

C.M.A.(MD)No.336 of 2022

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 20.08.2026

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**THE HONOURABLE MR.JUSTICE G.R.SWAMINATHAN
and
THE HONOURABLE MRS.JUSTICE M.D.SUMATHI**

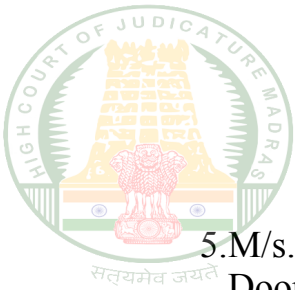
**C.M.A.(MD)No.336 of 2022
and
C.M.P.(MD)No.3071 of 2022**

C. Radhakrishnan

... Appellant

Vs.

- 1.Ramu**
- 2.The District Revenue Officer,
Virudhunagar District,
Virudhunagar.**
- 3.The Inspector of Police,
EOW – II,
Virudhunagar,
Virudhunagar District.**
- 4.Virutcham Agro Limited,
Door No. 9A, Hindu Nadar,
Javuli Merchants Association Building,
Sivakasi, Virudhunagar District,
Rep. by Managing Director,
Srinivasan @ Srinivasagan.**



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5.M/s.Karpaga Virutcham Asset Promoters Private Ltd.,
Door No. 142-B, G.R. Complex,
P.A.C.R. Road, Srirengapalayam,
Rajapalayam, Virudhunagar District,
Rep. by Managing Director,
Srinivasan @ Srinivasagan.

6.Srinivasan

7.V. Srinivasan

8.R. Kannan

9.P. Ramesh

10.P. Ramasamy

11.A. Kamala

... Respondents

Prayer : Civil Miscellaneous Petition filed under Section 11 of Tamil Nadu Protection of Interest of Depositors (in Financial Establishments), Act to allow this appeal and set aside the judgment dated 26.02.2020 made in C.C.No.21 of 2017 in O.S.No.17 of 2019 on the file of the Special Court under TNPID Act Cases, Madurai.

For Appellant : Mr.G.Ravisankar

For Respondents : Mr.M.Suresh for R1
Mrs.K.R.Shivashankari,
Addl. Government Pleader for R2 & R3.
No appearance for R8 & R9



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JUDGMENT
(By G.R.Swaminathan, J.)

One Virutcham Agro Limited, Sivakasi was promoted and established by one Srinivasan @ Srinivasagan. He also floated a few other companies. They attracted investments from the general public. It stated that several lakhs of rupees were deposited by them. The establishment committed default. Hence, a criminal case was registered by the Inspector of Police, Economic Offences Wing, Virudhunagar. The case was subsequently investigated and final report was filed and cognizance was taken in C.C.No.21 of 2017 on the file of the Special Court under TNPID Act, 1997, Madurai. Before the Special Court, one Ramu filed an application for attaching the petition mentioned property. The Court below vide order dated 26.02.2020 allowed the application and directed attachment of the petition mentioned properties. Assailing the same, this civil miscellaneous appeal has been filed.

2.The following questions arise for our consideration:-

(i) Whether the application filed by Ramu before the Court below was maintainable?



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(ii) Whether the C.Radhakrishnan has the *locus standi* to maintain this appeal?

3.It is not in dispute that the financial establishment in question committed default. To protect the interests of innocent depositors, the State of Tamil Nadu enacted the Tamil Nadu Protection of Interest of Depositors (in Financial Establishment) Act, 1997. As per the statutory scheme set out in the said Act, the Government will make interim attachment of the properties belonging to the financial establishment. Thereafter, the competent authority (the jurisdictional District Revenue Officer) will file an application before the Special Court to make the attachment absolute. In the meanwhile, any interested person can file an application for raising the attachment.

4.In view of the aforesaid statutory scheme, the Inspector of EOW as well as the competent authority opposed and questioned the very *locus standi* of Ramu to seek attachment. According to Ramu, the property in question admittedly belonged to Srinivasan, the promoter. Ramu would allege that in order to escape from the consequences of default, he sold

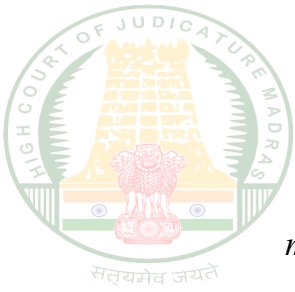


the property to Subbulakshmi and that the said Subbulakshmi in turn sold it to one Ramesh. According to Ramu, Subbulakshmi as well as Ramesh are mala fide transferees. Section 8 of the Tamil Nadu Protection of Interest of Depositors (in Financial Establishment) Act, 1997 provides for attachment of properties of mala fide transferees. Section 8 of the Act reads as follows:-

“8.Attachment of property of mala fide transferees.

