

WEB COPY



IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 28.08.2025

PRONOUNCED ON: 25.10.2025

CORAM :

**THE HONOURABLE DR.JUSTICE ANITA SUMANTH
and
THE HONOURABLE MR.JUSTICE N. SENTHILKUMAR**

**O.S.A.No.227 of 2025
and CMP.Nos.15348 & 20677 of 2025
and Rev.Appl.No.150 of 2025**

O.S.A.No.227 of 2025

Phoenix ARC Pvt. Ltd.

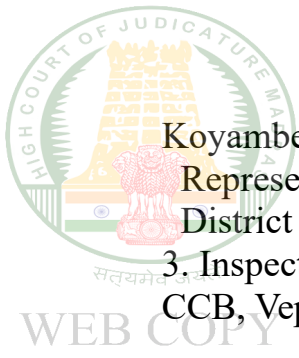
th
5 Floor, Dani Corporate Park,
Kalina, Santacruz,
Mumbai – 400 098
Rep. by its Authorized Signatory

.... Appellant

vs

1.M/s.Samarpana Charitable Trust
Head office at new No.4, Old No.60,
Venkatanarayanan Road, T.Nagar,
Chennai-600 017
And branch office at
st st
No.116, 1 Cross, 1 main Road,
Bangalore-560 094
Represented by its Authorized Persons/trustees
Smt.Saiprabha, W/o.Sri.D.Sridharan
R/at New No.4, Old No.60, venkatanarayanan Road,
T.Nagar, Chennai-600 017
Smt.MaturiPadmadevi
W/osri.D.Siva Shankar Rao,
R/at New No.4, Old No.60, Venkatanarayanan Road,
T.Nagar, Chennai-600 017

2.M/s.Chennai Metro Rail project
CMRL Depot, Admin Building,



Koyambedu, Chennai-600 017
Represented by its
District Revenue Officer
3. Inspector of Police, EDF-I, BETA-II,
CCB, Vepery, Chennai

(R3 suo motu impleaded vide this order)

... Respondents

Prayer in O.S.A.No.227 of 2025: APPEAL filed under Clause 15 of Letters Patent read with Order XXXVI Rule 1 of O.S. Rules, to set aside the impugned order dated 05.09.2022 passed in O.P.No.260 of 2022 on the file of this Court.

AND

Rev.Appl.No.150 of 2025

1.M/s.Samarpana Charitable Trust
Head office at
New No.4, Old No.60,
Venkatanarayanan Road, T.Nagar,
Chennai-600 017.
Through its Authorized person
MeiyanathanKarupaiyan

... Review Applicant

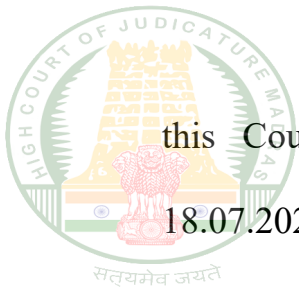
v.

1.Phoenix ARC Pvt. Ltd.
th
No.158, 5 Floor, Dani Corporate Park,
CST Road, MMRDA Area
Kalina Santa Cruz East
Mumbai, Maharashtra 400 098.

2.Chennai Metro Rail Project
CMRL Depot, Admin Building,
Koyambedu, Chennai-600 077
Rep. by District Revenue Officer

... Respondents

Prayer in Rev.Appl.No.150 of 2025: Review Application filed under Section 114 of C.P.C. and Order XLVII Rule 1 & 2 of C.P.C., against order passed by



this Court in CMP.No.15348 of 2025 in O.S.A.No.227 of 2025 dated
18.07.2025 on the file of this Court.

