxable income exempted under the provisions of the Income Tax Act. From the inquiry



conducted it is clear that seized cash is not declared by the complainant to the income tax. Further, the provisions of the Income Tax Act provides for presumption regarding ownership in favour of the person having possession. The cash was seized in the car used by the complainant and the Act presumes that it is his income.

10. The preliminary inquiry conducted by the applicant and police has revealed that the seized cash is not accounted and in order to avoid payment of Tax on the said seized cash and also avoid consequential penal actions for holding huge cash contrary to the provisions of the Income Tax Act. Section 269SS and section 269ST of the Act clearly prohibits acceptance of any loan or



deposit or any specified sum by way of cash beyond Rs.20,000/- and Rs.2 Lakhs.

11. Further, it is contended that cash cannot be released in favour of Smt. Neena Kamalesh Shah who has sought the release of amounts in her favour. Her claim has not been satisfactorily explained before the Income Tax Department. If the cash is released, she the complainant or any other person may not co-operate with the income tax authorities for inquiry into the cash seized regarding taxability or otherwise of the said cash. Entire transaction is contrary to the provisions of the Income Tax Act. The purpose of transmitting the cash is required to be examined in the public interest. The Income Tax authorities will carry out the inquiry in respect of the seized cash and as a result of inquiry if it is



found that the entire cash is accounted and disclosed by the respective person in their return of income, the same will be released under the provisions of the Income Tax Act. Section 132B of the Income Tax Act provides for release of seized articles or cash on being satisfactorily explained by the respective assesses. It is submitted that as a result of inquiry, if it is found that the entire seized cash is unexplained/undisclosed income, the Income Tax Department will not be in a position to recover that amount from the petitioner No.1 once released. On the other hand, if the seized cash is handed over to the custody of the Income Tax Department and if the Complainant or such other person satisfactorily explains the source of the said cash, disclosure of said amount in his return of income, the seized cash can be released in favour of such person. **Therefore, it is respectfully**



**prayed to release the seized cash in favour of the petitioner No.2/Income Tax Department.**

**12. Brief facts of the Statement of objection filed by petitioner No.1 Smt. Neena Kamalesh to the application filed by petitioner No.2/rival claimant under section 497 read with section 503 of the Bharatiya Nagarik Suraksha Sanita, 2023.**

13. It is contended that the application filed by the petitioner No.2/rival claimant is absolutely not maintainable either in law or on facts. Hence, the same is liable to be rejected at the very threshold. The averments made at para 1 of the impugned application to the effect that A police complaint was lodged by one Appaso Mahadev Irkar, resident of Vadagara Taluk, Keraka on 15.10.2025 at Virajpet Police Station that his car was



forcibly taken by 5 men and the cash kept inside the car and the police on the same day apprehended the 4 of the kidnappers and recovered the car along with the cash are all matter of record.

14. The averments made at para 2 that subsequently the director of Income Tax received information that cash of Rs.3,99,05,000/- had been seized by the Virajpet Police Station, on 15.10.2025. A commission came to be issued under section 131(1)(d) of the Act on 02.12.2025 in the case of the complainant authorizing the DDIT(Investigation), Kozhikode, Kerala to conduct necessary enquiries, inspect records and furnish a factual report is not known to this applicant.

15. The averments made at para 3 that a commission issued a summons under section 131(1A) of the Act to



the complainant directing him to provide explanation regarding the source of cash seized along with documentary proof for the same and the complainant failed to respond to the summons. Report of the Commission came to be submitted on 22.12.2025 is not known to this applicant. However, the Income Tax authorities are put to strict proof of the same.

16. The averments made at para 4 that cash is not been declared by the complainant in accordance with the provisions of the Income Tax Act, 1961 and not recorded in his books of accounts and the applicant, director of Income tax has reason to believe that income liable to tax has not been or would not have been disclosed to tax are all hereby denied as absolutely false, baseless and



absurd. However, the Income Tax Authorities are put to strict proof of the same.

