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CrI. RC. No.557 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 23.10.2025

CORAM :

**THE HONOURABLE MR.JUSTICE S.M.SUBRAMANIAM
AND
THE HONOURABLE MR.JUSTICE MOHAMMED SHAFFIQ**

CrI. RC. No.557 of 2025

Indian Bank, Stressed Assets Management Branch,
No.55, Ethiraj Salai, Chennai-600 008.
Represented by its Chief Manager ... Petitioner(s)

Vs.

1.The Assistant Director, Directorate of Enforcement,
Government of India, 5th and 6th Floor,
BSNL Administrative Building,
No.2, Kush Kumar Road, Nungambakkam,
Chennai-600 034.

2.M/s.Saravana Stores (Gold Palace), Chennai,
Represented by Mrs.P.Sujatha and
Mr.Y.P.Shiravan,
No.14, Ramanathan Street,
T.Nagar, Chennai-600 017.

3.Mr.Y.P.Shiravan
S/o.Mr.Y.Pallakkudurai,
Partner of M/s.Saravana Store (Gold Palace),
Chennai, No.14, Ramanathan Street,
T.Nagar, Chennai-600 017.

4.Mrs.P.Sujatha,
W/o.Mr.Pallakudurai,
Partner of M/s.Saravana Store (Gold Palace),
Chennai, No.14, Ramanathan Street,



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T.Nagar, Chennai-600 017.

5. Mr.K.Thamilarasu,
S/o.Shri Krishnan,
Then Branch Manager of Indian Bank,
T.Nagar Branch, 4/201, TVH Apartment,
Trichy Road, Singanallur, Coimbatore-641 005.

6.K.Selvam,
S/o.Shri Kandasamy
Then Assistant Manager of Indian Bank,
T.Nagar Branch, D3, First Floor, D Block,
Four Seasons Residence III, 15A,
Shri Karpagambal Nagar, Tiruvallur,
Chennai-600 089.

7.Venkatesa Perumal,
S/o. Shri S.Punuswami,
Then General Manager, Indian Bank,
Flat No.4, Sait Colony First Street,
Egmore, Chennai-600 008.

... Respondent(s)

Prayer: Criminal Revision Petition filed under Section 438 and 442 of BNSS, 2023, praying to call for the records and set aside the portion of the order dated 17.02.2025 passed by the learned Court of the Principal Special Judge for CBI cases/ designated Court under PMLA Act 2002/ VIII Additional City Civil Court at Chennai in CrI.M.P.No.7500 of 2024 in Spl.C.C.No.2 of 2024 dismissing the petition with reference to the B Schedule Property and order release of the properties specified in Schedule B in favour of the petitioner Bank.

For Petitioner(s)	: Mr.T.Sundar Rajan
For Respondent 1	: Mr.P.Sidharthan Special Public Prosecutor For ED



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For R2 to R4 : Mr.N.V.Prakash
For R5 : Ms.M.F.Shabana
For R6 : Mr.P.Tamilvel
For R7 : No appearance

ORDER

(Order of the Court was made by *S.M.SUBRAMANIAM, J.*)

The present Criminal Revision Case has been instituted to assail the order dated 17.02.2025 in Crl.M.P.No.7500 of 2024 in Special C.C.No.2 of 2024, on the file of the Designated Court under Prevention of Money Laundering Act, 2002, VIII Additional City Civil Court, Chennai.

2. The facts in nut shell reveals that the 2nd respondent Firm availed a medium-term loan of Rs.150 crores on 20.07.2017 for purchase of commercial properties and also availed open cash credit facility for Rs.90 crores on 27.09.2017. Several properties were mortgaged by the 2nd respondent firm as a security for the loan. Account was classified as Non-Performing Asset (NPA) on 07.07.2019. The petitioner Bank sold one of the mortgaged property under SARFAESI Act and has filed O.A.No.256 of 2022 on the file of Debt Recovery Tribunal-I, Chennai for recovery of balance outstanding of Rs.309.37 crores on



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11.08.2021 with further interest and costs and the said case is pending.