WEB COPY

<i>Case No.</i>	<i>For Appellant/ Petitioner</i>	<i>For Respondents/ Respondents</i>
O.S.A.No.227 of 2025	Mr.Om Prakash, Senior Counsel for Ms.Abitha Banu	Mr.S.N.Jha (for R1) Mr.P.S.Raman, Senior Counsel for Mr.A.Edwin Prabhakar, GP (for R2& R3)
Rev.Appl.No.150 of 2025	Mr.S.N.Jha	Mr.Om Prakash, Senior Counsel for Ms.Abitha Banu (for R1) Mr.P.S.Raman, Senior Counsel for Mr.A.Edwin Prabhakar (for R2)

COMMON JUDGMENT

(Judgment of the Court was delivered by Dr.ANITA SUMANTH.,J)

Phoenix ARC Private Limited (appellant) has, in this appeal, challenged an order passed in OP No.260 of 2022 and connected applications. They are aggrieved by the allowing of the Original Petition, wherein the prayer by Samarpana Charitable Trust/R1 (hereinafter referred to as R1/Trust) for according permission to the Trust to vest property admeasuring 299 sq. mts. in TS No. 6179/2 and another extent of 10 sq.mts. in TS No. 6179/1 in item Nos. 1 and 2 of Schedule A properties extracted below, in favour of Chennai Metro

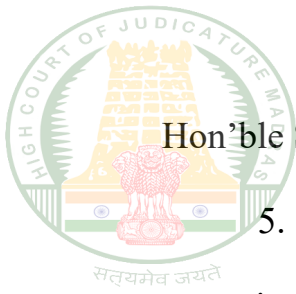


Rail Project (hereinafter referred to as R2/CMRL) as per the prevailing market rate for compulsory acquisition. The prayer was made in terms of Section 7 of the Charitable and Religious Trust Act, 1920 (CRT Act) read with Section 34 of the Indian Trust Act, 1882 (Trust Act). This is prayer A.

2. Prayer B seeks a direction to the Trust to retain all other properties of the Trust in Schedule A i.e., item No. 1 to item 3 properties, and not to alienate any of the remaining properties in violation of the provisions of either the CRT Act or the Trust Act without the leave of the Court.

3. The application was allowed on 05.09.2022, the Court noting the consensus between R1 and R2 for sale and acquisition of the property. The Court also noted that resolutions have been passed by the Trust on 11.10.2021 and 02.12.2021 for sale of the property and authorizing individuals to conduct cases on behalf of the Trust. The parties had been relegated to learned Master for marking of documents. Learned Judge notes that there was no necessity for cross-examination and that exercise was otiose since O.P.No. 260 of 2022 had been filed to advance the case mutually propounded by the Trust and CMRL for execution of the property. The Court hence granted permission to sell the property, permitting execution of sale deeds and presentation of the same for registration.

4. The second prayer, that the remaining of the Schedule A properties after the sale of the Schedule B property be directed to remain in the custody, control and possession of the Trust was also ordered. The appellant sought leave to challenge the above order, and, as the request was rejected, approached the



Hon'ble Supreme Court by way of an appeal that was disposed on 09.04.2025.

5. At the hearing on 19.07.2024, the Supreme Court granted a stay of operation of order dated 05.09.2022 passed in OP No. 260 of 2022. The appeal came to be allowed being of the view that the appellant should have been granted leave to challenge order dated 05.09.2022. That order reads as follows:

1. Heard Mr. Ranjit Kumar, learned senior counsel appearing for the petitioner(s).

2. The counsel would refer to the Settlement Deed dated 29.01.2021 to say that the two brothers – P.J.K. Sairam and P.K.S. Prashath were the mortgagors for the loan, secured from the Andhra Bank. The petitioner – Company is an assignee of the loan under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Considering the nature 1 of the claim that the assignee had 3 vis-a-vis two mortgagors and the terms of the Settlement Deed dated 29.01.2021, the Division Bench ought to have granted leave to the petitioner(s) to challenge the order dated 05.09.2022 of the learned Single Judge. This is more so when the petitioner(s) were not arrayed as party in the proceedings before the learned Single Judge.

3. Issue notice, returnable in four weeks.

4. From the submission of the learned senior counsel, it appears that there are 7 Suits pending between the parties. Therefore, it is submitted that at this stage, the Trust should not project itself as the owner of the property on the strength of the order passed by the learned Single Judge on 05.09.2022. Accepting this, the operation of the order (dated 05.09.2022) to this extent, is stayed as an interim measure.

6. The order rejecting grant of leave was set aside and the Registry directed to register the appeal. The CMRL project was protected by the Supreme Court stating that the same may continue and shall not be fettered by interim order dated 19.07.2024.

