



WMP.Nos.8996 & 8998 of
2023 & 21572 of 2024
in W.P.No.4722 of 2016

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In the High Court of Judicature at Madras

Reserved on 24.6.2025	Delivered on : 30.6.2025
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Coram :

The Honourable Mr.Justice N.ANAND VENKATESH

WMP.Nos.8996 & 8998 of 2023
& 21572 of 2024
in Writ Petition No.4722 of 2016

- 1.The Union of India, rep.by
its Secretary (Home),
Government of Pondicherry,
Pondicherry.
- 2.The Deputy Collector (North),
Office of the Collectorate,
(Competent Authority under
the PPIDFE Act), Pondicherry.

R.Thirumavalavan, Assistant to
the Administrator of PNL Nidhi
Ltd., No.14, Housing Board
Layout, Thiyagaraja Apartment,
New Saram, Pondicherry.
605103.

...Petitioners in
both WMP.Nos.
8996 & 8998 of
2023 & R2 & R3
in WMP.No.21572
of 2024

...Petitioner in
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Vs

1.Pondicherry Non Banking
Investors Protection
Association for M/s.PNL
Nidhi Limited rep.by its
President Govindasamy,
No.154, Ambedkar Salai,
Pondicherry-1.

...R1 in all the
WMPs

2.The PNL Nidhi Ltd.
No.189, Mission Street,
Pondicherry.

3.V.Kannan
Promoter - PNL Nidhi Ltd.

4.V.Baskaran,
Promoter - PNL Nidhi Ltd.

Both R4 and R5 are residing
at No.1/39, Agraharam
Street Kumbakonam.

5.The Superintendent of Police
(CID), Office of the CBCID
of Police, Pondicherry.

6.The Government of Tamil Nadu,
rep.by its Secretary, Home
Department, Fort St.George,
Chennai-9.

7.State rep.by the Superintendent
of Police, Economic Offences
Wing II, Cuddalore.

8.The District Revenue Officer



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(Competent Authority under the
TNPID Act), Cuddalore.

9.PNL Ltd. Cuddalore Branch Depositors
Welfare Association, Govindasamy Nagar,
Cuddalore rep.by its President
S.Ramachandran.

10.Regina Fatima Marie Saint
Jacques, W/o.Merian Jean-Pierce,
No.34, Ramanar Street,
Mudalilarpet, Pondicherry.

...R2 to R10 in
both WMP.Nos.
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2023 & R4 to
R12 in WMP.No.
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11.Union of India, rep.by its
Secretary, Ministry of Home
Affairs, New Delhi.

12.The Secretary to Government
(Agriculture), Chief Secretariat
Puducherry.

13.The Director of Agriculture/
Director of Sugar, Government of
Puducherry, Puducherry.

14.The Administrator for PNL Nidhi
Ltd., rep by its Assistant
R.Thirumavalavan, 19C, II Cross,
Jawahar Nagar, Reddiarpalayam,
Puducherry.

(R11 to R14 were impleaded vide order
dated 27.4.2023 made in WMP.No.



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9224 of 2023 in WMP.No.8996 of
2023 in WP.No.4722 of 2016 by SMSJ)

15.N.Rajalakshmi, No.7, Crescent
Avenue, Kesavaperumalpuram
Chennai-600028.

16.S.Natarajan, No.7, Cresnet
Avenue, Kesavaperumalpuram
Chennai-600028.

(R15 & R16 were impleaded
as per order dated 12.11.2024
in WMP.No.12207 of 2023
in WMP.No.8996 of 2023
in WP.No.4722 of 2016 by SSJ)

...R11 to R16 in
WMP.No.8996 of
2023

W.P.No.4722 of 2016 filed under Article 226 of The Constitution of India praying for the issuance of a Writ of Mandamus directing respondents 1 to 9 to properly assist Thiru.K.P.Sivasubramanian, learned Judge (Retd.), High Court of Madras - Administrator appointed by this Court in disbursing the deposits to the depositors as per the Memorandum of Agreement entered between the petitioner association and the 3rd respondent within such stipulated time period as this Court deems fit and proper in light of the order passed in W.P.No.11857 of 2013 dated 20.6.2014 in accordance to law.



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WMP.No.8996 of 2023 filed by the petitioners praying to issue appropriate clarificatory directions in the order dated 18.3.2021 passed in W.P.No. 4722 of 2016.

WMP.No.8998 of 2023 filed by the petitioners praying to suspend the direction in W.P.No.4722 of 2016 dated 18.3.2021 regarding execution of sale deed pending disposal of the clarification petition.

WMP.No.21572 of 2024 filed by the petitioner praying to direct the second respondent to stand as a confirming party, cooperating with the conveyance of landed property and execution of sale deed in favour of Mr.S.Natarajan or his nominee.

