

**IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD**

FRIDAY, THE NINETEENTH DAY OF JUNE
TWO THOUSAND AND TWENTY SIX

PRESENT

**THE HON'BLE SRI JUSTICE P.SAM KOSHY
AND
THE HON'BLE SRI JUSTICE SUDDALA CHALAPATHI RAO**

**Civil Miscellaneous Second Appeal Nos.30, 31, 32 & 33 OF 2019
AND
Civil Miscellaneous Second Appeal Nos.1, 2, 3, 4 & 5 OF 2020**

CMSA NO: 30 OF 2019

Appeal under Section 42 of PMLA, 2002 aggrieved by the Judgment dated 30-07-2019 passed in Appeal No.FPA-PMLA-725/DLI/2014 on the file of the Appellate Tribunal, New Delhi, preferred against the order passed in Original Complaint No.276/2014 on the file of the Adjudicating Authority, New Delhi.

Between:

Enforcement Directorate, Represented by the Deputy Director, Govt. of India, Shakar Bhavan, 3rd Floor, Basheerbagh, Hyderabad - 500 004.

...APPELLANT/Respondent

AND

M/s G2 Corporate Services LLP. #1-1-151 & 1-1-151/1, 6th Floor, Sairam Towers, Alexander Road, Secunderabad -500 003.

...RESPONDENT/Appellant

I.A. NO: 2 OF 2019

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay the operation of the orders dated 26.07.2019 in FPA-PMLA-752/DLI/2014 passed by the Appellate Tribunal under the provisions of Prevention of Money Laundering Act, 2002 pending disposal of the CMSA.

I.A. NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspension the operation of the orders dated 26-07-2019 in FPA-PMLA-753/DLI/2014 passed by the Appellate Tribunal under the provisions of prevention of Money laundering Act, 2002 pending disposal of CMSA and Hon'ble High Court may be pleased to suspend

the proceedings arising from the execution application filed before the Hon'ble Appellate Tribunal.

Counsel for the Appellant: Sri B. Narasimha Sarma, Additional Solicitor General of India appearing for Mr. Anil Prasad Tiwari (Standing Counsel for Enforcement Directorate)

Counsel for the Respondent: Mr. S. Niranjan Reddy, Senior Counsel appearing for Mr. Tarun G. Reddy

CMSA NO: 31 OF 2019

Appeal under Section 42 of PMLA, 2002 aggrieved by the Judgment dated 30-07-2019 passed in Appeal No.FPA-PMLA-755/DLI/2014 on the file of the Appellate Tribunal, New Delhi, preferred against the order passed in Original Complaint No.276/2014 on the file of the Adjudicating Authority, New Delhi.

Between:

Enforcement Directorate, Represented by the Deputy Director, Govt. of India, Shakar Bhavan, 3rd Floor, Basheerbagh. Hyderabad -500 004.

...APPELLANT/Respondent

AND

M/s Suguni Constructions LLP.

1-1-151 & 1-1-151/1, 6th Floor, Sairam Towers, Alexander Road, Secunderabad - 500 003.

...RESPONDENT/Appellant No 5

I.A. NO: 2 OF 2019

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay the operation of the orders dated 26.07.2019 in FPA-PMLA-755/DLI/2014 passed by the Appellate Tribunal under the provisions of Prevention of Money Laundering Act, 2002 pending disposal of the CMSA.

I.A. NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the operation of the orders dated 26-07-2019 in FPA-PMLA-753/DLI/2014 passed by the Appellate Tribunal under the provisions of prevention of Money Laundering Act, 2002 pending disposal of CMSA and Hon'ble High Court may be pleased to suspend the proceedings arising from the execution application filed before the Hon'ble Appellate Tribunal.

Counsel for the Appellant: Sri B. Narasimha Sarma, Additional Solicitor General of India appearing for Mr. Anil Prasad Tiwari (Standing Counsel for Enforcement Directorate)

Counsel for the Respondent: Mr. S. Niranjan Reddy, Senior Counsel appearing for Mr. Tarun G. Reddy

CMSA NO: 32 OF 2019

Appeal under Section 42 of PMLA, 2002 aggrieved by the Judgment dated 30-07-2019 passed in Appeal No.FPA-PMLA-670/DLI/2014 on the file of the Appellate Tribunal, New Delhi, preferred against the order passed in Original Complaint No.276/2014 on the file of the Adjudicating Authority, New Delhi.

Between:

Enforcement Directorate, Represented by the Deputy Director, Govt. of India, Shakar Bhavan, 3rd Floor, Basheerbagh, Hyderabad - 500 004.

...APPELLANT/Respondent

AND

M/s Jagati Publications Limited.

6-3-249/1, Sakshi Towers, Road No.1, Banjara Hills, Hyderabad - 500 034.

...RESPONDENT/Appellant

I.A. NO: 2 OF 2019

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay the operation of the orders dated 26.07.2019 in FPA-PMLA-670/DLI/2014 passed by the Appellate Tribunal under the provisions of Prevention of Money Laundering Act, 2002 pending disposal of the CMSA.

Counsel for the Appellant: Sri B. Narasimha Sarma, Additional Solicitor General of India appearing for Mr. Anil Prasad Tiwari (Standing Counsel for Enforcement Directorate)

**Counsel for the Respondent: Mr. S. Niranjan Reddy, Senior Counsel appearing for Mr. Tarun G. Reddy
Sri N. Naveen Kumar**

CMSA NO: 33 OF 2019

Appeal under Section 42 of PMLA, 2002 aggrieved by the Judgment dated 30-07-2019 passed in Appeal No.FPA-PMLA-753/DLI/2014 on the file of the Appellate Tribunal, New Delhi, preferred against the order passed in Original Complaint No.276/2014 on the file of the Adjudicating Authority, New Delhi.