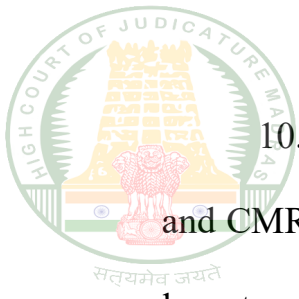
7. The submissions of Mr.Om Prakash are as follows. Two individuals P.K.S.Prasanth and P.J.K.Sairam had availed Term Loan - Rent Receivables



financial facility to the tune of Rs.28,56,0000/- from Andhra Bank vide sanction letter dated 24.02.2015. Requisite documents had been executed and the properties at i) No.12, Pinjala Subramanian Road, T.Nagar ad measuring 3 grounds 1791 sq.ft. in Old Survey No.40/2, Survey No.6178/1 T.S.No.7753, Paimash No.1108 and ii) Municipal door No.42, Flat No.7, Jewellers Gardens, Venkatanarayana Road, T.Nagar, Chennai – 17 admeasuring 4 grounds 1960 sq.ft (property / property in question / subject property) had been mortgaged in favour of Andhra Bank.

8. The account was designated a non-performing asset, and has been assigned to the appellant, an Asset Reconstruction Company, on 27.09.2017. Thereafter, the borrowers suppressed the factum of debt as well as the action initiated by the appellant for recovery of the same and proceeded to transfer the property to R1. Thereafter it was R1 who proceeded to deal with the property in total negation of the debt owed to the appellant. Our attention is taken to several documents to illustrate how R1 had not been either in ownership or possession of the property at any stage in time.

9. All of a sudden it had been made to appear as though R1 had always been in possession of the subject property and, under an agreement of sale-cum-settlement deed dated 29.01.2021, the property had been sold / settled in favour of one of the sisters of the original borrowers, who was also the Managing Trustee of R1. Thereafter R1 approached this Court seeking directions to sell the property in OP No.260 of 2022, wherein CMRL had been arrayed as sole respondent.



10. Mr.Om Prakash would allege collusion by the original borrowers, R1 and CMRL. An order had been obtained in O.P.No.260 of 2022 suppressing the loan transaction and the fact that the subject property had been mortgaged to Andhra Bank. The proceedings before the Debt Recovery Tribunal (DRT) had also been suppressed. In fact, the borrowers had entered into a deed of compromise dated 04.06.2019 before the DRT initially. Thereafter they had failed to make the payment as per compromise memo and hence the DRT had issued recovery certificate vide order dated 09.10.2019 in M.A.No.140 of 2019.

11. The appellant had thus moved the Chief Metropolitan Magistrate, Egmore (CMM, Egmore) in CrI.M.P.No.172 of 2018 under Section 14 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and that application was allowed on 28.03.2019, challenging which a Second Appeal in S.A.No.217 of 2019 had been filed by the borrowers before DRT-I, Chennai. The Second Appeal had also been dismissed on 09.07.2020, challenging with an appeal had been filed before the Debt Recovery Appellate Tribunal (DRAT), Chennai in AIR(SA) No.83 of 2020, which was also dismissed on 19.03.2021 as the statutory pre-deposit had not been made.

12. Several cases had been filed by the original borrowers, the guarantors to the loan and R1, before the Courts in Karnataka and in Madras, many of which had been dismissed. The Appellant is contesting the remaining matters. It is in the aforesaid circumstances and immediately on coming to know about order dated 05.09.2022 that the appellant had sought grant of leave to appeal



against order dated 05.09.2022, that had been rejected, as against which SLP had been filed leading to the institution of the present appeal.

WEB COPY

13. The appellant would, based on the above sequence of events, allege rank collusion and suppression of facts. A huge amount of public funds had been expended on account of the fraudulent acts of the borrowers, and their relatives, who are trustees in R1 Trust and CMRL. They would hence pray that the appeal be allowed and necessary measures be directed to secure the public funds. Reliance is placed on the decisions in *A.R.R.Charitable Trust Rep. by its Founder Trustee B.Ramachandran v. Amrita Vishwa Vidyapeetham Rep. by its Chancellore Swami Abhayamritananda Puri and Another*¹ and *Vishnu Vardhan alias Vishnu Pradhan v. State of Uttar Pradesh and Others*².