For Petitioners in WMP.Nos.
8996 & 8998 of 2023 &
& R2 & R3 in WMP.No.
21572 of 2024 : Mr.S.Raveekumar, GP (P)

For Petitioner in
WMP.No.21572 of 2024 &
R14 in WMP.No.8996 of
2023 : Mr.G.Krishnakumar

For R1 in all the WMPs : Mr.B.Balavijayan



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For R2 to R4 in WMP.Nos.
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R4 to R6 in WMP.No.
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: Mr.S.Ravi, SC for
M/s.Gupta & Ravi

For R5 to R8 in WMP.Nos.
8996 & 8998 of 2023 &
R7 to R10 in WMP.No.
21572 of 2024

: Mr.E.Vijay Anand, AGP

For R9 in WMP.Nos.
8996 & 8998 of 2023 &
R11 in WMP.No.21572 of
2024

: NA

For R10 in WMP.Nos.
8996 & 8998 of 2023 &
& R12 in WMP.No.21572 of
2024

: NA

For R11 in
WMP.No.8996 of 2023

: Mr.K.Srinivasamurthy,
SPC

For R12 & R13 in
WMP.No.8996 of 2023

: Mr.V.Vasantha Kumar,
AGP (P)

For R15 & R16 in
WMP.No.8996 of 2023

: Mr.K.G.Raghavan, SC for
Ms.Preethi Mohan
Ms.Rajashree &
Ms.Priyanka Ajannavee



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COMMON ORDER

W.P.No.4722 of 2016 was filed by the first respondent herein seeking a direction to respondents 1 to 9 therein to properly assist the learned Administrator of one M/s.PNL Nidhi Limited (hereinafter called as the defaulting company) in disbursing the deposits to the depositors as per the Memorandum of Understanding entered into between the writ petitioner and the defaulting company in the light of the order passed in W.P.No.11857 of 2013 dated 20.6.2014.

2. W.P.No.4722 of 2016 was disposed of along with two other writ petitions viz. W.P.Nos.18681 & 18683 of 2020 by a learned Single Judge of this Court vide common order dated 18.3.2021

3. Now, WMP.No.8996 of 2023 has been filed by respondents 1 and 2 in W.P.No.4722 of 2016 seeking to clarify the said common order passed by this Court dated 18.3.2021 in W.P.No.4722 of 2016.

4. WMP.No.8998 of 2023 has been filed by the very same respondents in W.P.No.4722 of 2016 seeking to suspend the direction



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issued in W.P.No.4722 of 2016 etc. cases vide the said common order order dated 18.3.2021 regarding execution of sale deed pending disposal of the clarification petition.

5. Further, WMP.No.21572 of 2024 has been filed by one Mr.R. Thirumavalavan, who is the Assistant of the learned Administrator of the defaulting company seeking for a direction to the first respondent in W.P.No.4722 of 2016 (the first petitioner in WMP.Nos.8996 & 8998 of 2023) to stand as a confirming party and cooperate with the conveyance of the landed properties while executing a sale deed in favour of one Mr.S.Natarajan (the 16th respondent in WMP.No.8996 of 2023) or his nominee pursuant to the directions issued by this Court in W.P.No.4722 of 2016 etc. cases dated 18.3.2021.

6. Heard the respective learned counsel appearing for either parties.

7. The brief background of the case is as follows :

(i) The defaulting company committed default in repayment of



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monies due to the depositors from August 2004 onwards. Aggrieved by that, several complaints came to be given to the police officials, which resulted in the registration of a first information report in Crime No.31 of 2004 on the file of the Superintendent of Police, CID, Puducherry. On completion of investigation, a final report was filed against the defaulting company and its Directors before the Designated Court (Chief Judicial Magistrate, Puducherry) under the Puducherry Protection of Interests of Depositors in Financial Establishments Act, 2004 (for short, the Act) for various offences under the Indian Penal Code, the Act and the Negotiable Instruments Act.

(ii) In addition, proceedings were also initiated to attach the properties of the accused persons.

(iii) The defaulting company came forward with a one time proposal for settlement to the depositors by repaying 75% of the principal amount so deposited after mobilizing necessary funds. In the meantime, the depositors, who lent their money, formed an association called as Pondicherry Non Banking Investors Protection Association for PNL Nidhi Limited (for brevity, the Investors



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Association).

(iv) The proposal put forth by the defaulting company was discussed by the depositors and a Memorandum of Understanding (MoU) dated 15.4.2013 was arrived at between the defaulting company represented by its authorized signatories and its two promoters namely Mr.V.Kannan and Mr.V.Baskaran on the one side and the Investors Association and M/s.PNL Nidhi Limited, Cuddalore Branch Depositors Welfare Association represented by one Mr.S.Ramachandran on the other side whereby the defaulting company accepted, agreed and undertook to settle the amount to all the depositors by making a one time payment of 75% of the principal amount within a time frame.

(v) Thereafter, W.P.No.11857 of 2013 came to be filed by the Investors Association seeking for a direction to the respondents therein to give effect to the MoU entered into between the Investors Association and the defaulting company. The said writ petition was disposed of by order dated 20.6.2014 by a learned Single Judge of this Court by issuing various directions after taking into account the MoU entered into between the parties.



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(vi) The said order dated 20.6.2014 was put to challenge by the Union Territory of Pondicherry represented by the Secretary to Home Department, Puducherry and two others by filing W.A.No.1070 of 2014 and a Division Bench of this Court, by judgment dated 16.2.2015, ultimately dismissed the same as withdrawn granting liberty to them to file a review application before the learned Single Judge. However, no such review application came to be filed before the learned Single Judge.