17. The averments made at para 5 that the preliminary enquiry conducted by the police and the Income Tax Authorities has revealed that the cash seized of a sum of Rs.3,99,05,000/- is not accounted and proper source of cash is not explained. The further averment that the cash seized exceeds the taxable income exempted under the provisions of the Income Tax Act and from the enquiry conducted it is clear that seized cash is not declared by the complainant to the income tax and further the provisions of the Income Tax Act provides for presumption regarding ownership in favour of the person having possession and the cash was seized in the car used by the complainant and the Act presumes that it is



his income are all hereby denied as absolutely false. However, the Income Tax Authorities are put to strict proof of the same.

18. The averments made at para 6 that preliminary enquiry conducted by the applicant and police has revealed that the seized cash is not accounted and in order to avoid payment of tax on the said seized cash and also avoid consequential penal actions for holding huge cash contrary to the provisions of the Income Tax Act are all hereby denied as absolutely false, baseless and absurd. However, the Income Tax Authorities are put to strict proof of the same. The further averments that Section 269SS and section 269ST of the Act clearly prohibits acceptance of any loan or deposit or any



specified sum by way of cash beyond Rs.20,000/- and Rs.2, Lakhs is a matter of record.

19. The averments made at para-7 that cash cannot be released in favour of Smt. Neena Kamalesh Shah who has sought the release of amounts in her favour and her claim has not been satisfactorily explained before the Income Tax Department and if the cash is released, she, the complainant or any other person may not co-operate with the income tax authorities for enquiry into the cash seized regarding tax ability or otherwise of the said cash and entire transaction is contrary to the provisions of the Income Tax Act and the purpose of transmitting the cash is required to be examined in the public interest are all hereby denied as absolutely false, baseless, untenable



and absurd. However, the Income Tax Authorities are put to strict proof of the same.

20. The averments made at para that the Income Tax authorities will carry out the enquiry in respect of the seized cash and as a result of enquiry if it is found that the entire cash is accounted and disclosed by the respective person in their return of income and the same will be released under the provisions of the Income Tax Act. Section 132B of the Income Tax Act provides for release of seized articles or cash on being satisfactorily explained by the respective assesses and it is submitted that as a result of enquiry, if it is found that the entire seized cash is unexplained/undisclosed income, the Income Tax Department will not be in a position to recover that amount from the accused once release and



on the other hand if the Income Tax Department will not be in a position to recover that amount from the accused once released and on the other hand if the seized cash is handed over to the custody of the Income Tax Department and if the complainant or such other person satisfactorily explains the source of the said cash, disclosure of said amount in his return of income, the seized cash can be released in favour of such person are all hereby denied as absolutely false, baseless, untenable and absurd. However, the Income Tax Authorities are put to strict proof of the same.

21. Further, the petitioner No.1 has reiterated contents of the application filed under section 497 of BNSS 2023 as part of its objection. On this ground the petitioner No.1



prays to dismiss the application filed by petitioner No.2/rival claimant.

22. Points that arises for my consideration:-

### **POINTS**

**1. Whether petitioner No.1 by name M/s Mectech Firm, represented by its sole proprietress Smt. Neena Kamalesh W/o Kamalesh Shah has made out grounds to release the seized amount of Rs.3,99,05,000/- to her interim custody as prayed for?**

**2. Whether petitioner No.2 rival claimant has made out grounds to release the seized amount of Rs.3,99,05,000/- to its interim custody as prayed for?**

**3. What Order?**

23. Heard and perused materials on record.

24 . My findings on the above point:-

Point No.1 : In the **NEGATIVE.**



Point No.2 : In the **AFFIRMATIVE.**

Point No.3 : **As per the final order  
for the following:-**

### **REASONS**

25. **POINT NO.1 and 2 :-** These points are taken together in order to avoid repetition of facts. In this case there are two applications are filed by the petitioner No.1 and 2 as above named seeking for release of seized amount in their favour respectively. The M/s Mectec Firm, represented by its sole proprietress Smt. Neena Kamalesh W/o Kamalesh Shah is arrayed as petitioner no.1 and another one rival claimant is arrayed as petitioner no.2. While going through materials on record the amount involved and seized under P.F.No.159/2025 is cash of Rs.3,99,05,000/- from the complainant by the Virajpet Rural Police Station. In this case the police have filed final report. The Investigation is completed.