14. R1 is represented by Mr.S.N.Jha and Mr.Dharmendra Tyagi, learned counsel. At the hearing on 18.07.2025, we had passed the following order :-

Having heard all learned counsel, this matter is adjourned to 24.07.2025. The trust i.e. R1 will circulate copies of audited balance sheet and all annexures including receipts and payment account and income and expenditure account for the years ending 31.03.2022, 31.03.2023, 31.03.2024 and 31.03.2025 prior to the next date of hearing with copies served in advance on the other parties. They will and also furnish a statement of utilisation/ deployment of the consideration received from CMRL amounting to a total of Rs.13,30,40,000/- (Rs.13,24,90,571/- net of TDS).

2. In CMP No.15345 of 2025, there shall be an interim injunction restraining R1 from dealing with the schedule mentioned property, effective till the next date of hearing.

15. The matter has come up on several occasions thereafter and there has been no compliance with the direction under the above order. In fact R1 had

¹ 2023 SCC OnLine Mad 8366

² 2025 SCC OnLine SC 1501



approached the Supreme Court challenging the above order and ultimately that SLP had come to be withdrawn on 30.07.2025. Since a final opportunity had been given to comply with the directions, we recorded in our order dated 08.08.2025 that R1 shall remit costs of Rs.1,00,000/-. The direction to remit costs has been complied and memo of compliance filed. That apart, R1 has filed a petition seeking review of order dated 18.07.2025 which is also being disposed by way of the present order.

16. The submissions of R1 essentially revolve around the fact that they had moved DRT challenging order dated 20.10.2023 passed by the Chief Metropolitan Magistrate and in such circumstances, the present appeal should await the decision of the DRT.

17. Mr. Jha also harps on the review petition praying that the same be allowed, though no absolutely no grounds for review had been made out. He requests that the matter may be referred to mediation to which there is stout objection by the appellant who reiterates the egregious fraud, suppression of facts and collusion between the parties. In the absence of consent from the Appellant, the question of reference to mediation does not arise. Likewise, awaiting orders of the DRT also does not arise in the circumstances of the present case.

18. As far as the Review Petition is concerned, no grounds have been made out for review. R1 has put up no defence, let alone effective defence to the factual aspects of the matter as put forth by the appellant. All the documents that have been filed before us by the appellant are admitted and R1 has not denied



any of the same. In fact, the case of R1 is premised on those very documents and hence there is absolutely no dispute on the facts.

19. The direction issued on 18.07.2025 for production of books of accounts is based on the admitted position that R1 has received the consideration from CMRL for the acquisition of the subject property and has to hence account for the same. The Appellant had, even at that stage, made out a prima facie case of suppression of material facts and collusion with CMRL leading to diversion of public money.

20. It is for this reason that we had asked for the extracts from books of accounts to verify the utilization / deployment of the sale consideration by the Trust and to take measures to secure the same, should this appeal be allowed. There has been no co-operation at all and the intention of R1 to move the funds, and secret the same beyond the reach of the authorities, is thus very clear. The question of reviewing order dated 18.07.2025 thus does not arise.

21. Through all this, the submissions of Mr.Raman, learned Advocate General, assisted by Mr.Edwin Prabakar, learned counsel for CMRL have been this. It is true that CMRL has been extremely remiss in paying over the sale consideration to R1 without verifying whether there are any encumbrances registered as against the subject property. As on the date when the acquisition proceedings were on-going, there was an encumbrance registered by Andhra Bank in the office of the Sub Registrar and a mere look at the encumbrance certificate would have revealed the same. CMRL cannot escape from this fact.



22. However, learned Advocate General would, on instructions, defend CMRL pointing out that the concerned official was of the rank of a District Revenue Officer (Land Acquisition), deputed as Project Manager, who had an unblemished record. He had distributed compensation to the tune of several crores without any error and this one instance is an unfortunate one, which ought not to have transpired. He says that an enquiry is on-going within CMRL as against the officer concerned.