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3. During the interregnum period, petitioner Bank found that several irregularities were committed in availing loans and properties were over valued. Thus, the account was declared as fraud on 29.04.2021 and a complaint was lodged before CBI. First Information Report (FIR) registered on 25.04.2022 for offences under Section 120B, 420 and Section 13(2) read with Section 13(1)(d) of Prevention of Corruption Act, for wrongful loss caused to the Bank due to over valuation of assets and diversion of funds and corresponding wrongful gain.

4. The 1st respondent / Directorate of Enforcement launched investigation under Prevention of Money Laundering Act (PMLA) and attached the mortgaged property by invoking Section 5(1) of PMLA Act on 30.06.2022 under P.O.A. No.8 of 2022. During the course of investigation, the 1st respondent found that the 2nd respondent firm had diverted loan funds and purchased properties at Sholinganallur. The said property was also attached on 26.05.2023 in P.A.O. No.6/2023. The petitioner Bank moved an application on 09.11.2022 before DRT-I,



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Chennai, in I.A.No.137 of 2023 for attachment of Sholinganallur property.

The Special Court under PMLA took cognisance of the complaint and the case is pending as Special C.C.No.2 of 2024 before VIII Additional City Civil Court at Chennai.

5. The petitioner Bank filed the present CrI.M.P.No.7500 of 2024 under Section 8(7) and 8(8) of PMLA read with Rule 3-A of PML (Restoration of Property) Rules, 2016, before the Special Court to restore and release the mortgaged property described in Schedule A of the petition and also the Sholinganallur property described in Schedule B of the petition.

6. The Bank in their complaint has confirmed that out of the Open Cash Credit facility of Rs.90 crores availed by the 2nd respondent Firm, the amount was diverted to Jain Housing and Construction and purchased Schedule B property and the property has been purchased from crime proceeds. The 1st respondent filed a counter stating “that if the present petition is allowed, then the 1st respondent has no objection in any manner whatsoever”. The other respondents 2 to 7 were served with notice in the petition and the respondents 4 and 5 made an



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endorsement that they have “No objection” to allow the petition and the respondents 2,3,6 and 7 have not chosen to file any counter which has been recorded by the Trial Court in the impugned order.

7. The Trial Court allowed the petition with respect to Schedule A property (mortgaged property) and in respect of Schedule B property dismissed the petition on the ground that the petitioner Bank may file necessary petition for restoration of property at the end of Trial.

8. The learned Special Public Prosecutor for PMLA would submit that a policy decision has been taken by the Government of India in the year 2024 that the mortgaged properties attached by the Nationalised Banks need not be kept under attachment under PMLA for an indefinite period, since Bank investors are stakeholders and their interest is to be protected. Thus, the Directorate of Enforcement has no serious objection for releasing the attachment of these mortgaged properties with the Nationalised Banks in connection with proceeds of crime.

9. In the present case, the Trial Court released A Schedule Property but dismissed the petition in respect of B Schedule property by



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granting liberty to the petitioner Bank to file necessary petition after conclusion of Trial. Such an observation is unnecessary. The parties have given no objection. The Enforcement Directorate has no serious objection for release of property. While so, the Trial Court need not have imposed such restriction by granting liberty to the petitioner Bank to file appropriate petition after completion of Trial. Once 'A' Schedule property has been released, there is no justification in holding the attachment in respect of B Schedule property. That being so, this Court is inclined to consider the present petition. Consequently, the impugned order dated 17.02.2025 in CrI. M.P.No.7500 of 2024 in Special C.C.No.2 of 2024 is set aside and the Criminal Revision Case stands allowed. No costs.

[S.M.S., J.]

[M.S.Q., J.]

23.10.2025

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/ No
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To:

1.The Assistant Director, Directorate of Enforcement,
Government of India, 5th and 6th Floor,
BSNL Administrative Building,
No.2, Kush Kumar Road, Nungambakkam,



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