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BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : **22.11.2023**

CORAM

THE HONOURABLE **MR.JUSTICE N.ANAND VENKATESH**

W.P.(MD)No.16590 of 2021

VGP Evergreen Plantation Ltd.,
VGP Square,
No.6, Dharmaraja Koil Street,
Saidepet,
Chennai – 15,
Represented by it Authorized Signatory,
Chermadurai. ...Petitioner

/Vs./

1.Securities and Exchange Board of India,
Mumbai.

2.The Sub Registrar,
Kadayam,
Tenkasi District.

3.The Tahsildar,
Kadayam Taluk,
Tenkasi District. . ...Respondents

PRAYER:- Petition - filed under Article 226 of the Constitution of India, to issue a Writ of Mandamus,directing the 2nd respondent to register sale deeds within his jurisdiction in respect of the properties of the petitioner's company by considering and disposing the petitioner's representation dated 23.04.2021.

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For Petitioner : Mr.T.A.Ebenezer

For Respondents : Mr.Shivakumar (R1)
Ms.D.Farjana Ghoushia (R2 & R3)
Special Government Pleader

ORDER

This petition has been filed for issuance of writ of mandamus directing the second respondent to register the sale deeds that are presented by the petitioner.

2. The case of the petitioner is that they were involved in plantation business and they had to wind up their business, since they were not able to fulfill the obligation under the Investments scheme. The further case of the petitioner is that the petitioner company had refunded the entire money and deposited the money in escrow account. Thereby, the petitioner claimed that they have fulfilled all the requirements and hence, they are entitled to deal with the property belonging to the petitioner. When the sale deeds were presented for registration before the second respondent, the same was not entertained and a representation made by the petitioner in this regard on 23.04.2021 also did not evoke any response. It is under these circumstances the present writ petition has been filed.

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3. The second respondent has filed a counter affidavit and has taken a stand that the petitioner is the owner of 92 cents of land and out of the same, 30 cents have already been sold and the remaining extent that was available only 62 cents. However, the petitioner once again attempted to sell 92 cents. In view of the same, the sale deeds that were presented by the petitioner were not accepted and it was returned by issuing return slip.

4. The first respondent, viz., SEBI has filed a counter affidavit and has taken a stand that SEBI directed the petitioner to wind up the schemes and to repay back the investors and directed the petitioner to file a detailed report in this regard. Since the petitioner did not comply with this direction, an order came to be passed on 31.08.2002 under Section 11B of the Securities and Exchange Board of India Act, 1992, directing the petitioner to refund the money collected under the scheme to the investors within a period of one month from the date of the order. The petitioner failed to comply with this direction and hence, yet another order was passed on 03.12.2002 debarring the petitioner, its promoters, directors and the persons in charge of the business of its schemes from accessing the capital market for a period of five years from the date of receipt of a copy of the order. This order was put to challenge before the Securities Appellate Tribunal (SAT) and the appeal came to be dismissed by

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order dated 28.11.2005. Thereby, the direction given by the SEBI to the petitioner to wind up the scheme and to repay the investors became final.

5. The further stand taken by the first respondent is that the petitioner was directed to open an escrow account with scheduled bank and to deposit a sum of Rs.87,00,000/-. The petitioner was further directed to transfer the remaining amount after expiry of three years to an Investor Protection Fund as specified by SEBI. The petitioner did not deposit the amount and the period was also extended from time to time till 31.08.2012. SEBI also appointed a Chartered Accountant to certify the settlement of the amount by the petitioner to its investors before transferring the unpaid amount to the Investor Protection and Education Fund.

6. The first respondent has taken a categoric stand that the verification exercise in respect of the claim of the settlement to the investors made under the scheme is pending and therefore, till this verification is completed, the petitioner will not be permitted to sell the lands. Only after the SEBI is satisfied regarding the repayments, the petitioner will be permitted to sell the assets.

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7. When the matter was taken up for hearing on 07.11.2023, this Court passed the following order:-

> *"A counter affidavit has been filed by the first respondent during July 2022 and it is stated that unless the petitioner settles the claim made by the investors and the same is verified and SEBI is satisfied that repayments have been made, the petitioner will not be permitted to sell the assets.*
>
> *2. The learned counsel appearing for the petitioner submitted that the entire amount has been settled to the investors.*
>
> *3. The learned counsel appearing for the first respondent seeks some time to take instructions in this regard.*
>
> *4. Post the matter on 22.11.2023."*

8. When the matter was taken up for hearing today, the learned Standing Counsel appearing on behalf of the first respondent submitted that the petitioner has not settled the claims of the investors and that process of verification is pending.

9. The learned counsel appearing for the petitioner submitted that the petitioner will settle the entire claim made by the investors and will also cooperate with SEBI in the process of verification. The learned counsel contended that on completion of this process, the first respondent should be directed to permit the petitioner to deal with the assets.

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10. Taking into consideration the facts and circumstances of the case and the stand that has been taken on either side and after recording the submission made on either side, there shall be a direction to the petitioner to satisfy the first respondent that the entire claim made by the investors has been settled. The same shall be verified by the first respondent and the first respondent after being satisfied that the claims of the investors has been settled shall permit the petitioner to deal with the assets. The expeditious completion of this process will depend upon the cooperation of the petitioner in this regard. In any case, this process shall be attempted to be completed within a period of three months from the date of receipt of a copy of this order. After completion of this process, the petitioner shall present the sale deeds for registration before the second respondent and the second respondent shall deal with the same in accordance with law.

11. This writ petition is disposed in the above terms. No costs.

22.11.2023

NCC : Yes/No
Internet :Yes/No
Index :Yes/No
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TO:-

1. The Sub Registrar,
   Kadayam,
   Tenkasi District.

2. The Tahsildar,
   Kadayam Taluk,
   Tenkasi District.

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N.ANAND VENKATESH, J.

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Order made in
W.P.(MD)No.16590 of 2021

Dated:
22.11.2023