



NON-REPORTABLE

**IN THE SUPREME COURT OF INDIA
CRIMINAL APPELLATE JURISDICTION**

**CRIMINAL APPEAL NOS. _____ OF 2026
[@ SLP(CRIMINAL) NOS. 19205-06 OF 2025]**

KRISHNAN NARAYANA

...APPELLANT(S)

VERSUS

**STATE OF ANDHRA PRADESH
AND ORS. ETC.**

...RESPONDENT(S)

J U D G M E N T

AUGUSTINE GEORGE MASI, J.

1. Leave granted.
2. The present appeals challenge the common impugned judgment and order dated 18.09.2025 passed by the High Court of Andhra Pradesh at Amaravati wherein CrI. Petition no.3712/2025 filed by the appellant herein was dismissed and CrI. Petition No.7896/2025 filed by M/s Earth Stein Private Limited (hereinafter “the respondent company”) was allowed. By

the said order, interim custody of the subject vehicles, namely one Bolero City Pick-up, 3 Excavators and one Ashok Leyland Tipper was granted to the respondent company, pending the resolution of the criminal cases between them.

3. The brief background is that the Appellant is the director of one M/s Pure Minerals involved in quarrying of granite. He was also a director of the respondent company with an 80% shareholding. The subject vehicles were purchased in the name of the company M/s Pure Minerals between 2014 to 2022.

4. It is the case of the appellant that on 31.05.2023, he visited the house of one S.R Kumar, owner of M/s Parakrish Mineral Enterprises Pvt. Ltd, a company from which certain amounts were due to the appellant towards the supply of granite. On this occasion, the respondents S.R Kumar, T. Arivudainambi and G. Thirgunanam intimidated him and got his signatures on blank papers, which were used to forge his resignation from the respondent company on 16.06.2023.

5. Subsequently, on 31.08.2023, the Respondents committed criminal trespass into the granite factory of M/s Pure Minerals and forcefully took away the subject vehicles. An FIR bearing

Crime No.353/2023 was registered in this regard on 17.09.2023 on the basis of the complaint filed by the appellant.

6. The Respondent's version, however, is materially different, alleging that the appellant had misappropriated ₹1,73,11,894 from the respondent company and utilised the amounts to purchase the subject vehicles in the name of his company M/s Pure Minerals, with himself as the authorised owner. A counter-FIR No.354/2023 came to be lodged in this regard. A chargesheet was filed and the matter is pending before the trial court.

7. On 20.11.2023, the appellant lodged another FIR bearing Crime No.102/2024 regarding the allegations concerning the amounts due from M/s Parakrish Mineral Enterprises Pvt. Ltd. and the subsequent acts of intimidation and forgery as described above.

8. Initially, FIR No.353/2023 was referred to as a 'mistake of fact' and a closure report was filed on 14.08.2024. However, a subsequent chargesheet came to be filed on 09.02.2025 after the file was re-opened and further investigation was carried out. During the course of this investigation, police seized the subject

vehicles from the granite factory of the respondent company on 07.02.2025.

9. As regards Crime No.102/2024, this was also closed as a 'mistake of fact', and the protest petition against the same also came to be dismissed, with the said dismissal being upheld by the High Court. An SLP against the same is pending before a coordinate bench of this Court.

10. Following the seizure of the vehicles, appellant filed a Criminal Miscellaneous Petition bearing no.218/2025 before the Trial Court seeking interim custody on 11.02.2025. This came to be dismissed by order dated 26.03.2025, noting that a Writ Petition filed by the Respondents was pending before the High Court regarding the legality of the re-investigation and the seizure, which would be rendered infructuous if the petition was to be decided at that stage. Aggrieved, the petitioner approached the High Court by way of Criminal Petition No.3712 of 2025 seeking quashing of order dated 26.03.2025.