(vii) Subsequently, three writ petitions in W.P.Nos.4722 of 2016 and 18681 and 18683 of 2020 came to be filed by (a) the Investors Association, (b) one Mrs.N.Rajalakshmi (15th respondent in WMP.No. 8996 of 2023) (W/O the said Mr.S.Natarajan) along with five others and (c) the said Mr.S.Natarajan respectively. All the three writ petitions were clubbed together and the said common order was passed on **18.3.2021** by **M.Govindaraj,J.**

(viii) In the said common order dated **18.3.2021**, various directions were issued in paragraph 20. For the purpose of disposal of these miscellaneous petitions, it will be relevant to take note of Clause (g) in paragraph 20, which is extracted as hereunder :



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"After the sum of Rs.38 Crores is credited into the bank account, the Administrator shall convey the encumbrance free title in respect of 42.5 acres of lands, the schedule of which, is more fully described in the order in W.P.No.11857 of 2013 dated 20.6.2014 to the said Natarajan or his nominee(s), on behalf of the concerned title holder. The Government of Puducherry shall stand as a confirming party and to do such acts like mutation of revenue records, reclassifying the land as per the requirement of the purchaser and issuance of patta in the name of the purchaser."

(ix) Aggrieved by that, six review applications in Rev.A.Nos.86 to 88 and 144 to 146 of 2021 came to be filed by (a) the Investors Association, (b) the Union of India represented by its Secretary (Home), Government of Puducherry along with two others and (c) the Union Territory of Puducherry represented by its Special Secretary (Revenue), Department of Revenue & Disaster Management, Puducherry along with two others, all seeking to review the said common order dated 18.3.2021 passed in WP.Nos.4722 of 2016 etc. cases. However, all the said review applications were dismissed by a common order dated 06.10.2021.

(x) Further, the leave that was sought for by the Union of India



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represented by the Chief Secretary to Government, Government of Puducherry, Chief Secretariat, Puducherry and two others to file review petitions against the said common order dated 18.3.2021 passed in W.P.Nos.4722 of 2016 etc. cases by filing WMP.Nos.18734, 18756 and 18768 of 2021 in Rev.A.SR.Nos.65752, 65758 and 75754 of 2021 was refused by a separate order dated 06.10.2021.

(xi) Subsequently, W.A.Nos.842, 844, 847, 1376, 1377 and 1380 of 2022 came to be filed by (a) the Investors Association, (b) the Union of India represented by its Secretary (Home), Government of Puducherry along with two others and (c) the Union Territory of Puducherry represented by its Special Secretary (Revenue), Department of Revenue & Disaster Management, Puducherry along with two others, as against the said common order dated 18.3.2021 passed by the learned Single Judge. But, all the writ appeals were dismissed by a Division Bench of this Court vide common judgment dated 30.6.2022.

(xii) As against the said common judgment dated 30.6.2022 in W.A.Nos.842, 844 and 847 of 2022, S.L.P.(Civil) Nos.13207 to 13209 of 2022 were filed before the Hon'ble Apex Court by the Investors



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Association and they also came to be dismissed by common order dated 08.8.2022.

(xiii) The directions that were issued by the learned Single Judge, while disposing of W.P.No.4722 of 2016 etc. cases vide the said common order dated 18.3.2021, touch upon the redressal of grievance expressed by various parties. In the meantime, parallelly, proceedings were initiated for oppression and mismanagement against one M/s.Binny Limited, from which, one M/s.S.V.Global Mills Limited was demerged. At the instance of the said Mr.S.Natarajan, directions were issued by the Hon'ble Apex Court to the said M/s.S.V.Global Mills Limited to buy back the shares held by the said Mr.S.Natarajan through his wife and closely held companies and the said M/s.S.V.Global Mills Limited was further directed to deposit Rs.100 Crores into the Registry of the Hon'ble Apex Court. This direction was issued by the Hon'ble Apex Court by order dated 25.2.2019 in S.L.P.(Criminal) Diary No.5000 of 2019.

(xiv) Pursuant to that, the said amount was also deposited into the Registry of the Hon'ble Apex Court. The said amount that was lying with the Registry of the Hon'ble Apex Court was actually the spark for



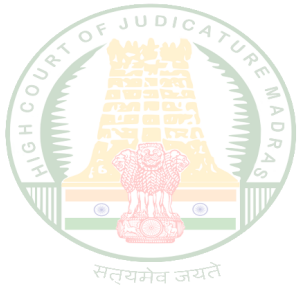
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the learned Single Judge of this Court to issue directions in the said common order dated 18.3.2021 in W.P.No.4722 of 2016 etc.cases since it gave a liberty to settle the amounts to the depositors. As stated supra, the said common order dated 18.3.2021 was confirmed till the Hon'ble Apex Court.

(xv) Vide the said common order dated 18.3.2021 in W.P.No. 4722 of 2016 etc. cases, a Retired Judge of this Court was appointed as the Administrator of the defaulting company. In addition, the defaulting company was directed to open a bank account in a nationalised bank and the petitioners in W.P.Nos.18681 and 18683 of 2020 were directed to file applications before the Hon'ble Apex Court for payment out of a sum of Rs.38 Crores for the purpose of settling the amounts to the depositors and the dues payable to the other creditors.