26. I have heard from both the side petitioners and learned APP. Learned Assistant Public Prosecutor has filed objection to the application contending that the amount involved is a very much huge amount. There are no documents are produced regarding payment of tax to the Income Tax Department. The said amount shall be transferred to the Income Tax Department.

27. While pending of the application filed by the petitioner no.1 this court has got issued notice to the Income Tax Department regarding objections if any for release of seized money in favour of the petitioner no.1. The Income Tax Department official ie., Deputy Director of Income Tax (Investigation), Hassan, Irkur, Belur, Vijayanagar, Hassan has appeared before the court through its counsel and filed application under section



497 read with section 503 of Bharatiya Nagarik Suraksha Sanhita. They have contended that the amount involved in this case has to be inquired to the petitioner No.1. The Department has issued summons under Section131(1)(A) to the complainant to provide explanation regarding the source of seized cash. The complainant has failed to respond the notice. The amount seized is unaccounted money and proper source of cash is not explained by the complainant. Therefore, they sought to release the amount in favour of the Income Tax Department.

28. On the other hand, the petitioner no.1 by name M/s Mectec firm has filed detailed objection to the said application stating that the notice issued to the complainant is not known to the petitioner No.1. The entire contents of the application filed by the Income Tax



Department denied by the petitioner. It is further, submitted that the applicant is firm and it has various branches all over India. The Firm intended to purchase gold from Lahu K.P through its employees. It is further contended that the applicant has produced documents like balance sheet for the year 2024-2025. The cash on hand shows Rs.49,91,34,810/-. The applicant M/s Mectec firm responded by its proprietor Smt. Neena Kamalesh is the owner of the seized amount and prayed to release the said entire amount in favour of the General Power of Attorney holder.

29. I have gone through the entire materials on record and documents produced by the both the side.

30. The learned counsel for petitioner no.1 argued that the amount seized in the custody of the driver. The



Income Tax Department has not issued notice to the petitioner No.1. Therefore, the petitioner no.1 has not knew issuance of notice to the complainant. The petitioner no.1 is a merchant and he is having various branches all over India. The petitioner No.1 used to purchase agricultural products from the agriculturist. Therefore, the huge cash was in possession for purchase of goods. On all these grounds the counsel prayed to allow the application and dismissed application filed by the Income Tax department.

**31. The petitioner no.1 has produced following documents:-**

1. Copy of General Power of Attorney.
2. Copy of pan card of Neena Shah.
3. Copy of Aadhar card of Neena Shah.
4. Copy of Aadhar card of Kamalesh Shah.



5. Copy of Aadhar card of Kamalesh Shah.
  6. Copy of certificate of registration.
  7. Copy of Income Tax letter.
  8. Copy of Statement furnished by Income Tax Department.
  9. Copy of Balance sheet.
  10. Copy of Income Tax assessment year 2022-23.
  11. Copy of Balance sheet dated 31.03.2022.
  12. Copy of letter dated.03.04.2024.
  13. Copy of challan receipt of Income Tax Department.
  14. Copy of Balance sheet dated 31.03.2024.
  15. Copy of Balance sheet dated 31.03.2024.
- (Additional documents)
16. Copy of chart in respect of cash withdraw by the applicant firm.(2 in no.s).



17. Copy of receipt date: 14.08.2025 in respect of in Crime No.7/2021.
18. Account statement of the applicant firm( 7 in no's).
19. Copy of cheque issued by Government of Kerala in favour of Kamlesh Shah.
20. Copy of common order dated: 05.08.2025 in Crime No.365/2025.
21. Copy of order dated: 05.06.2020 in Cr.M.P. No.1506/2020(High Court of Rajasthan at Jaipur).
22. Bank statemet of Idusind Bank of applicant Neena Kamlesh Shah.
23. Order dated: 31.12.2019 in appeal no. 256/18-19 by the office of the Commissioner of Income Tax, Jodpur.
24. Order dated: 28.12.2020 in writ petition no.23023/2019 High Court of Thelangana.