23. It is true that the order passed in OP No. 260 of 2022 had been a consent order. The consent was based on a legal opinion obtained from a panel counsel of CMRL. Since the opinion has now been found to be misconceived, illegal and contrary to the interests of CMRL, that counsel has been dis-empowered. He would also accede to the position that as on date, no measures have been taken by CMRL to set right the situation and recover the amount. He relies upon the following decisions:

*1.A.R.R.Charitable Trust Rep. by its Founder Trustee B.Ramachandran v. Amrita Vishwa Vidyapeetham Rep. by its Chancellore Swami Abhayamritananda Puri and Another*³

*2.Alok Kumar Nundun & anr. v. Samir Kumar Nundun & Ors.*⁴

*3.Padia Timber Company Private Limited v. Board of Trustees of Visakhapatnam Port Trust through its Secretary*⁵

*4.Mohan Lall Seal & Ors. v. Kanak Lall Seal & Ors.*⁶

24. We have heard all learned counsel and have perused the material records. The admitted facts are as follows. Two borrowers had approached the Andhra Bank for financial facilities and had deposited the title deeds relating to

³ 2023 SCC OnLine Mad 8366

⁴ 2010 SCC OnLine Cal 1928

⁵ (2021) 3 SCC 24

⁶ 2009 SCC OnLine Cal 903



the property in question. Memorandum of deposit of title deeds had been executed on 13.04.2015 and registered as document No.934 of 2015 in the office of Sub Registrar, T.Nagar.

25. The debt had been declared as Non-Performing Asset (NPA) and assigned to the appellant under Assignment Agreement dated 27.09.2017. Prior thereto, demand notice under Section 13(2) was issued under SARFAESI Act on 12.09.2016 and possession notice under Section 13(4) on 29.06.2017.

26. The borrowers had challenged the proceedings before the DRT in SA No.184 of 2017 which application had been allowed on 27.07.2018 setting aside the possession notice and directing the appellant to issue fresh possession and sale notices. Thereafter possession notices and demand notices came to be issued afresh.

27. Crl.MP No.172 of 2019 had been filed by the appellant before the Chief Metropolitan Magistrate (CMM), Egmore under Section 14 of the SARFAESI Act for physical possession of the secured asset and appointment of Advocate Commissioner. The petition came to be allowed on 28.03.2019. The borrowers along with the power of attorney holder and guarantors (P.Jayalakshmi, J.N.Ramji and Sai Lakshmi) filed Crl RC No. 445 of 2019 which came to be dismissed on 10.06.2019 granting them liberty to challenge the matter before the appropriate forum.

28. The very same parties filed Crl MP No.1724 of 2019 before the CMM, Egmore seeking suspension of all proceedings pursuant to order dated 28.03.2019. That petition came to be dismissed on 24.07.2019, the Court



holding that the CMM has no power to review or revisit his own order and that the petition was misconceived.

29. Not content with that order, the borrowers prevailed on a tenant, one M/s.Cape Infrastructure Pvt. Ltd., to again approach the CMM by way of CRL MP No. 3180 of 2019 and by order dated 22.08.2019, that petition also came to be dismissed by the CMM, Egmore. Likewise, Crl.M.P.No.1369 of 2019 filed by another tenant, Wise Beverages India Pvt. Ltd., also met the same fate and was dismissed on 30.08.2019 as non-maintainable.

30. S.A.No.217 of 2017 then came to be filed by the borrowers which came to be dismissed on 09.07.2020 confirming the taking of physical possession by the appellant as being in accordance with law. A Second Appeal in AIR (SA)83 of 2020 was filed before the DRAT Chennai that, vide proceedings dated 19.02.2021 was admitted, conditional upon pre-deposit of Rs.12 crores being made in two instalments, Rs.6 crores within four weeks from that date, and the second instalment of Rs.6 crores within the next four weeks.

31. Since the condition was not complied, the appeal was dismissed as non-maintainable by order dated 19.03.2021. While so, the appellant and the borrowers entered into memo of compromise dated 04.06.2019 and filed the same before the DRT. Recording the memo of compromise OA No. 353 of 2019 was disposed on 04.06.2019.