11. Similarly, the Respondent company also preferred Criminal Misc. Petition No.384/2025 before the Trial Court for return of properties which came to be dismissed by order dated

16.05.2025. Against this, Criminal Petition no.7896 of 2025 came to be filed before the High Court on 24.07.2025.

12. By way of the common impugned order, the High Court granted interim custody of the vehicles to the Respondents. The Court observed that it was alleged that the appellant being the director, purchased certain machinery and other properties in his own name using the funds of the respondent company , and thereby committed misappropriation of Rs.1,73,11,894. Crime no.354 of 2023 was registered in this regard u/s 406 IPC.

13. It was also noted that the material further disclosed that on 16.06.2023 appellant submitted his resignation from the respondent company which had been accepted by the Board of Directors and Form DIR-12 filed with the Registrars of Companies, Chennai. The appellant also executed an undertaking agreeing to allow the company to continue the operation of the subject vehicles until the settlement of the entire accounts of the Company and handing over of all relevant documents to the Company.

14. As mentioned above, appellant had earlier lodged a similar complaint registered as Crime no.102/2024 wherein the police

filed the chargesheet referring to the matter as a 'Mistake of fact'. The protest petition against the same was dismissed vide order dated 17.04.2025 by the trial court which attained finality upto the Supreme Court.

15. The High Court observed that in the present case, the police referred the case as 'false' and filed a final report in RC No.08/2024 which had attained finality. Despite this, and during the pendency of the referred charge sheet, the Police, without following due process, illegally seized the subject vehicles. In such circumstances, the order rejecting the custody of the subject vehicles to the respondent company was erroneous and warranted interference. The petition of the respondent company was allowed and the subject vehicles were ordered to be released in its favour subject to undertaking affidavit.

16. Aggrieved by the impugned order, the appellant has filed the present appeals.

17. Learned Counsel for the appellant submits that the High Court failed to follow the principle as laid down in *Sunder Bhai*

*Ambalal Desai Vs. State of Gujarat*¹, wherein it is held by this Court that under section 451 CrPC, the seized vehicles should be released temporarily in favor of the ostensible owner as per the registration certificate until the Court decides on the disposal of the property after the trial.

18. It is submitted that the High Court has erred in holding that the closure report had attained finality as further investigation was carried out subsequent to the representations made by the appellant, leading to the filing of a positive chargesheet.

19. It is also submitted that the alleged resignation dated 16.06.2023 was fraudulently obtained. The undertaking has also been forged. Separate proceedings are pending regarding these disputes. The High Court has failed to correctly appreciate these facts which has resulted in gross miscarriage of justice.

20. Per contra, learned counsel for the respondents submits that the appellant has suppressed the fact that the vehicles were purchased by utilising the funds of the respondent company.

¹ 2002 (10) SCC 283

21. It is submitted that the resignation letter dated 16.06.2023 was given voluntarily wherein he attended the Board meeting dated 16.06.2023 held at the registered office of the company and his resignation was accepted with immediate effect. A cheque was handed to him as sale consideration for the share transfer which was encashed by him. The fact that he encashed the cheque clearly belies his claim that he was forced to sign the share transfer forms.

22. He has also failed to disclose that he had voluntarily given an undertaking to the effect that the machines in the name of Pure Minerals will remain at the quarry of the respondent company till he settles his accounts with the company, as the payment for the loan taken from Shriram Finance Ltd. on the machines was paid from the account of the respondent company.

23. The learned counsel for the respondents also submits that the seizure of the vehicles was illegal, as the Final report/chargesheet dated 14.08.2024 referred the case as false wherein it was noted that as per the company workers (LW2 to LW6) the vehicles were brought to the respondent company with

the consent of LW1 (appellant herein) and that no extortion was committed. Thereafter, matter was referred to the Magistrate to issue refer chargesheet proceedings vide RC No.8/2024 and notice was issued to the complainant to be called on 05.12.2024. Pending the refer proceedings, the investigating officer filed a memo stating permission to withdraw refer proceedings and permit re-investigation but this was not granted by the Magistrate. Therefore, RC No.8/2024 has attained finality as noted by the High Court. The seizure therefore was in contradiction of order dated 27.09.2024 registering the refer charge and amounts to unlawful interference with the business of the Respondents herein.