Between:

Enforcement Directorate, Represented by the Deputy Director, Govt. of India, Shakar Bhavan, 3rd Floor, Basheerbagh, Hyderabad - 500 004.

...APPELLANT/Respondent

AND

M/s. Gilchrist Investments Private Limited.

#1-1-151/1, 6th Floor, Sairam Towers, Alexander Road, Secunderabad - 500 003.

...RESPONDENT/Appellant

I.A. NO: 2 OF 2019

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay the operation of the orders dated 26.07.2019 in FPA-PMLA-753/DLI/2014 passed by the Appellate Tribunal under the provisions of Prevention of Money Laundering Act, 2002 pending disposal of the CMSA.

I.A. NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspension the operation of the orders dated 26-07-2019 in FPA-PMLA-753/DLI/2014 passed by the Appellate Tribunal under the provisions of prevention of Money laundering Act, 2002 pending disposal of CMSA and Hon'ble High Court may be pleased to suspend the proceedings arising from the execution application filed before the Hon'ble Appellate Tribunal.

Counsel for the Appellant: Sri B. Narasimha Sarma, Additional Solicitor General of India appearing for Mr. Anil Prasad Tiwari (Standing Counsel for Enforcement Directorate)

Counsel for the Respondent: Mr. S. Niranjan Reddy, Senior Counsel appearing for Mr. Tarun G. Reddy

CMSA NO: 1 OF 2020

Appeal under Section 42 of PMLA, 2002 aggrieved by the Judgment dated 30-07-2019 passed in Appeal No.FPA-PMLA-751/DLI/2014 on the file of the Appellate Tribunal, New Delhi, preferred against the order passed in Original Complaint No.276/2014 on the file of the Adjudicating Authority, New Delhi.

Between:

Enforcement Directorate, represented by the Deputy Director, Govt. of India, Shakar Bhavan, 3rd Floor, Basheerbagh, Hyderabad - 500 004.

...APPELLANT

AND

M/s Alpha Avenue Private Limited, 1-1-151 and 1-1-151/1, Ground Floor, Sairam Towers, Alexander Road, Secunderabad - 500 003.

...RESPONDENT

I.A. NO: 2 OF 2020

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay the operation of the orders dated 26.07.2019 in FPA-PMLA-751/DLI/2014 passed by the Appellate Tribunal under the provisions of Prevention of Money Laundering Act, 2002 pending disposal of the CMSA.

I.A. NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspension the operation of the orders dated 26-07-2019 in FPA-PMLA-753/DLI/2014 passed by the Appellate Tribunal under the provisions of prevention of Money laundering Act, 2002 pending disposal of CMSA and Hon'ble High Court may be pleased to suspend the proceedings arising from the execution application filed before the Hon'ble Appellate Tribunal.

Counsel for the Appellant: Sri B. Narasimha Sarma, Additional Solicitor General of India appearing for Mr. Anil Prasad Tiwari (Standing Counsel for Enforcement Directorate)

Counsel for the Respondent: Mr. S. Niranjan Reddy, Senior Counsel appearing for Mr. Tarun G. Reddy

CMSA NO: 2 OF 2020

Appeal under Section 42 of PMLA, 2002 aggrieved by the Judgment dated 30-07-2019 passed in Appeal No.FPA-PMLA-671/DLI/2014 on the file of the Appellate Tribunal, New Delhi, preferred against the order passed in Original Complaint No.276/2014 on the file of the Adjudicating Authority, New Delhi.

Between:

Enforcement Directorate, Represented by the Deputy Director, Govt. of India, Shakar Bhavan, 3rd Floor, Basheerbagh, Hyderabad - 500 004.

...APPELLANT

AND

M/s Carmel Asia Holdings Private Limited, 56B, 34, 1st Main Road, Sadashiva Nagar, Guttahalli, Bengaluru - 560 003.

...RESPONDENT

I.A. NO: 2 OF 2020

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay the Operation of the Orders dated 26.07.2019 in FPA - PMLA - 671/DLI/2014 passed by the Learned Appellate Tribunal under Prevention of Money Laundering Act, 2002, pending disposal of the CMSA.

Counsel for the Appellant: Sri B. Narasimha Sarma, Additional Solicitor General of India appearing for Mr. Anil Prasad Tiwari (Standing Counsel for Enforcement Directorate)

**Counsel for the Respondent: Mr. S. Niranjan Reddy, Senior Counsel appearing for Mr. Tarun G. Reddy
M/s. Divya Adepu**

CMSA NO: 3 OF 2020

Appeal under Section 42 of PMLA, 2002 aggrieved by the Judgment dated 30-07-2019 passed in Appeal No.FPA-PMLA-668/DLI/2014 on the file of the Appellate Tribunal, New Delhi, preferred against the order passed in Original Complaint No.276/2014 on the file of the Adjudicating Authority, New Delhi.

Between:

Enforcement Directorate, Represented by the Deputy Director, Govt. of India, Shakar Bhavan, 3rd Floor, Basheerbagh, Hyderabad -500 004.

