

KABC010101922024



**IN THE COURT OF THE XCI ADDITIONAL CITY CIVIL AND  
SESSIONS JUDGE, BENGALURU (CCH-92)**

**: PRESENT :**

**SRI.VIJAY KUMAR, B.Sc., LL.B.,**  
XCI Addl. City Civil & Sessions Judge  
& Spl. Judge for KPIDFE Cases, Bengaluru.

**Dated this the 13<sup>th</sup> day of June, 2024**

**Misc. No:480/2024**

**PETITIONER :** The Competent Authority for M/s  
Muzariba Bullion Trading LLP.,  
3<sup>rd</sup> Floor, Mini V.V.Tower, Podium  
Block, Dr.Ambedkar Veedhi,  
Bengaluru – 560 001.

Represented by its Competent  
Authority  
Sudarshan B.K.,  
Assistant Commissioner,  
Aged about 33 years,

*(By the Special Public Prosecutor)*

**V/S**

**RESPONDENT :** NIL

Date of Institution of the Petition	18.04.2024		
Nature of the Petition	Section 8 and 11(2)(b) of the KPIDFE Act-2004, application seeking permission to settlement of claims to the eligible claimants		
Date of the commencement of recording of the Evidence.	----		
Date on which the order was pronounced.	13.06.2024		
	Year/s	Month/s	Day/s
Total duration	00	01	25

**ORDER**

The petitioner being the Competent Authority appointed by the Karnataka Government under Section 5(1) of the Karnataka Protection of Interest of Depositors in Financial Establishments Act-2004, (in short KPIDFE Act-2004) as per Notification No.E-RD 17 GRC 2022 dated 27.02.2023, filed this petition under Sections 8

read with Sec.11(2)(b) of the KPIDFE Act-2004, for permission to settle the claims from the available amount mentioned in Annexure-B and permission to settle the claims only through Bank transfer of eligible amount to the eligible claimants after completion of the authentication in the claim application, either Aadhar base bio-metric authentication or based on the UTR Number for effecting penny drop system from the absolute account of the Financial Establishment held by the petitioner.

2. **The petition in brief:-**

(a) It is stated in the petition that the petitioner is duly appointed as the Competent Authority for M/s Muzariba Bullion Trading LLP. by the Government of Karnataka under Sec. 5(1) of the KPIDFE Act under Notification bearing No. E-RD 17 GRC 2022 dated 27.02.2023. It is further stated that the petitioner has filed a report after assessing the liability of the depositors and the assets of the errant financial establishment as per Sec. 7(1) of the KPIDFE Act by filing a petition to this Court in Mis. No. 875/2023, and it was allowed on 09.08.2023. Thereafter, the Competent Authority invited the depositors and secured creditors of

M/s Muzariba Bullion Trading LLP. to submit their claim form in accordance with Sec. 7(2) of the Act. As a result, the petitioner received 160 claim applications totaling Rs. 5,66,81,933/- for the principle amount deposited. Out of the said 160 applications, 63 applications were rejected as the claim was made without valid proof, and 13 applications were rejected as they had not produced any verifiable documents. However, the Competent Authority issued notice to them seeking additional documents for determining their claims, but none of them have opted to produce the additional documents. As of now, 84 claimants are eligible for settlement of their respective claims. Therefore, the total outstanding due towards the liability after due verification is around Rs. 3,33,21,004/- as per Annexure-B. The Government of Karnataka attached the property of the erred financial establishment through two notifications under Sec. 3(2) of the Act to the tune of Rs. 5,48,51,914/-. In furtherance of the interim order of attachment, the petitioner authority had filed two miscellaneous petitions before this Court, which are Misc. No. 1106/2019 and Misc. No. 1153/2023, seeking an absolute interim order of attachment passed by the state government to take steps to realize and disburse

the amount among the gullible depositors. Accordingly, the petitioner authority prayed to allow the petition.