32. The joint memo of compromise specifically states that P.K.S.Prashath, P.J.K.Sairam, P.Jeyalakshmi, J.N.Ramjee and Sai Lakshmi, jointly and severally



agree to pay the arrears of Rs.35,50,00,000/- with interest within six months from that date, and reads as follows:-

WEB COPY

JOINT COMPROMISE MEMO FILED BY THE PARTIES

The Parties above named respectfully state as follows:

1. It is submitted that the Applicant has filed the above OA for recovery of sum of Rs.36,58,30,837/- as on January 23,2019 along with further interest and costs from January 24,2019 till payment. It is submitted that the Defendants confirm creation of the security more specifically mentioned in the OA and have admitted the above liability and seek for settlement of the dues by a compromise.

2. After negotiations, the Parties to the OA have arrived at a settlement by compromise by which the Defendants jointly and severally agree to pay the Applicant the settlement amount and the Applicant has agreed to receive the same towards full and final settlement in the following terms:-

a. The Defendants agree to pay a sum of Rs.35,50,00,000/- (Rupees Thirty Five Crores Fifty Lacs Only) together with interest as mentioned in the repayment schedule mentioned below as full and final settlement of the OA within six months from today in the account of "Phoneix Trust FY 18-6, Account No 3312070112, Kotak Mahindra Bank Limited, Kalinga Branch" in the following manner:

i. Rs.5,50,00,000 (Rupees Five Crore Fifty Lacs Only) payable on or before 15.07.2019

ii. Rs.15,00,00,000/- (Rupees Fifteen Crore Only) payable on or before 30.09.2019

iii. Rs.15,00,00,000/- (Rupees Fifteen Crores Only) payable on or before 30.11.2019

iv. Interest @ 10% p.a. for the period commencing from 01.09.2019 to 30.11.2019 payable on or before 30.11.2019 on the balance settlement amount payable as on that date.

b. The Defendants No 1 to 5 jointly and severally confirm and agree that they shall not deal with the Secured Asset or create any third party rights on the Secured Asset till repayment of the settlement amount along with interest.

3. The Applicant states that on receipt of the entire settlement amount as set forth above from the Defendants, the Applicant shall issue a "No Due Certificate", discharge the mortgage and



hand over the title deeds of the mortgaged property set out in the OA.

4. The parties herein shall report the Joint Compromise in all other pending legal proceedings initiated by either of them and the same may be sought to be closed.

5. The Defendants agree that in case of default in repayment of any of the amount as set forth above.

a. the Defendants jointly and severally shall be liable to pay the Applicant the entire OA claim amount of Rs.36,58,30,837/- as on January 23,2019 together with further interest at documented rate from January 24,2019 and costs.

b. The Defendants further confirm that the Applicant shall proceed to enforce the security interest under SARFAESI Act and that the Defendants shall surrender the possession of the secured asset.

6. The fourth Defendant, Mr. Ramjee is authorized to sign this Joint Compromise Memo on behalf of Defendants 1 to 3 and 5 and authorisation letter to that effect is enclosed along with this Compromise memo.

7. The Applicant and the Defendants file this compromise memo before this Tribunal and seek for a final order in the above OA in terms of this memo.

It is therefore prayed that this Hon'ble Tribunal may be pleased to receive the compromise memo and pass a final order /decree in the above OA in terms of the Joint Compromise Memo and issue direction for issuance of Recovery Certificate against Defendants. It is further prayed for issuance of such further or other order or orders as this Hon'ble Tribunal may deem fit and proper and thus render justice.

Dated at Chennai on this the 04th day of June 2019.

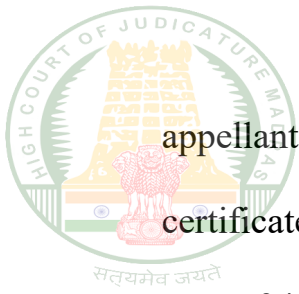
Sd/-
Applicant

Sd/-
Defendant No.4
(for himself and on behalf of
defendants 1 to 3 and 5)

Sd/-
Counsel for applicant

Sd/-
Counsel for Defendants

33. The borrowers made no move to comply with the above memo of compromise. Thereafter MA No. 25 of 2020 filed at the instance of the borrowers / guarantors, seeking recall of final order dated 04.06.2019 and seeking leave to the parties to contest O.A. No.353 of 2019. For its part, the



appellant had moved M.A.No.140 of 2019 seeking a direction to issue recovery certificate.