...APPELLANT

AND

Shri Y S Jagan Mohan Reddy. S/o Late Y S Rajasekhar Reddy, Aged about 46 years, R/o 269/S/98, H.No.45, Park Ville, Tadepally, Guntur District, Andhra Pradesh -585 304.

...RESPONDENT

I.A. NO: 2 OF 2020

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay the operation of the orders dated 26.07.2019 in FPA-PMLA-668/DLI/2014 passed by the Appellate Tribunal under the provisions of Prevention of Money Laundering Act, 2002 pending disposal of the CMSA.

Counsel for the Appellant: Sri B. Narasimha Sarma, Additional Solicitor General of India appearing for Mr. Anil Prasad Tiwari (Standing Counsel for Enforcement Directorate)

**Counsel for the Respondent: Mr. S. Niranjan Reddy, Senior Counsel appearing for Mr. Tarun G. Reddy
Sri N. Naveen Kumar**

CMSA NO: 4 OF 2020

Appeal under Section 42 of PMLA, 2002 aggrieved by the Judgment dated 30-07-2019 passed in Appeal No.FPA-PMLA-754/DLI/2014 on the file of the Appellate Tribunal, New Delhi, preferred against the order passed in Original Complaint No.276/2014 on the file of the Adjudicating Authority, New Delhi.

Between:

Enforcement Directorate, Represented by the Deputy Director, Govt. of India, Shakar Bhavan, 3rd Floor, Basheerbagh, Hyderabad -500 004.

...APPELLANT

AND

M/s Alpha Villas Private Limited.

#1-1-151 & 1-1-151/1, Ground Floor, Sairam Towers, Alexander Road, Secunderabad - 500 003.

...RESPONDENT

I.A. NO: 2 OF 2020

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay the operation of the orders dated 26.07.2019 in FPA-PMLA-754/DLI/2014 passed by the Appellate Tribunal under the provisions of Prevention of Money Laundering Act, 2002 pending disposal of the CMSA.

I.A. NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the operation of the orders dated 26-07-2019 in FPA-PMLA-753/DLI/2014 passed by the Appellate Tribunal under the provisions of prevention of Money laundering Act, 2002 pending disposal of CMSA and Hon'ble High Court may be pleased to suspend the proceedings arising from the execution application filed before the Hon'ble Appellate Tribunal.

Counsel for the Appellant: Sri B. Narasimha Sarma, Additional Solicitor General of India appearing for Mr. Anil Prasad Tiwari (Standing Counsel for Enforcement Directorate)

Counsel for the Respondent: Mr. S. Niranjan Reddy, Senior Counsel appearing for Mr. Tarun G. Reddy

CMSA NO: 5 OF 2020

Appeal under Section 42 of PMLA, 2002 aggrieved by the Judgment dated 30-07-2019 passed in Appeal No.FPA-PMLA-673/DLI/2014 on the file of the Appellate Tribunal, New Delhi, preferred against the order passed in Original Complaint No.276/2014 on the file of the Adjudicating Authority, New Delhi.

Between:

Enforcement Directorate, Represented by the Deputy Director, Govt. of India, Shakar Bhavan, 3rd Floor, Basheerbagh, Hyderabad -500 004.

...APPELLANT /Respondent

AND

Shri Nimmagadda Prasad, #1-1-151/1, Ground Floor, Sairam Towers, Alexander Road, Secunderabad - 500 003.

...RESPONDENT/Appellant

I.A. NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the operation of the orders dated 26-07-2019 in FPA-PMLA-753/DLI/2014 passed by the Appellate Tribunal under the provisions of prevention of Money laundering Act, 2002 pending disposal of CMSA and Hon'ble High Court may be pleased to suspend the proceedings arising from the execution application filed before the Hon'ble Appellate Tribunal.

I.A. NO: 1 OF 2020

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay the operation of the orders dated 26.07.2019 in FPA-PMLA-673/DLI/2014 passed by the Appellate Tribunal under the provisions of Prevention of Money Laundering Act, 2002 pending disposal of the CMSA.

Counsel for the Appellant: Sri B. Narasimha Sarma, Additional Solicitor General of India appearing for Mr. Anil Prasad Tiwari (Standing Counsel for Enforcement Directorate)

Counsel for the Respondent: Mr. S. Niranjan Reddy, Senior Counsel appearing for Mr. Tarun G. Reddy

The Court delivered the following: COMMON JUDGMENT

**IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD**

THE HON'BLE SRI JUSTICE P.SAM KOSHY

AND

THE HON'BLE SRI JUSTICE SUDDALA CHALAPATHI RAO

Civil Miscellaneous Second Appeal Nos.30, 31, 32 & 33 of 2019

and

Civil Miscellaneous Second Appeal Nos.1, 2, 3, 4 & 5 of 2020

DATE: 19.06.2026

Between:

Enforcement Directorate,
Represented by its Deputy Director,
Govt. of India,
Shakar Bhavan, 3rd Floor,
Basheerbagh, Hyderabad - 500 004.

...Appellant

AND

M/s. G2 Corporate Services LLP.,
#1-1-151 & 1-1-151/1, 6th Floor,
Sairam Towers, Alexander Road,
Secunderabad - 500 003 and others.

...Respondents

COMMON JUDGMENT: *(per the Hon'ble Sri Justice P.Sam Koshy)*

Heard B.Narasimha Sarma, learned Additional Solicitor General
of India appearing for Mr. Anil Prasad Tiwari, learned Standing Counsel
for Enforcement Directorate; and Mr. S.Niranjan Reddy, learned Senior

Counsel appearing for Mr. Tarun G.Reddy, learned counsel for the respondents.