3. Heard the learned Special Public Prosecutor appearing for the petitioner and the points that would arise for consideration are:

**Point No.1:-** Whether the petitioner has made out the grounds for granting the relief as sought for?

**Point No.2:-** What order?

4. The above points are answered as under:-

Point No.1: in the affirmative,

Point No.2: as per final order for the following:-

**REASONS**

5. **Point No.1:-** The petitioner being the Competent Authority for M/s Muzariba Bullion Trading LLP., filed this petition inter-alia, seeking permission from this Court to settle the claims of the eligible depositors of the financial establishment in an equitable manner to satisfy the claims of such eligible depositors out of the available amount of Rs. 5,48,51,914/-. The information of the eligible depositors has been provided by the petitioner in Annexure "B".

6. The learned Special Public Prosecutor submitted

that in the first instance, the petitioner authority was going to disburse the amount to those depositors who had done the banking transaction with valid proof. Thereafter, they will take steps to disburse the amount after making the inquiry to the eligible depositors by giving one more opportunity to the depositors whose claim forms were rejected. As per Annexure-B, total of 84 depositors are eligible for the claim amount of Rs. 3,33,21,004/-, out of which an available amount of Rs. 5,48,51,914/-.

7. The petitioner Authority has sought the following relief in the petition;-

(a) Permit the settlement of claims by the eligible claimants of the said Financial Establishment

(b) Permit the settlement of the claims only through Bank transfer of the eligible amount to the eligible claimants and only after completion of the specified authentication in the claim application i.e., Aadhar base biometric authentication or based on the UTR Number for effecting penny drop system from the absolute account of the Financial Establishment held by the petitioner in the interest of justice and equity.

8. Annexure-B is the list of eligible depositors and it is taken into consideration even though the claims of the 84 depositors are only Rs.3,33,21,004/- and the total amount available by the Authority is Rs,5,48,51,914/- which is more than the distributive amount. Therefore, it is just and proper if the petitioner is permitted to settle the claims of the eligible claimants as per Annexure-B. As submitted by the learned Special Public Prosecutor, if the settlement scheme proposed by the petitioner is accepted, the realized amount will reach the eligible claimants.

9. Considering all these aspects, this Court is of the considered view that the proposed list as shown in Annexure-B could be accepted. Accordingly, the petitioner could be permitted to settle the claims of the depositors and investors as per Annexure-B from the available amount. This Court suggested the Competent Authority to take steps to secure the eligible depositors as early as possible to disburse the excess amount. Hence, I answered in the **affirmative**.

10. **Point No.2:-** As discussed in connection with point no.1, and findings given thereon this court proceed to pass the following:-

**ORDER**

The petition filed by the petitioner under Sec.8 read with Sections 11(2)(b) of the KPIDFE Act, is hereby allowed.

The proposed list for settling the claims of depositors are per Annexure-B produced by the Competent Authority, is approved. The Competent Authority is permitted to settle the claims from the available amount to the eligible depositors through Bank transfer within 30 days from the date of this Order as prayed in the petition and shall report the same to this Court.

*(Dictated to the Stenographer Grade-I, transcribed by her, then corrected and pronounced by me in open court, on this the **13<sup>th</sup> day of June 2024**).*

**(VIJAY KUMAR)**

XCI Addl. City Civil & Sessions Judge  
and Spl. Judge for KPIDFE Cases,  
Bengaluru.



**ANNEXURE****WITNESSES EXAMINED FOR THE PETITIONERS:**

- NIL -

**DOCUMENTS MARKED FOR THE PETITIONERS:-**

- NIL -

**WITNESSES EXAMINED FOR THE RESPONDENT:-**

- NIL -

**DOCUMENTS MARKED FOR THE RESPONDENT :-**

- NIL -

**(VIJAY KUMAR)**

XCI Addl. City Civil & Sessions Judge  
and Spl. Judge for KPIDFE Cases,  
Bengaluru.