(xvi) Out of the said sum of Rs.38 Crores, a sum of Rs.36 Crores was directed to be utilized for disbursement to the depositors and a further direction was given to settle the dues of the Agriculture Department of the Government of Puducherry. This direction was given since one M/s.New Horizon Sugar Mills Limited had to pay some



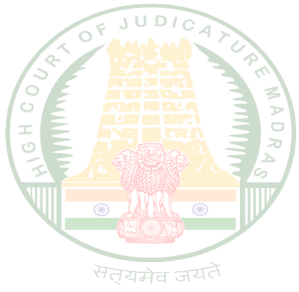
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loan amount availed together interest to the Agriculture Department, Government of Puducherry, for which, O.S.No.135 of 2016 was already instituted before the Principal District Court, Pondicherry against the said M/s.New Horizon Sugar Mills Limited and the Competent Authority-cum-Deputy Collector (Revenue) (North), Government of Puducherry, Saram, Puducherry and was pending.

(xvii) A mortgage by conditional sale dated 25.2.2002 was executed in this regard by the said M/s.New Horizon Sugar Mills Limited. The Directors of the defaulting company were also the Directors of the said M/s.New Horizon Sugar Mills Limited and therefore, the learned Single Judge of this Court wanted to ensure that the amount is settled to the Agriculture Department of the Government of Puducherry also.

(xviii) To cut the long story short, all the directions that were issued by the learned Single Judge of this Court in the said common order dated 18.3.2021 in W.P.No.4722 of 2016 etc. cases were complied with and what remained was only the sale deed that was directed to be executed in favour of the said Mr.S.Natarajan or his nominees, for which, the Government of Puducherry was directed to



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stand as a confirming party and to do such acts like mutation of revenue records, reclassification of lands and issuance of patta in the name of the purchaser.

(xix) The clarification petition viz. WMP.No.8996 of 2023 has been filed by respondents 1 and 2 in W.P.No.4722 of 2016 on the ground that the said M/s.New Horizon Sugar Mills Limited represented by its Chairman Mr.V.Kannan had executed the mortgage by conditional sale dated 25.2.2002 as a security for the repayment of loan availed and the interest payable by them to the Agriculture Department of the Government of Puducherry in the name of the Hon'ble President of India. Hence, respondents 1 and 2 in W.P.No. 4722 of 2016/petitioners in WMP.No.8996 of 2023 are questioning the directions issued in paragraph 20(g) of the common order dated 18.3.2021 directing the Government of Puducherry to stand as the affirming party when neither the Agriculture Department of the Government of Puducherry nor the Union of India represented by its Secretary, Ministry of Home Affairs, New Delhi was a party to any of the proceedings.

(xx) Therefore, the petitioners in WMP.No.8996 of 2023 have



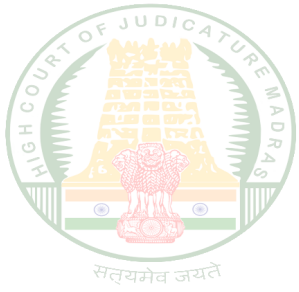
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taken a stand that the Government of Puducherry represented by its Agriculture Department cannot stand as a confirming party to the sale deed to be executed by the Administrator of the defaulting company since the subject properties belong to the Hon'ble President of India represented by the Secretary, Ministry of Home Affairs.

(xxi) In short, respondents 1 and 2 in WP.No.4722 of 2016 have taken a stand in the clarification petition that where a mortgage by conditional sale has already been executed in favour of the Hon'ble President of India, the Government of Puducherry cannot stand as a confirming party. That apart, the properties involved are worth several crores whereas the said Mr.S.Natarajan, who is a defaulter, is attempting to escape from the criminal liability and the defaulting company is taking away the properties involved for pittance.

(xxii) An order was passed in WMP.No.8998 of 2023 on 20.4.2023 suspending the operation of paragraph 20(g) of the order dated 18.3.2021 passed in W.P.No.4722 of 2016 etc.cases pending disposal of the clarification petition viz. WMP.No.8996 of 2023. Aggrieved by this order, W.A.No.1074 of 2023 came to be filed by the said Mr.S.Natarajan and the writ appeal was disposed of by judgment



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dated 20.8.2024 directing the parties to raise all the issues before the learned Single Judge.

(xxiii) The Union Territory of Puducherry filed an application in M.A.No.2431 of 2024 in M.A.No.647 of 2021 before the Hon'ble Apex Court. When this application came up for hearing on 29.4.2025, the Hon'ble Apex Court was apprised of the pendency of W.M.P.Nos.8996 and 8998 of 2023 filed by the Union of India and the Competent Authority under the Union Territory of Puducherry. In view of the same, the learned Single Judge of this Court was directed to decide the clarification petition pending in WMP.No.8996 of 2023 along with WMP.No.8998 of 2023 within four weeks and further directed M.A.No. 2431 of 2024 to be listed for hearing on 19.8.2025 along with the order passed by the learned Single Judge in the clarification petition. Pursuant to the directions issued by the Hon'ble Apex Court in the said order dated 29.4.2025, these petitions are listed for hearing before me.



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8. In order to appreciate the ground that has been raised in the clarification petition, it is necessary for this Court to carefully go through the materials placed before this Court and see as to whether similar such stand was taken on the earlier occasion during the pendency of the proceedings and as to how such proceedings had reached finality.