2. Since the *lis* involved in this batch of appeals being common, they are heard together and are decided by this Common Judgment.

3. For convenience, the facts in C.M.S.A.No.30 of 2019 are discussed hereunder.

4. The instant is an appeal filed by the appellant / Enforcement Directorate under Section 42 of the Prevention of Money Laundering Act, 2002 (for short, 'PMLA Act') assailing the order dated 26.07.2019, passed by the Appellate Tribunal for PMLA Act at New Delhi, in FPA-PMLA-752/DLI/2014.

5. The brief facts of the case are that a Special Purpose Vehicle was constituted for the implementation of the Vodarevu and Nizampatnam Ports and Industrial Corridor Project (for short "VANPIC Project"). The VANPIC Project was a Government-to-Government initiative conceptualized pursuant to an arrangement between the Government of Andhra Pradesh and the Government of *Ras al Khaimah*, one of the Emirates of the United Arab Emirates. For the purposes of VANPIC

Project, VANPIC Ports Private Limited and another Special Purpose Vehicle, namely VANPIC Projects Pvt. Ltd., acquired a total extent of 13,221.69 acres of land, comprising both assigned land and *patta* land.

6. That in the year 2011, the erstwhile High Court of Andhra Pradesh, *vide* its order dated 10.08.2011 in W.P.No.974 of 2011, directed the Central Bureau of Investigation (CBI) to conduct an investigation into the allegations that certain investments, allegedly in the nature of bribes, were made into the companies allegedly controlled by Mr. Y.S. Jagan Mohan Reddy, son of late Dr. Y.S. Rajshekhar Reddy, the then Hon'ble Chief Minister of Andhra Pradesh. The High Court further specifically directed the CBI and the Enforcement Directorate (ED) to segregate genuine investors from those implicated in the alleged illegal transactions involving the companies owned by Mr. Y.S. Jagan Mohan Reddy. Accordingly, as per the aforesaid orders of the High Court, the CBI registered an FIR bearing RC.No.19(A)/2011-CBI-Hyd, dated 17.08.2011, under Section 120B read with Section 420, 409 & 477-A of Indian Penal Code, 1860 (for short 'IPC') and Section 13(2) read with Section 13(1)(c)&(d) of Prevention of Corruption Act, 1988, against Mr. Y.S. Jagan Mohan Reddy and others.

7. It was alleged in the FIR that the Government of Andhra Pradesh under the leadership of late Dr. Y.S. Rajshekhar Reddy, the then Chief Minister of Andhra Pradesh, extended various favours / benefits / concessions to certain private individuals / companies as a *quid-pro-quo* for investments made by such individuals and corporate entities in the companies promoted by Mr. Y.S. Jagan Mohan Reddy.

8. Subsequently, the ED registered ECIR No.09/HZO/2011, dated 30.08.2011, for investigation under the provisions of the PMLA Act. Thereafter, the CBI filed several charge sheets pursuant to the FIR lodged by it in respect of each instance of the alleged *quid-pro-quo*. The present case pertains to VANPIC Projects, in respect of which the CBI filed a charge sheet dated 13.08.2012, for alleged offences under Section 120B read with Sections 409, 420, 467, 468, 471 and 477A of IPC; however, VANPIC Projects was not arrayed as an accused in the said charge sheet.

9. On the basis of CBI's charge sheet dated 13.08.2012, the Enforcement Directorate issued the Provisional Attachment Order No.01 of 2014, dated 04.03.2014, whereby 1416.91 acres of land forming part

of VANPIC Project was provisionally attached. Thereafter, the ED filed OC.No.276 of 2014, dated 27.03.2014, to which the respondent and others filed their reply. Following this, the Adjudicating Authority confirmed the Provisional Attachment Order dated 04.03.2014. Aggrieved the respondent preferred an appeal before the Appellate Tribunal which was registered as FPA-PMLA-752/DLI/2014. While the aforesaid appeal was pending, the ED passed another provisional attachment order i.e. Provisional Attachment Order No.06 of 2017, dated 28.07.2017, attaching the remaining 11804.78 acres of land, which forms part of VANPIC Project, in addition to the earlier attachment.

10. After hearing the parties, the learned Appellate Tribunal for PMLA in Appeal No.FPA-PMLA-752/DLI/2024, passed a common order on 26.07.2019, which is the impugned order in the present appeal partly allowing the appeal, copy of which was served upon the respondent only on 26.08.2019. While partly allowing the appeal, the learned Appellate Tribunal passed an order directing the respondent to furnish indemnity bond as surety amount with an undertaking that, in the event if the final order is passed by the Court under PMLA against the appellant, they shall secure the said amount with the appellant, i.e., the respondent

before the appellate authority. Rest of the order of attachment of the properties was set aside and the properties were ordered to be released. It is this order which is under challenge by the Department of Enforcement Directorate through the present CMSA under Section 42 of the PMLA.