25. Writ petition order dated: 10.07.2025 in Criminal Petition 11391/2024 C/W 17204/2024 (GM.Res).
26. Copy of order dated: 01.08.2023 in Writ Petition No.5204/2019.
27. Copy of the order dated: 03.11.2020 in Criminal Petition No.6899/2016.
28. Copies of I.T returns of applicant firm.
29. Check slip dated:29.09.2025.
30. Copy of orders dated:21.08.2025 in CrI.Misc.Pet.No. 4066/2024 before the Court of Sessions Palakkad Division.
31. Common order on applications filed by the Special APP under Sec. 132A of The Income Tax Act 1961 R/W Section 451 of Cr.P.C and application under section 452 of Cr.P.C by the firm.



32. Representation dated:29.01.2025 to Deputy Director of Income Tax, Ahamedabad.

32. On the other hand, counsel for rival claimant argued before the court that the company is bogus company and produced documents with memo. It is contended that the present General Power of Attorney holder of petitioner no.1 in inquiry conducted by Income Tax Department has admitted that he is not having business. The cash seized by the various enforcement agencies does not belong to him. The petitioner no.1 has admitted that by fabricating documents he is claiming amount in various cases before the Income Tax department. In support of arguments the petitioner No.2 has produced documents with list.



33. On going through materials available on record the amount seized by the Virajpet Rural Police Station in this case is huge amount. Petitioner No.1 and 2 seeking to release the seized amount in their interim custody respectively. I have gone through entire documents placed before the court by petitioner No.1 and 2. It is very much clear from the provisions of Income Tax Act under section 269 SS and section 269 ST, it prohibits individuals or entities from cash payment exceeding Rs.2,00,000/- from single source in one day, even if the amount is split across multiple transaction or pertains to a particular event or occasion. This restriction aims to prevent income concealment, reduce black money circulation and uphold financial integrity in the economy of our Country. Moreover, in the application petitioner no.1 stated that petitioner No.1 is going to purchase gold



and not any agricultural products. As such, this is not forum to decide whether the amount seized by the Police in this case either unaccountable or accountable money. The appropriate forum is Income Tax department i.e., petitioner No.2. The petitioner No.2 in the application itself admitted that after due verification of documents they will release the seized amount in favour of petitioner No.2. As above discussed, this court opines to release the amount in favour of the Income Tax Department i.e., petitioner No.2. The petitioner no.1 i.e., M/s Mectech firm is hereby directed to agitate its right before the Income Tax department by producing documents. Therefore, I am of the opinion that the application filed by the petitioner No.2 deserves to be allowed and application filed by petitioner No.1 is deserves to be rejected.



**Accordingly, I am answered Point No.1 in the NEGATIVE and Point No.2 in the AFFIRMATIVE.**

36. **POINT NO.3:-** In view of my finding to points No.1 and 2, I proceed to pass the following...

**O R D E R**

**The application filed by the petitioner no.1 by name M/s Mectec Firm, represented by its sole proprietress Smt. Neena Kamalesh W/o. Kamalesh Shah under section 497 and 503 of B.N.S.S is hereby dismissed.**

**The application filed by the petitioner No.2/rival claimant the Deputy Director of Income Tax Department, Hassan under section 497 and 503 of B.N.S.S is hereby allowed.**



**The investigation officer is directed to release seized amount to the interim custody of petitioner no.2 i.e., the Deputy Director of Income Tax Department, Hassan with the following...**

**CONDITIONS:**

- 1. The petitioner no.2 shall execute an Indemnity bond for a sum of Rs. 4,00,00,000/- (Rupees Four Crores) along with one surety for like-sum.**
- 2. The authorized person of petitioner no.2 shall file an affidavit before the court under taking to produce the said amount as and when directed by the court.**

(Directly dictated to the stenographer on computer, print out taken by her, then corrected, signed and pronounced by me in open court on this the 05<sup>th</sup> day of March 2026).

**sd/-**

**C/C Addl. Civil Judge and JMFC  
Virajpet.**