9. The learned Single Judge, while disposing of W.P.No.4722 of 2016 etc.cases through the said common order dated 18.3.2021, had taken into account the claim made by the Government of Puducherry in the pending suit in O.S.No.135 of 2016 on the file of the Principal District Court, Puducherry. The said suit was filed by the Union of India represented by its Chief Secretary along with the Union of India represented by the Secretary (Agriculture), Government of Union Territory of Puducherry, Puducherry and the Director of Agriculture/ Director of Sugar, Government of Union Territory of Puducherry, Puducherry. In the said suit, a decree was sought to declare that the Union of India i.e. the Hon'ble President of India is the absolute owner, who would be entitled to the suit properties and for delivery of



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possession to the plaintiffs therein from the defendants. This is on the ground that the said M/s.New Horizon Sugar Mills Limited owed monies due and payable for availing a loan, that they have not paid back the amount and that therefore, the Union of India wanted to confirm the ownership of the subject properties by virtue of the mortgage by conditional sale dated 25.2.2002 executed by the said M/s.New Horizon Sugar Mills Limited.

10. The learned Single Judge of this Court took into consideration the fact that a total sum of Rs.35 lakhs was due and payable to the Agriculture Department, Government of Puducherry and directed that out of the said sum of Rs.38 Crores that was directed to be handed over to the Administrator of the defaulting company, a sum of Rs.36 Crores was supposed to be utilized for settling the depositors at the rate of 75% of the principal amount towards full and final settlement and that a sum of Rs.35 lakhs was directed to be handed over to the Director of Agriculture Department, Government of Puducherry through a cheque or pay order of demand draft as demanded.



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11. Pursuant to the said common order dated 18.3.2021 passed by the learned Single Judge, O.S.No.135 of 2016 on the file of the Principal District Court, Puducherry was disposed of on 10.2.2023 based on the settlement and a direction was given to draw a cheque/ pay order/demand draft in favour of the Director, Agriculture Department, Government of Puducherry to the tune of Rs.35 lakhs.

12. It is relevant to point out that when the Administrator of the defaulting company handed over the demand draft to the Agriculture Department, for some reason or the other, they did not encash the amount. The order of attachment made during the pendency of O.S.No.135 of 2016 on the file of the Principal District Court, Puducherry was also raised based on the no objection given by the Competent Authority under the Act vide order dated 03.11.2022 in CMP.No.5 of 2022 in O.A.No.1 of 2006 on the file of the Principal District Court, Puducherry in respect of item Nos.2 and 3 of Schedule IIA of G.O.(Ms) No.12 dated 18.2.2006 in R.S.Nos.130/3, 130/4, 130/1, 132/2 and 93/5 of Ariyur Revenue Village covering an extent of 42.5 acres.



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13. As stated supra, the review applications filed against the said common order dated 18.3.2021 in W.P.No.4722 of 2016 etc. cases were dismissed and it was confirmed till the Hon'ble Apex Court.

14. The learned counsel appearing for the said Mr.S.Natarajan submitted a letter dated 16.10.2021 seeking for disbursal of the said sum of Rs.100 Crores deposited into the Registry of the Hon'ble Apex Court and this letter was converted into M.A.No.647 of 2021 and an order was passed by the Hon'ble Apex Court vide order dated 26.7.2022 to release the said sum of Rs.100 Crores that was so deposited. Though an objection was made on behalf of the Union Territory of Puducherry, the Hon'ble Apex Court rejected the said objection by order dated 01.8.2022. This had happened when the special leave petitions were pending against the said common order dated 18.3.2021 passed by the learned Single Judge as confirmed by the Division Bench of this Court by the said common judgment dated 30.6.2022 in W.A.No.1376 of 2022 etc. cases. As stated supra, the special leave petitions in S.L.P.(Civil) Nos.13207 to 13209 of 2022 were also dismissed on 08.8.2022 by the Hon'ble Apex Court.

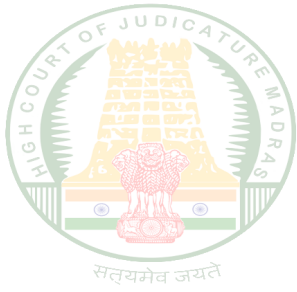


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15. It is relevant to take note of the counter that was filed by the Union Territory of Puducherry in M.A.No.647 of 2021. In this counter, every other ground that has also been taken in the present clarification petition was also raised. For proper appreciation, paragraphs 14 to 19 are extracted as hereunder :

"14. While so, the second respondent and his wife had filed their writ petition Nos.18683 of 2020 and 18681 of 2020 before the Hon'ble High Court of Judicature at Madras thereby challenging the G.O.Ms.No.10, dated 19.8.2019. The Hon'ble High Court, vide its order dated 18.3.2021, categorically found that the depositors of PNL Nidhi Limited have been in the lurch and placed their interest at the utmost priority. The Hon'ble High Court, while placing reliance on the affidavits filed by the Government before this Hon'ble Court, conveniently ignored the preconditions mentioned in the very same affidavits for the consent. The learned Single Judge mistook the same as a consent for the sale of the land admeasuring 42 acres that had been mortgaged by conditional sale by one M/s.New Horizon Sugar Mills Ltd., and which later, by default, has vested with the President of India to be available for sale and directed that the said lands be sold to the applicant



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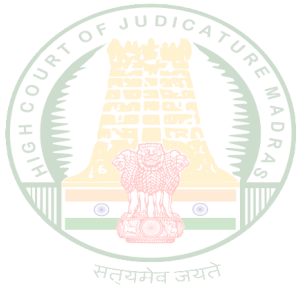


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(R2) for a sum of Rs.34 Crores, which shall be used for repayment of 75% of the dues of the depositors. That a further sum of Rs.34,00,000/- be paid as balance dues to the Agriculture Department, Puducherry for the release of the said lands.