11. The contention of the appellant in the present appeal is that the Tribunal for PMLA passed the impugned order which is contrary to the scheme of PMLA, 2002 whereby the Tribunal had rendered the entire order passed by the appellate authority as also the order by way of attachment under the PMLA, 2002, a nullity in the eye of law. It was the further contention of the learned counsel for the appellant that the Tribunal has failed to take into consideration the submissions which the enforcement directorate had been contending all along right from the time when the provisional attachment proceedings were initiated before the appellate authority as also before the Tribunal. It was the further contention of the learned counsel for the appellant that the Tribunal had also ignored the aspect of the adjudicating authority having conducted a detailed hearing on various dates and after thoroughly examining all the pleas raised by both parties before the authority, and the adjudicating

authority had only thereafter passed an elaborate order on 19.08.2014; all of which was not properly appreciated or looked upon by the Tribunal while passing the impugned order. It was also the further contention of the learned counsel for the appellant that perusal of the impugned order passed by the Appellate Tribunal would go to show that in fact the contentions which were discussed, deliberated and decided by the adjudicating authority as also by the appellate authority have not been the point of consideration while passing the impugned order and thus it could be safely contended that the order is a non-speaking order deserving to be set aside.

12. Learned counsel for the appellant further contended that the Tribunal had erred inasmuch as not appreciating the fact that Sri Y.S. Jagan Mohan Reddy, son of the then Hon'ble Chief Minister, Sri Y.S. Rajashekar Reddy, had not invested any amount in M/s.Bharati Cement Corporation Private Limited except for the funds those were received from Sri Nimmagadda Prasad and thus the cement factory was set up based upon the purported investments made at exorbitant premiums from Sri Nimmagadda Prasad and others. It was also the contention of the learned counsel for the appellant that the Tribunal also failed to consider

the aspect that the respondent herein, i.e., M/s.G2 Corporate Services LLP, of having actually involved in transfer of proceeds of crime from Sri Nimmagadda Prasad to Sri Y.S. Jagan Mohan Reddy, of the then Hon'ble Chief Minister, Sri Y.S. Rajashekar Reddy.

13. As regards the PAO is concerned, learned counsel for the appellant contended that the Tribunal had failed to appreciate the procedure that was followed by the adjudicating authority insofar as issuance of show-cause notice under Section 8(1) of the PMLA-II and also at the time of receipt of provisional attachment order and the original complaint. He further contended that the PAO as also the original complaint produced before the adjudicating authority had sufficient material to form sufficient reasons to believe and therefore it need not be mentioned for the second time in the show-cause notice issued under Section 8(1) of the PMLA-II to the respondent; and therefore, contended that the finding arrived at by the Tribunal in this regard also is unsustainable.

14. *Per contra*, learned counsel for the respondent contended that the impugned order does not warrant interference for the reason that it had already been subjected to scrutiny on more than a couple of occasions more particularly in CMSA.No.76 of 2020, CMSA.No.8 of 2020 and

CMSA.No.9 of 2020, wherein the very same order in respect of a different entity was put to test and the appeal preferred by the Enforcement Directorate in all the second appeals stood rejected. It was the contention of the learned counsel for the respondent that a learned Division bench of this Court on three different occasions having considered the same and had decided the issue, and thus contended that Judicial propriety does not permit this Court to take a different view. It was also contended by the learned counsel for the respondent that a bare perusal of the impugned order would go to show that the Tribunal vide the impugned order had thread-bare gone into the entire factual matrix of the case and had thereafter reached to the conclusion that there are ample lapses which are reflected from the proceedings drawn by the appellant including the allegation of pick and chose and the proceedings are drawn only against selected person thereby, the action is in violation of Article 14 of the Constitution of India, and for all this the Tribunal had rightly reached to the conclusion.

15. Lastly, it was contended that even though the Tribunal had passed an order in favour of respondent, the Court in order to ensure that sufficient safety and security is taken care of ensuring the proceedings

still pending before the concerned PMLA Court, had ordered the parties to furnish indemnity bond of sufficient amount with the respondent which would remain as a guarantee in the event if the proceedings are decided against the respondent wherein the appellant herein can secure the said amount.

16. Having heard the contentions and on a perusal of the records, what is clearly culled out is that the Tribunal vide the impugned order dated 26.07.2019 had partly allowed a batch of appeals which were filed by the appellant and all of which have been under challenge before the High Court viz., CMSA.No.30 of 2019, CMSA.No.31 of 2019, CMSA.No.32 of 2019 and CMSA.No.33 of 2019; CMSA.No.1 of 2020, CMSA.No.2 of 2020, CMSA.No.3 of 2020, CMSA.No.4 of 2020, CMSA.No.5 of 2020, CMSA.No.6 of 2020, CMSA.No.8 of 2020 and CMSA.No.9 of 2020. From the information made available to this Bench, it has been informed that a batch of three appeals, viz., CMSA.No.6 of 2020, CMSA.No.8 of 2020 and CMSA.No.9 of 2020 stood allowed, where the High Court dismissed the appeal preferred by the Enforcement Directorate. From the remaining nine appeals, in five appeals, viz., CMSA.No.31 of 2019, CMSA.No.33 of 2019, CMSA.No.1 of 2019,

CMSA.No.4 of 2020 and CMSA.No.5 of 2020, this High Court had already ordered for releasing the attached property on furnishing an indemnity bond to the extent of value of the attached property. The three appeals which were dismissed by the High Court confirming the order passed by the Tribunal, CMSA.No.6 of 2020, CMSA.No.8 of 2020 and CMSA.No.9 of 2020 have arisen out of the proceedings drawn against M/s.Vanpic Projects Pvt. Ltd.