24. Lastly, it is submitted that the appellant's sole reliance on registration certificates is legally misconceived. Registration may be a relevant factor, but cannot override admitted possession, undertaking, and settled use, particularly in commercial arrangements where assets are purchased in individual names using company funds. In the present case, the vehicles were seized from the Respondent Company's

operational site and were under its use and control pursuant to an express undertaking and the admitted course of dealings.

25. Having considered the submissions made by the learned counsels for the parties and the material on record, we now proceed to decide the issue before us. The short question that arises for our consideration is:

As to who, between the parties, is entitled to interim custody of the subject vehicles at this stage, in terms of Sections 451 and 457 of the CrPC?

26. Section 451 and Section 457 CrPC read as hereunder:

“Section 451: Order for custody and disposal of property pending trial in certain cases.

*When any property is produced before any Criminal Court during any inquiry or trial, **the Court may make such order as it thinks fit for the proper custody of such property** pending the conclusion of the inquiry or trial, and, if the property is subject to speedy and natural decay, or if it is otherwise expedient so to do, the Court may, after recording such evidence as it thinks necessary, order it to be sold or otherwise disposed of.*

Explanation.---For the purposes of this section, "property" includes-

(a) property of any kind or document which is produced before the Court or which is in its custody;

(b) any property regarding which an offence appears to have been committed or which appears to have been used for the commission of any offence.

Section 457. Procedure by police upon seizure of property.

*(1) Whenever the seizure of property by any police officer is reported to a Magistrate under the provisions of this Code, and such property is not produced before a Criminal Court during an inquiry or trial, **the Magistrate may make such order as he thinks fit respecting the disposal of such property or the***

delivery of such property to the person entitled to the possession thereof, or if such person cannot be ascertained, respecting the custody and production of such property.

(2) If the person so entitled is known, the Magistrate may order the property to be delivered to him on such conditions (if any) as the Magistrate thinks fit and if such person is unknown, the Magistrate may detain it and shall, in such case, issue a proclamation specifying the articles of which such property consists, and requiring any person who may have a claim thereto, to appear before him and establish his claim within six months from the date of such proclamation.”

27. The language used in these provisions makes it clear that the Court is vested with the power to grant custody to whomsoever it deems fit i.e. the Court has the discretion to determine who is best entitled to possession of the property. The use of the words ‘possession’ and ‘custody’ emphasize that the Court does not adjudicate title but merely undertakes the exercise of granting interim possession, with the object of preventing decay and diminution in the value of the subject property.

28. The said purport of these provisions has been discussed by this Court in *N. Madhavan v. State of Kerala*². Paragraph 10 reads as hereunder:

“ 10. The words “may make such order as it thinks fit” in the section, vest the court with a discretion to dispose of the property in any of the three modes specified in the section. But the exercise of such discretion is inherently a judicial function. The choice of the mode or manner of disposal is not

² (1979) 4 SCC 1

to be made arbitrarily, but judicially in accordance with sound principles founded on reason and justice, keeping in view the class and nature of the property and the material before it...”

29. This well-settled principle has also been reiterated in *Sunder Bhai Ambalal (Supra)* wherein paragraph 7 reads as hereunder:

“7. In our view, the powers under Section 451 CrPC should be exercised expeditiously and judiciously. It would serve various purposes, namely:

- 1. owner of the article would not suffer because of its remaining unused or by its misappropriation;*
- 2. court or the police would not be required to keep the article in safe custody;*
- 3. if the proper panchnama before handing over possession of the article is prepared, that can be used in evidence instead of its production before the court during the trial. If necessary, evidence could also be recorded describing the nature of the property in detail; and*
- 4. this jurisdiction of the court to record evidence should be exercised promptly so that there may not be further chance of tampering with the articles.”*

30. The thread of reasoning emerging from the above is that the limited object of these provisions is to ensure that property seized in the course of criminal proceedings does not suffer waste, misuse, or deterioration, and that it remains available for production before the Court as and when required. The exercise of this power requires the Court to make only a prima facie assessment of who is best entitled to possession, having regard

to the nature of the property, the circumstances of seizure and the material placed before it. It does not comprise an adjudication of ownership, which falls generally within the exclusive domain of a competent civil forum.