15. It is pertinent to note that the proceedings initiated by the applicant (R2) and his wife were purely challenging the merits of the attachment order passed by the Government of Puducherry. However, the learned Single Judge wholly lost track of the same and has resorted to passing the above said order. The Government of Puducherry and also the depositors preferred appeals and were directed to prefer a review. Presently, the review petitions preferred by the Government of Puducherry and also that of the depositors have been dismissed by the learned Single Judge. Aggrieved of the same, the Government is in the process of preferring an appeal to the Division Bench of the Hon'ble High Court.

16. I respectfully submit that in the said order, the Hon'ble High Court had directed that a sum of Rs.38 Crores should be paid to the Administrator for settlement to the depositors and the Government dues and the Administrator shall convey an encumbrance free title in respect of 42.5



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acres of land to the second respondent herein and the remaining amount to be disbursed to the wife and companies of the second respondent. But, it is humbly submitted in the above said 42.5 acres of land, around 21.86 acres of land, which once belonged to the PNL Directors now stands vested with the Hon'ble President of India for their failure to repay the loan amount obtained from the Agriculture Department of Puducherry as per the conditional mortgage deed dated 25.2.2002 executed by them with the Agriculture Department, Government of Puducherry. Thus, herein, selling the Government property to settle the affected depositors is wholly illegal and unheard of and the order of the learned Single Judge has amounted to putting a premium on the illegal activities of the Directors including the second respondent herein, who had defaulted the poor depositors to go scot free. In fact, the order of the Hon'ble High Court conveys encumbrance free title of the said 42.5 acres of land to Natarajan upon payment of a meager Rs.38 Crores into the account of the Administrator. However, the High Court has failed to appreciate that 21.86 acres of land is a Government land and due to be settled by PNL to its depositors should be settled by selling lands/ properties of PNL and not by disposing Government land. Such order of the Hon'ble High Court is a



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boon to the second respondent after involving in such a heinous crime as the market value of the said property would fetch even more value. Thus, the order of the Hon'ble High Court of Judicature at Madras dated 18.3.2021 is complete injustice to the affected depositors and loss to the Government of Puducherry while on the other hand, a good profitable business to the second respondent and his associates. Even the review petitions filed against the above order were dismissed stating that the order dated 18.3.2021 was passed on the consent of all the parties wherein no consent were given either by the Competent Authority or the Agriculture Department before the Hon'ble High Court to sell the property already vested with the Government for settling the dues of the depositors.

17. It is humbly submitted that the common order dated 18.3.2021 was passed by the Hon'ble High Court of Judicature at Madras without enquiring upon the validity/merits of the attachment notification dated 19.8.2019 done as per the PPIDFE Act, for which, the writ petitions 18681 and 18683 of 2020 were actually filed by the second respondent and his associates. Hence, the order lacks the reasoning of the purpose and the direction of this Hon'ble Court is not properly served. Thus, the above said judgment itself would not prevail and so the release of Rs.38 Crores to



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the Administrator appointed by the Hon'ble High Court and the remaining amount to the second respondent's wife and companies as per the order of the Hon'ble High Court is strongly objected to safeguard the interests of the poor depositors who are longing with a hope to receive their full deposit amount along with interest.

18. Thus, it is humbly submitted that the release of the amount to the second respondent as prayed for would cause a great injustice to those poor depositors and loss to the Government of Puducherry.

19. I respectfully submit that the victims/ depositors, who were defrauded, have invested their money from 1994-95 onwards and this authority submits with immense pain that not even a single rupee could be realized so far. As on date, the outstanding amount is about Rs.200 Crores along with interest and the payment of 75% of the deposited amount after all these long years is injustice. As a matter of fact, it is esteemed that many depositors may have died since the registration of the case without realizing any money, of which, at least about half of depositors died only because of this cheating, unable to bear the financial brunt and the emotional trauma - losing all their retirement benefits, stories of failed weddings, unable to secure college admissions,



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case of depression, etc. Thus, the crime is the most heinous of the crimes in the history of the Union Territory of Puducherry."

16. Only after considering the objections raised by the Union of India/Union Territory of Puducherry, M.A.No.647 of 2021 was allowed and a direction was issued to disburse the said sum of Rs.100 Crores, which was deposited into the Registry of the Hon'ble Supreme Court.

17. The said M/s.S.V.Global Mills Limited had deposited Rs.100 Crores into the Registry of the Hon'ble Apex Court whereas what was paid to the said Mr.S.Natarajan was only a sum of Rs.62 Crores. The balance of Rs.38 Crores was directed to be utilized for redemption of the depositors and for settling the dues of the Agriculture Department of the Government of Puducherry. For the balance amount of Rs.38 Crores, a direction was issued by the learned Single Judge of this Court in the said common order dated 18.3.2021 to convey the subject properties measuring 42.5 acres of land to the said Mr.S.Natarajan or his nominees on behalf of the title holder by the Administrator. It is at this stage, the clarification has now been sought for before this Court.



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18. On a careful reading of the said common order dated 18.3.2021 passed by the learned Single Judge in W.P.No.4722 of 2016 etc.cases as confirmed by the Division Bench of this Court vide the said common judgment dated 30.6.2022 in W.A.No.1376 of 2022 etc. cases and the Hon'ble Apex Court vide the said common order dated 08.8.2022 in S.L.P. (Civil) Nos.13207 to 13209 of 2022, it has come to light that the Union of India and the Government of Puducherry were fully aware of the fact that the amount due and payable to the Agriculture Department of the Government of Puducherry would be received and that O.S.No.135 of 2016 on the file of the Principal District Court, Puducherry filed against the said M/s.New Horizon Sugar Mills Limited and the Competent Authority would be withdrawn.