17. It would be relevant at this juncture to take note of the three appeals which stand adjudicated upon by this High Court in CMSA.Nos.6, 8 and 9 of 2020. The judgment under challenge in those three appeals was flowing from the very same common order passed by the Tribunal. The allegations and counter-allegations were almost similar in all the appeals including the present one. The stand taken by the appellant as also the respective respondents were also similar and therefore the Tribunal had also proceeded to decide all the twelve appeals by one common order. Whether the finding given by the Tribunal in the course of passing of the impugned order was proper, legal and justified or not had been dealt with by this Court in the case of

Vanpic Ports Private Limited vs. Directorate of Enforcement¹. A learned Division Bench of this High Court, while referring to Section 5(1) of the PMLA, reached to the conclusion that the necessity of recording *reason to believe* is not reflected in the provisional attachment order. For ready reference, the relevant portion thereof is extracted hereunder, viz.,

"67. Let us now deal with the provisional attachment order passed under sub-section (1) of Section 5. After adverting to the factual backdrop and referring to the provisions of PMLA including Section 5(1), Joint Director, Enforcement Directorate held as follows:

"21. NOW THEREFORE, on the basis of material in my possession as per Annexure-R and in exercise of the powers conferred upon me under section 5(1) of 'the PMLA, 2002' (15 of 2003), the authority vested in me by the Authorisation dated 07.02.2007 and its addendum dated 12.10.2011 issued by the Director of Enforcement in exercise of his powers under sub-section (1) of section 5 of 'the PMLA 2002' (15 of 2003), I hereby order for provisional attachment of the properties as per Annexure - 'A' and further order that the same shall not be transferred, disposed, parted with or otherwise dealt with in any manner, whatsoever, by the holders having ownership and/or possession until or unless specially permitted to do so by the undersigned."

68.. Thus, the Joint Director held that on the basis of material in his possession and exercising powers conferred upon him under Section 5(1) of PMLA and on the basis of the authority vested in him, he ordered provisional

¹ 2022 SCC OnLine TS 1793

attachment of the properties as per Annexure A. In so far the appellant i.e., VANPIC Ports Private Limited is concerned, the property attached by the Joint Director is at Sl.No.35 of Annexure A and reads as under:

35.	561.1996 acres of land in Prakasham district in Andhra Pradesh as per Annexure - L enclosed with the attachment order	M/s.Vanpic Ports Pvt. Ltd.	Rs.23.23 crore
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69. From the above it is evident that the Joint Director while exercising power under Section 5(1) failed to record his reason to believe (there is no reference to it in the provisional attachment order) that petitioner is in possession of proceeds of crime in the form of the attached property and that such proceeds of crime are likely to be concealed etc., which may frustrate any proceeding relating to confiscation of such proceeds of crime.

70. The above order of provisional attachment was forwarded by the Joint Director to the adjudicating authority by way of a complaint under sub-section (5) of Section 5 of PMLA which was numbered as O.C.No.276 of 2014. By the order dated 19.08.2014, the provisional attachment order was confirmed. Before the adjudicating authority an argument was advanced on behalf of the appellant that there were no reason to believe for provisional attachment under sub-section (1) of Section 5. In the absence of reason to believe attachment could not be sustained. To this, adjudicating authority in paragraphs 4 and 5 of the adjudication order mentioned that as per the provisions of Section 5 of PMLA reasons are required to be recorded in writing by the complainant (attaching authority) but these are not required to be conveyed to the defendant. Similarly, no reasons are required to be either recorded in writing or conveyed to the defendant under Section 8 by the adjudicating authority

18. Likewise, referring to paragraph nos.74 and 84 of the impugned order passed by the Tribunal, the Division Bench, in the case of **Vanpic Ports Private Limited (supra)**, held at paragraph Nos.72 and 73 of the above judgment as under, viz.,

"72. In paragraph 74 of the impugned order dated 26.07.2019, Appellate Tribunal noted that the Joint Director i.e., the attaching authority did not record valid reason to believe as per requirement of Section 5(1). After extracting paragraph 21 of the provisional attachment order, Appellate Tribunal noted that the provisional attachment order merely paraphrases the language of the section as a mere formality which does not amount to valid reason to believe. It was held as follows:

"74. From the Provisional Attachment Order in the present appeals, it is evident that the Respondent No.1, i.e. the Joint Director, Directorate of Enforcement, has not recorded valid "reason to believe" as required. The mandatory pre-requisite for provisional attachment required by Section 5(1) is missing in the present case. It is submitted on behalf of appellant that in the above thereof the Adjudicating Authority ought not to have even issued notice under S. 8(1) of the Act, leave alone confirm the Provisional Attachment Order. The relevant para-21 of Provisional Attachment Order is reproduced hereunder:

"21. NOW THEREFORE, on the basis of material in my possession as per Annexure - R and in exercise of the powers conferred upon me under section 5(1) of 'the PMLA, 2002'

(15 of 2003), the authority vested in me by the Authorization dated 07.02.2007 and its addendum dated 12.10.2011 issued by the Director of Enforcement in exercise of his powers under sub-section (1) of section 5 of 'the PMLA, 2002'(15 of 2003), I hereby order for provisional attachment of the properties as per Annexure - 'A' and further order that the same shall not be transferred, disposed, parted with or otherwise dealt with in any manner, whatsoever, by the holders having ownership and/or possession until and unless specifically permitted to do so by the undersigned."

[Emphasis supplied]

The Provisional Attachment Order shows that mere the language of section has been mentioned in the "reason to believe" after recording the facts and statement under section 50 of the Act, though the officer concerned has to be satisfied as per requirements of Sections 5(1)(a) of the PMLA by referring the details of investigation about the attachment of properties and proceed of crime for each head, a merely formality does not amount to valid reason to belief."