31. We may note we do not consider it necessary to enter into the question of the reopening of investigation and the consequent seizure of the subject vehicles as being without the sanction of law in the present proceedings, as it is a matter that would fall for consideration in appropriate proceedings challenging the same and cannot by itself be determinative of the question of interim custody with which we are presently concerned. We accordingly proceed to decide the present appeals on the independent and broader question of who, as between the parties, is best entitled to interim possession of the subject vehicles, having regard to the material on record.

32. Applying the above stated principles to the facts at hand, we may now consider the circumstances relied upon by the parties. The appellant's case rests almost entirely on the registration certificates standing in the name of his company. We are unable to accept that this circumstance, by itself, is

determinative. Registration is a relevant factor, but it is evidentiary and not conclusive of entitlement to interim possession.

33. Furthermore, the appellant's reliance on *Sunder Bhai Ambalal (supra)* to contend that the subject vehicles must be released in favour of the owner as per the registration certificate is misconceived. The said judgment, as discussed above, does not lay down an inflexible rule that custody must invariably follow the registration certificate irrespective of all other attending circumstances; it requires the Court to act expeditiously and judiciously, having regard to the object of preventing misuse and deterioration of property.

34. Several circumstances, taken cumulatively, weigh against the appellant's claim to interim custody. Firstly, the registration certificate stands considerably weakened given that criminal proceedings remain pending against the appellant alleging misappropriation of funds from the accounts of the respondent company for the very purpose of acquiring the subject vehicles in the name of his own company.

35. Furthermore, it is not in dispute that the vehicles were seized from the operational site of the respondent company, where they had remained in continued use pursuant to a written undertaking executed by the appellant himself. The appellant does not dispute the existence of this undertaking, albeit he has alleged that it has been forged. On this aspect, we note that pertinently, the appellant has not offered any explanation for having encashed the cheque issued to him in connection with the transfer of his shareholding, a circumstance that sits uneasily with his assertion that his resignation and the accompanying undertaking were obtained under coercion. Whether the resignation, the board resolution, and the share transfer were validly executed or were, as alleged, fabricated, is a matter requiring evidence and trial which cannot be resolved at this interim stage, and is, in any event, the subject of independent proceedings which remain pending. We express no opinion on the merits of that dispute, and it shall be open to the appellant to agitate all such contentions, including the allegation of forgery, in the appropriate proceedings.

36. Another circumstance weighing in the favour of the respondent company is the undisputed fact that the hypothecation instalments payable to Shriram Finance Ltd. towards the loan availed for the subject vehicles have admittedly been discharged from the account of the respondent company, and not by the appellant in his individual capacity. If the vehicles were, as claimed, the personal property of the appellant, there is no explanation forthcoming as to why the financial burden of servicing the loan secured over them was borne by the respondent company. This circumstance, taken with the appellant's own undertaking permitting the respondent company to retain and operate the vehicles until settlement of accounts, considerably weakens the appellant's claim of exclusive individual entitlement and lends credence to the respondents' case of continued beneficial use and control.

37. In view of the above, we agree with the findings of the High Court. Based on a cumulative assessment, we find that the circumstances favouring the respondent company, namely, the continued possession, the undisputed factum of the payment of the EMI instalments, and the undertaking on record, outweigh

the circumstances in favour of the appellant, namely the registration certificates.

38. The question as framed above therefore stands answered in favour of the respondent company “M/s Earth Stein Private Limited”, who has been rightly granted the interim possession.

39. The appeals being devoid of merit stand dismissed in light of the above terms. It is, however, clarified that the observations made herein are confined to the question of interim custody and shall not be construed as an expression of opinion on the merits of the rival claims of ownership, misappropriation, or the validity of the resignation and share transfer, which shall be independently determined in the pending appropriate proceedings.

40. Pending applications, if any, stand disposed of.

.....J.
[**SANJAY KAROL**]

.....J.
[**AUGUSTINE GEORGE MASIH**]

**NEW DELHI;
JULY 27, 2026.**