19. After every other settlement went through, a hyper technical ground has now sought to be taken as if the Union of India represented by its Secretary, Ministry of Home Affairs was not a party to any of the proceedings and therefore, the mortgage by conditional sale dated 25.2.2002, which was executed in the name of the Hon'ble



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President of India represented by the Additional Director of Agriculture Department, Puducherry, cannot be reversed. As already stated supra, such a ground was, in fact, taken by the Union of India even before the Hon'ble Apex Court and despite that, the application for disbursement of the amount was allowed. The said common order dated 18.3.2021 was confirmed upto the Hon'ble Apex Court. Hence, under the guise of seeking clarification, the Union of India represented by its Secretary (Home), Government of Puducherry and the Competent Authority now want to reopen this issue and deprive the subject properties from being conveyed in favour of the said Mr.S.Natarajan or his nominees.

20. The conduct of the petitioners in the clarification petition is highly questionable since, they, with their eyes wide open, were parties to the entire proceedings and they found it convenient to settle a large amount of depositors, through which, a major turmoil in the Union Territory of Puducherry came to an end whereas when it came to their part of the obligation to be performed, they are attempting to take unsustainable grounds to somehow defeat the directions issued



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by the learned Single Judge of this Court in the said common order dated 18.3.2021.

21. This Court has also taken into consideration the fact that at no point of time, the petitioners in the clarification petition raised the ground that the Union of India represented by its Secretary, Ministry of Home Affairs was not a party to the proceedings and therefore, it would not bind the Union of India and consequently, the Hon'ble President of India represented by the Additional Director, Agriculture Department, Government of Puducherry, in whose favour, the mortgage by conditional sale dated 25.2.2002 was executed. They participated in the proceedings upto the Hon'ble Apex Court and the said common order dated 18.3.2021 passed by the learned Single Judge attained finality.

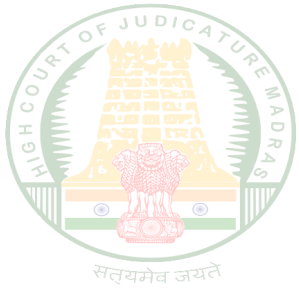


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22. The petitioners in the clarification petition are now wanting to start a new round of litigation. If such a specious plea is entertained, it will defeat the whole purpose of the efforts taken by the this Court to settle a large body of depositors and also the Agriculture Department of the Union Territory of Puducherry. As held by the Hon'ble Apex Court in the case of **Villiyanur Iyarkkai Padugappu Maiyam Vs. Union of India & Others [reported in 2010 (15) SCC 230]**, the Union of India is a legal entity and it cannot be split into various departments for the purpose of being arrayed as a party in a litigation before a court of law. It must also be borne in mind that a mortgage by conditional sale under Section 58(c) of the Transfer of Property Act, 1882 is a mortgage, in which, the ostensible sale is conditional and is intended as a security for the debt.

23. In the instant case, the mortgage deed dated 25.2.2002 that was executed between the said M/s.New Horizon Sugar Mills Limited represented by its Chairman Mr.V.Kannan and the Hon'ble President of India represented by the Additional Director of Agriculture Department, Pondicherry and registered as doc.No.505 of 2002 on the



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file of the Sub-Registrar, Villianur, provides as follows :

"(iii) In further pursuance of the said Rules and for the consideration aforesaid and to secure repayment of the aforesaid loan and interest as shall at any time or times hereinafter be due to the mortgagee under the terms of these presents, the mortgagor doth hereby grant, convey, transfer, assign and assure unto the mortgagee all and singular the said mortgaged property fully described in the schedule hereunder written together with buildings erected or to be erected by the mortgagor on the said mortgaged property or materials for the time being thereon with all rights, easements and appurtenances to the said mortgaged property or any of them belonging to hold the said mortgaged property with their appurtenances including all erections and building erected and built or to be erected and built hereafter on the said mortgaged property or materials for the time being thereon unto and to the use of the mortgagee absolutely for ever free from all encumbrances. Subject nevertheless to the proviso for redemption hereinafter contained provided always and it is hereby agreed and declared by and between the parties hereto that if the mortgagor shall duly pay to the mortgagee the said principal sum and interest hereby secured in



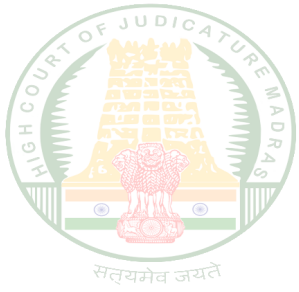
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the manner herein provided and also the other monies if any determined to be payable by the mortgagor to the mortgagee under the terms and conditions of the said Rules, then the mortgagee shall at any time thereafter upon the request and at the cost of the mortgagor re-convey, re-transfer and reassure the said mortgaged property unto and to the use of the mortgagor."

24. A careful reading of the above Clause would show that where the principal amount along with interest is repaid back, the mortgagee, at any time, upon the request made by the mortgagor, can re-convey/re-transfer the mortgaged properties.