73. The Appellate Tribunal examined the order of the adjudicating authority and held that the adjudicating authority overlooked the fact that the provisional attachment order suffered from serious jurisdictional infirmity and held as follows:

"84. The Adjudicating Authority did not notice the said fact or ignored the same to the effect that the Provisional Attachment Order suffered from serious infirmity including, inter alia, for failing to comply with the mandatory preconditions under Section 5 (1) (b) of the PMLA. Under the circumstances,

the following observations in the Impugned Order are completely shocking:

"But it is seen these case laws do not apply to the provisions of the PMLA. As per the provisions of Section 5 of the PMLA reasons are required to be recorded in writing by the Respondent No.1 but these are not required to be conveyed as it is to the defendants. It is further seen that while framing the PAO and O.C., these have been conveyed in the PAO and O.C. and that meets the ends of Justice in as much as defendants know what is case against them."

19. The learned Division Bench in the above judgment further held that the *reason to believe* as is required under Section 5(1)(d) of the PMLA is missing and the order passed by the adjudicating authority which had been reversed by the Appellate Tribunal suffers from violation of principles of natural justice as also being violative of provisions of Section 5 of the PMLA. The other deficiencies and flaws in the order passed by the adjudicating authority which were interdicted by the Tribunal were further discussed by the learned Division Bench in the case of **Vanpic Ports Private Limited (supra)** at paragraph Nos.74, 75, 76 and 77 which again are reproduced hereunder for ready reference : viz.,

"74. Appellate Tribunal also considered the objection of the appellant regarding the procedure adopted in the hearing and not allowing the appellant to file rejoinder and concluded that the order passed by the adjudicating authority suffers from violation of the principles of natural justice (para 136).

75. Thereafter, Appellate Tribunal adverted to the show cause notice issued by the adjudicating authority to the appellant under Section 8(1) and noted that the show cause notice was issued in a mechanical manner without application of mind and no valid reasons were mentioned in the show cause notice. It has been held as follows:

137. The Notice to Show Cause dated 04.04.2014 under section 8(1) of the Act (hereinafter the "Show Cause Notice") issued by the Registrar of this Adjudicating Authority to the Appellants was contrary to Section 8 (1) of the PMLA, for the reason that a Notice to Show Cause, under Section 8 (1) of the Act, can only be issued (following receipt of a Complaint under Section 5 (5) of the Act) after the Adjudicating Authority forms a "reason to believe that any person has committed an offence under Section 3 or is in possession of proceeds of crime".

138. A bare perusal of the Show Cause Notice would show that the Learned Registrar has issued the same in a mechanical manner without even affording an opportunity to the Adjudicating Authority to apply its mind. No valid reasons are mentioned on the notice itself or any separate order is passed before issuance of notice which is requirement as per settled law.

76. Thus, from the above it is evident that Appellate Tribunal found that the notice under Section 8(1) was not in conformity with the requirement of the statute and that the adjudicating authority did not form any reason to believe that the noticee had committed an offence under Section 3 or is in possession of proceeds of crime. Therefore, the very foundation for issuance of notice under Section 8(1) was absent. Applying the decision of the Delhi High Court in *J. Sekhar v. Union of India* (1 supra), the above omission strikes at the very root of the matter rendering the adjudication proceedings as well as the provisional attachment order illegal.

77. Various other flaws vitiating the order of the adjudicating authority were pointed out by the Appellate Tribunal observing that the same reflected non-application of mind. Appellate Tribunal opined that no purpose would be served by continuing with the attachment. Since the trial before the Special Court may take a number of years, therefore, the State Government may take a stand about the project. However, despite saying so Appellate Tribunal adverted to Section 8(8) of PMLA including the second proviso and relegated the appellant to the Special Court to seek release of the attached property holding that till such time attachment would continue. Though Appellate Tribunal extracted Section 8(8) of PMLA, it did not say that it had passed the order of relegation on the basis of the aforesaid provision. Relevant portion of the order of the Appellate Tribunal is as under:

"160. As far as attachment as per details mentioned in preceding paras of head vii) and viii) with regard to attachment of Rs. 23.23 crores of VANPIC Port Pvt. Ltd. i.e. about 561 acres land and Rs. 27.72 crores spent by VANPIC Project Pvt. Ltd i.e. about 855 acres of land is concerned, it

is vacant land. The possession is not with the appellants who being a partner with RAK has spent huge amount. MOU and agreement have already been executed with regard to VANPIC Project. The said project was in the interest of public. Government of Andhra Pradesh is not the party in the present appeals. This Tribunal is not aware about the stand of the Andhra Pradesh Government as to whether it is still interested in the said project as the same was prime facie between Government to Government. It is also not aware as to whether Government is now agreeable to Nimmagadda Prasad and its group as a partner with RAK or not. Therefore, it is not proper to give any findings in this regard, otherwise it would amount to enforcement of MOU and agreement. However, prima facie, this Tribunal is of the opinion that no purpose would be served to continue the attachment as the said project was originally meant for public welfare of Hyderabad. The said project has already been delayed for more than ten years. The trial, if conducted if charges are framed, may take number of years. Therefore, the State Government has to take the stand about the said project. If necessary, the State Government may obtain the advice from Central Government, but the Chief Minister should not involve himself in said process directly or indirectly.