(1) Where the assets available for attachment of a Financial Establishment or other person referred to in section 3 are found to be less than the amount or value which such Financial Establishment is required to repay to the depositors and where the Special Court is satisfied by affidavit or otherwise, that there is reasonable cause for believing that the said Financial Establishment has transferred, (whether after the commencement of this Act or not), any of the property otherwise than in good faith and for consideration the Special Court may, by notice, require any transferee of such property (whether or not he received the property directly from the said Financial Establishment) to appear on a date to be specified in the notice and show cause why so much of the transferee's property as is equivalent to the proper value of the property transferred should not be attached.

(2) Where the said transferee does not appear and show cause on the specified date or where after investigation in the



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manner provided in sub-section (5) of section 7, the Special Court is satisfied that the transfer of the property to the said transferee was not in good faith and for consideration the Special Court shall or order the attachment of so much of the said transferee's property as is in the opinion of the Special Court is equivalent to the proper value of the property transferred.”

5.A careful perusal of the said provision leads us to the conclusion that there is no requirement that it is only the jurisdictional police or the competent authority who can maintain an application unlike Section 3 which specifically empowers the government to effect attachment of the properties of the financial establishment. Section 4(3) empowers the competent authority to apply to the Special Court to make the interim order of attachment absolute. But in Section 8, there is no reference to the government or the competent authority. It only states that if the Special Court is satisfied by affidavit or otherwise that there is reasonable cause for believing that the financial establishment had transferred any of the property otherwise than in good faith and for consideration, Section 8 will kick in. We are therefore of the view that any interested person or depositor can maintain an application under



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Section 8 of the Act. We therefore hold that Ramu has the locus standi to maintain the application. This point is answered accordingly.

6. Admittedly, the attachment order was passed by the Special Court on 26.02.2020. Radhakrishnan claims that Ramesh, purchaser of the petition mentioned property from his wife/Subbulakshmi raised a dispute and that he decided to reconvey the property. Radhakrishnan claims that he had already paid a substantial sum and since the registration department declined to register the transaction, he was constrained to assail the attachment. Rule 7 of Tamil Nadu Protection of Interest of Depositors (in Financial Establishment) Rules 1997 clearly states that when once an order of attachment has been made, subsequent transfers are null and void. Of course, Rule 7 refers only to an attachment made by the government. But we can safely infer that the very same effect can be applied in the case of an attachment made by the Special Court also. Therefore, this Court cannot take cognizance of any transaction that had taken place subsequent to the impugned order of attachment. After the impugned order was passed by the Special Court, if at all, Ramesh may have the *local standi* to question the impugned



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order. Radhakrishnan has no *locus standi* to maintain this appeal. We decline to go into the merits of the matter.

7.This civil miscellaneous appeal is dismissed accordingly. No costs.

**(G.R.S. J.,) & (M.D.S. J.,)
20.08.2026**

NCC : Yes/No
Index : Yes / No
Internet : Yes/ No
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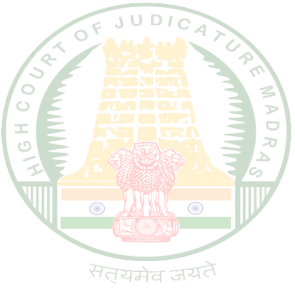
To:

- 1.The Special Court under TNPID Act Cases,
Madurai.
- 2.The District Revenue Officer,
Virudhunagar District,
Virudhunagar.
- 3.The Inspector of Police,
EOW – II,
Virudhunagar,
Virudhunagar District.

Copy to:

The Section Officer, ER/VR Section,
Madurai Bench of Madras High Court,
Madurai.

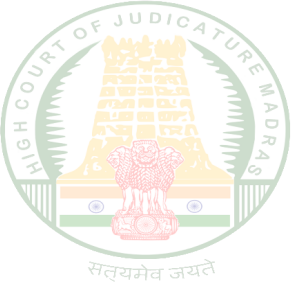
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