25. As stated supra, O.S.No.135 of 2016 on the file of the Principal District Court, Puducherry was filed seeking to declare that the Union of India ie. the Hon'ble President of India is the absolute owner of the suit properties and also for delivery of possession to the plaintiffs therein from the defendants. This is based on the mortgage deed dated 25.2.2002 that was executed by the said M/s.New Horizon Sugar Mills Limited. If ultimately the entire amount along with interest is repaid back, the mortgagor has a right to seek for redemption of the



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mortgage. This was taken into account when the said common order was passed on 18.3.2021 and pursuant to that, the said suit was withdrawn on 10.2.2023 and the attachment was raised on 03.11.2022.

26. While so, it will be unreasonable on the part of the petitioners in the clarification petition to raise a plea that the Union of India was not heard before the said common order was passed in W.P.No.4722 of 2016 etc. cases, when, actually, it is the Union of India and two others, who had filed the said suit before the Principal District Court, Puducherry. This plea has been raised by the petitioners in the clarification petition only to defeat the rights of the said Mr.S.Natarajan and to get over the directions issued by this Court. If the entire amount is repaid back to the Agriculture Department of the Government of Puducherry, there is no reason for the petitioners in the clarification petition to retain the subject properties.



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27. The Division Bench, while confirming the order passed by the learned Single Judge, in W.A.Nos.1376 of 2022 etc. cases dated vide the said common judgment dated 30.6.2022, in more than one place, stated that the common order was passed in the writ petitions on the basis of the consensus arrived at between the parties. When that is the case, one of the parties to the proceedings cannot be allowed to wriggle out by raising a specious ground.

28. If the demand draft, which had already been handed over by the Administrator of the defaulting company is not encashed, it is the problem of the Agriculture Department of the Government of Puducherry and the same does not, in any way, strengthen the claim made by the petitioners herein to clarify the said common order dated 18.3.2021 passed in W.P.No.4722 of 2016 etc. cases. This Court does not find any merits in WMP.No.8996 of 2023 seeking for clarification; so also in WMP.No. 8998 of 2023 seeking for suspension regarding execution of the sale deed pending disposal of the clarification petition.



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29. The Assistant of the Administrator has filed WMP.No.21572 of 2024 seeking to direct the second respondent in W.P.No.4722 of 2016 to stand as a confirming party and to cooperate with the conveyance of the subject properties by means of execution of a sale deed in favour of the said Mr.S.Natarajan or his nominees.

30. It goes without saying that the second respondent in WP.No.4722 of 2016 is bound to stand as a confirming party since the said common order dated 18.3.2021 has become final.

31. In the light of the above discussions, **WMP.Nos.8996 & 8998 of 2023 are dismissed.**

32. In view of the dismissal of **WMP.No.8996 of 2023**, the second respondent in WP.No.4722 of 2016 is directed to comply with the said common order dated 18.3.2021 and stand as a confirming party as was directed by this Court and to cooperate with the conveyance of the subject properties by means of executing a sale deed in favour of the said Mr.S.Natarajan or his nominees in respect of



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the subject properties. If the demand draft handed over to the Agriculture Department has become stale due to expiry of time, there shall be a direction to the second respondent in the writ petition to make a request to the Administrator of the defaulting company to issue a fresh demand draft and on receipt of such a request, the learned Administrator shall issue the demand draft drawn in favour of the Director, Agriculture Department of the Government of Puducherry. In fact, while passing the earlier order dated 03.1.2023 in WMP.No.32638 of 2022 etc.cases, the demand draft was handed over. But, the same has not been encashed. In view of the same, the direction issued in this common order shall be complied with by the second respondent in W.P.No.4722 of 2016 without fail.

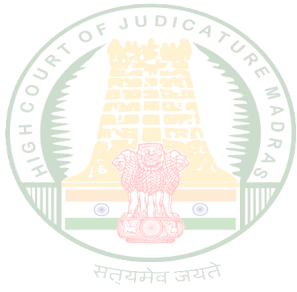
WMP.No.21572 of 2024 is disposed of in the above terms.

30.6.2025

To

- 1.The Superintendent of Police
(CID), Office of the CBCID
of Police, Pondicherry.
- 2.The Government of Tamil Nadu,
rep.by its Secretary, Home

40/42



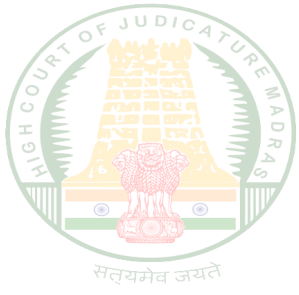
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Department, Fort St.George,
Chennai-9.

- 3.State rep.by the Superintendent
of Police, Economic Offences
Wing II, Cuddalore.
- 4.The District Revenue Officer
(Competent Authority under the
TNPID Act), Cuddalore.
- 5.Union of India, rep.by its
Secretary, Ministry of Home
Affairs, New Delhi.
- 6.The Secretary to Government
(Agriculture), Chief Secretariat
Puducherry.
- 7.The Director of Agriculture/
Director of Sugar, Government of
Puducherry, Puducherry.
- 8.The Hon'ble Mr.Justice
K.P.Sivasubramaniam,
Administrator for M/s.PNL Nidhi
Ltd., No.47, Pulla Avenue, Shenoy
Nagar, Chennai-30.

RS



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N.ANAND VENKATESH,J

RS

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30.6.2025