161. The amended provision of Section 8(8) of PMLA along with two proviso are reproduced hereunder:-

"Where a property stands confiscated to the Central Government under sub-section (5), the Special Court, in

such manner as may be prescribed, may also direct the Central Government to restore such confiscated property or part thereof of a claimant with a legitimate interest in the property, who may have suffered a quantifiable loss as a result of the offence of money laundering:

Provided that the Special Court shall not consider such claim unless it is satisfied that the claimant has acted in good faith and has suffered the loss despite having taken all reasonable precautions and is not involved in the offence of money laundering:] [Provided further that the Special Court may, if it thinks fit, consider the claim of the claimant for the purposes of restoration of such properties during the trial of the case in such manner as may be prescribed.]

162. In view of peculiar facts and circumstances, the appellants are granted liberty to approach the Special Court on this issue. It is directed that Government of Andhra Pradesh may also appear before the Special Court and raise its specific stand so that the appropriate order be passed by the Special Court. Till that time, the attachment shall continue."

20. To summarise the entire order passed by the Tribunal which has been taken note of by this Hon'ble Court while deciding CMSA.No.6 of 2020, the learned Division Bench, in the case of **Vanpic Ports Private Limited (supra)**, had held aptly at paragraph No.79 as under, viz.,

“79. If we look at the findings returned by the Appellate Tribunal vis-à-vis the provisional attachment order and the order of the adjudicating authority on one hand and the conclusions of the Appellate Authority on the other hand, it is evident that the conclusions are not consistent with the findings returned by the Appellate Tribunal; rather wholly inconsistent. Appellate Tribunal has held that while carrying out the provisional attachment, the attaching authority did not record reason to believe that the petitioner is in possession of any proceeds of crime and that such proceeds of crime were likely to be concealed, transferred etc., which may frustrate any proceedings relating to confiscation of such proceeds as is the mandatory requirement under Section 5(1) of PMLA. Appellate Tribunal also found fault with the approach adopted by the adjudicating authority in overlooking the above conditions. The show cause notice under Section 8(1) of PMLA was issued in a mechanical manner without application of mind and without forming any reason to believe that the noticee had committed an offence under Section 3 or was in possession of proceeds of crime. The adjudicating authority did not record any reason that the provisional attachment should continue. These are jurisdictional errors which have been clearly pointed out by the Appellate Tribunal. The above requirements being the foundation for attachment - either provisional or confirmation or continuation, in the absence thereof the provisional attachment order as well as the confirmation order of the adjudicating authority would be illegal, null and void, being without jurisdiction. Consequently, the natural corollary flowing from the findings would be that such property should be released from attachment. Instead of doing that, Appellate Tribunal relegated the appellant to the forum of Special Court to seek de- attachment after itself observing that the trial before the Special Court, if conducted, may take number of years.

21. It has been informed across the Bench that the order passed by this High Court in **Vanpic Ports Private Limited (supra)**, dismissing the appeal insofar as matter relating to Vanpic Ports Pvt. Ltd. and Vanpic Projects Private Limited are concerned, the matters are already under challenge before the Hon'ble Supreme Court vide S.L.P.(Civil) Appeal No.31533 of 2023 and where the Hon'ble Supreme Court had only issued notice and directed parties therein to maintain *status quo* in respect of the subject property, and that final outcome of the said S.L.P. is still awaited.

22. Given the fact that in identical set of facts, the learned Division bench of this High Court had already passed three set of orders on different dates in three different appeals, this Bench firstly in order to maintain judicial propriety. and secondly, having been found no strong case being made out by the learned counsel for the appellant to take a different view than that which is taken by the learned Division Bench of this High Court in the case of **Vanpic Ports Private Limited (supra)**, is inclined to follow the dictum of the same judgment.

23. Therefore, for reasons alike and for the reasons narrated in the said order, as also in addition that no additional material or ground having been found strong enough to interdict the impugned order in the present batch of appeals insofar as the respondents are concerned, and for all the reasons aforementioned, the present batch of Appeals filed by the appellant-Department deserve to be and are accordingly dismissed. No costs.

24. As a sequel, miscellaneous petitions pending if any, shall stand closed.

**SD/- MOHD.ISMAIL
DEPUTY REGISTRAR**

//TRUE COPY//



SECTION OFFICER

To,

1. The Appellate Tribunal, New Delhi
 2. The Adjudicating Authority, New Delhi.
 3. One CC to Mr. Anil Prasad Tiwari (Standing Counsel for Enforcement Directorate) [OPUC]
 4. One CC to Mr. Tarun G. Reddy, Advocate [OPUC]
 5. One CC to Sri N. Naveen Kumar, Advocate [OPUC]
 6. One CC to M/s. Divya Adepu, Advocate [OPUC]
 7. Two CD Copies
- KAM/KA

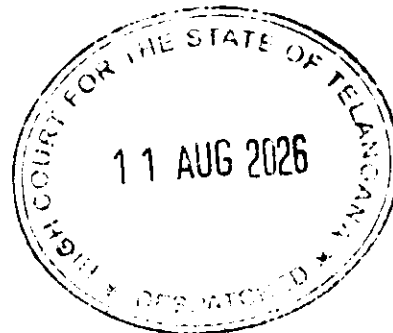


HIGH COURT

DATED: 19/06/2026

COMMON JUDGMENT

**CMSA.Nos.30, 31, 32 AND 33 OF 2019, CMSA.Nos.1,
2, 3, 4 AND 5 OF 2020**



DISMISSING THE APPEALS

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16/7/26