IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 16-02-2026

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THE HON'BLE MR JUSTICE N. ANAND VENKATESH

APPLN. No. 161 of 2024
in
I.P. No. 11 of 2019

A.S.Vishnu Chithan, Aged 25 years,
S/o.Sampath Srinivasan,
Previously resident at
A2, Rajendras, 15,
Sadaiyappan Street,
Saidapet, Chennai – 600 015.
Now residing at
23/11 VVA Crescent Apartments,
Dr.P.V.Cherian Road,
Egmore, Chennai – 600 008.

..Applicant(s)

Vs

1. Kumbakonam Mutual Benefit Fund Nidhi Limited
   Dharmarajakoil Street, Saidapet, Opposite to Vgp Office,
   Chennai - 600 015. Rep By Mr.Sridhar

2. Kumbakonam Mutual Benefit Fund Nidhi Limited.
   No.1, Nachiyappan Street, Mylapore, Chennai - 600
   004. Rep By Mr.Umashankar

3. Kumbakonam Mutual Benefit Fund Nidhi Limited
   No.10, Doraisamy Road, T.Nagar Branch, Chennai -
   600 017. Rep By Mr.G.Mahendran

..Respondent(s)

Prayer: The application is filed under Order II Rule 1 of Insolvency Rules read with Section 7 of the Presidency Towns Insolvency Act, 1909, to direct the respondents 1 to 3 to release the deposits as mentioned in the schedule to the present application and also amendment mentioned to the Application No.344 of 2024 in I.P.No.11 of 2019. ***(Appln.No.344 of 2024 is allowed vide order dated 16.02.2026 by NAVJ).***

For Applicant(s): Mr.L.G.Sahadevan

For Respondent(s): Mr. M.S. Krishnan, Senior Counsel

ORDER

This application has been filed to direct the Kumbakonam Mutual Benefit Fund Nidhi Limited (hereinafter referred to as "KMBF") to release the deposit as mentioned in the schedule to the application.

2. The case of the applicant is that he has fixed deposits with the financial institution and that without any basis, the fixed deposit amount is retained. It is under these circumstances, the present application came to be filed.

3. The KMBF has taken a stand that the applicant is a close relative of the suspended official working in the financial institution and was involved in the commission of the offence. That apart, the amount involved is also substantial

and therefore, the financial institution is objecting to the release the amounts lying with them in the form of deposits/locker deposits, etc.

4. Heard the learned counsel appearing for the applicant and the learned Senior Counsel appearing for the respondent.

5. The KMBF, during the course of its operation, had extended jewel loans to Syed Hifzur Rahman Biyabani, who was the proprietor of Ruby Royal Jewellers and Bankers, T.Nagar and to his related persons through their branches in Saidapet, Mylapore and T.Nagar. In the year 2019, all of a sudden, the said person filed I.P.No.11 of 2019 before this Court. During the same period, Crime No.151 of 2019 came to be registered by the Investigating Agency in connection with the affairs of Ruby Royal Jewellers and also its Proprietor.

6. Upon scrutiny of records in all the branches, it was discovered that large-scale irregularities had been committed in the sanctioning, operation and closure of jewel loan accounts linked with the accused persons and their associates. This was done in connivance with the officers and employees of the KMBF. Accordingly, the KMBF itself lodged a complaint before the Economic

Offences Wing and sought for legal action against those employees, who were involved in causing financial loss to the institution through criminal acts of conspiracy, forgery and breach of trust.

7. This Court passed various orders directing the Economic Offences Wing to proceed further with the investigation. Apart from that, the amounts that were lying with the KMBF in the form of deposits, including locker deposits, were retained until the entire liabilities were satisfied.

8. It is under there circumstances, the present application came to be filed on the ground that the applicant had absolutely no role to play in the entire incident and in spite of the same, the deposit is being withheld without any basis.

9. The main ground that was urged by the learned Senior Counsel appearing on behalf of the KMBF is that the applicant is a close relative of the official of the financial institution who was involved in the commission of the crime and that the amount involved is also substantial.

10. In the considered view of this Court, the status report has already been filed before this Court by the Economic Offences Wing and there is absolutely no material against the applicant for having committed any offence or abetted in the commission of the crime. Hence, in the absence of any material against the applicant, the amount cannot be permitted to be retained only on the basis of suspicion.

11. In the light of the above discussion, this Court is inclined to dispose of the application by directing the KMBF to release the deposits standing in the name of the applicant. If in the event of any future development in terms of finding the involvement of the applicant, it is always left open to the Kumbakonam Mutual Benfit Fund Nidhi Limited to approach this Court and seek appropriate directions against the applicant.

12. This application is disposed of in the above terms. No costs.

16-02-2026
(2/2)

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To

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N.ANAND VENKATESH, J.

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