WEB COPY

34. The Miscellaneous Application filed by the borrowers came to be dismissed, and the Miscellaneous Application filed by the Appellant came to be allowed by way of a common order dated 09.10.2020, directing the appellant to draw a recovery certificate for a sum of Rs.36,58,30,837/- with interest at the rate of 9.55% from 24.01.2019 till realization, jointly and severally payable by the borrowers and guarantors.

35. In the alternate, the appellant was permitted to sell the schedule property to recover the dues. A review application was filed by the borrowers and guarantors in R.A.No.9 of 2020 which came to be dismissed on 27.01.2021.

36. It is then that the drama started. A parallel scheme of events was created by the borrowers involving R1. This commences from a Deed of Declaration of Trust (Trust Deed) dated 14.02.2005 where the author was one N.Venugopal Nayar, who along with J.N.Ramji, the husband of Sai Lakshmi and brother-in-law of original borrowers, created a Trust of the description of R1. The office of the Trust as per the trust deed was 21 J.N.Road, Vadapalani, Chennai – 600 026.

37. According to the appellant, there is no such office in that location. The objects of the Trust are charitable and educational in nature. The Trust Deed at clause 18 entitled 'Immovable Property' states categorically that '*There is no immovable property in the trust at present*'. It is hence very clear that, at least the time of constitution of the trust on 14.02.2005, R1 did not possess any assets



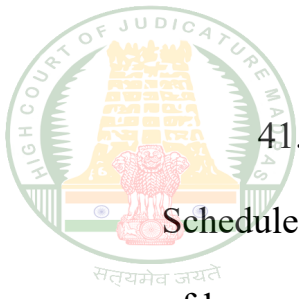
barring the contribution of Rs.1000/- by the trustees. It is unknown as to whether this Trust is assessed to Income Tax and whether at all it is a genuine, bonafide and properly registered trust.

38. Vide Deed of Amendment of Trust dated 16.06.2021, which refers to four trustees J.N.Jahath Ramjee, Managing Trustee, Sai Srilakshmi Ramjee, Saiprabha and Padmadevi, Trustees, a few amendments were carried out to the original clauses. What is material for this case is that, at clause 29 of the Deed of Amendment of Trust, the trustees reiterate as follows:

'29. There is no immovable or immovable property in the name of the trust as on date except Rs.40,980/- made by the author and President towards corpus fund.'

39. Thus, even as on 16.06.2021, there is no immovable or movable assets held by R1, except corpus funds of Rs.40,980/-. This is very material as the next document we refer to is a document dated 29.01.2021 styled as '*Agreement of Sale (without possession) cum Settlement Deed*'. The parties to the document are Hussain, O.S., a resident of Bengaluru and the first party/vendor on the one hand, and P.K.S. Prashath and P.J.K Sairam, second parties/settlers on the other. The document is executed in favour of Sailakshmi.

40. The sum and substance of the document is that the vendor is the absolute owner of a plot in Peenya Plantation Yeshwanthpura Hobli, Bangalore North Taluk, Bangalore and wishes to sell a flat constructed in the aforesaid property admeasuring 1600 sq ft. There are no other terms or clauses about the aforesaid sale in the document dated 29.01.2021.



41. The document then goes on to say that item nos.1, 2 and 3 in

Schedule B which are extracted below were inherited by the borrowers and out

of love and affection they settle that property in favour of Sailakshmi who is the

Managing Trustee with R1 Trust. Hence as per document dated 29.01.2021, the

schedule properties, as below, vest in Sailakshmi.

Item No.1

All that piece and parcel of vacant land of Samarpana Trust bearing Plot No.7, Block -9, Door No.41, New No.60, Jewellers Gardens, Venkatanarayana Road, T.Nagar, Chennai – 600 017 comprised in Old Survey No.40/4 and Re-Survey No.6179/1 and 2, measuring an extent of 4 grounds and 1960 sq.ft. bounded on the

North by : Venkatnarayana Road, Survey No.40/2-A

South by : Pinjala Subramaniam Road

East by : Venkatnarayana Road

*West by : PasumarthyGunnaiah Chetty House No.12,
Pinjala Subramaniam Road, Survey No.40/2*

and 40/3 part

Item No.2

All that piece and parcel of land and building of Samarpana Trust bearing New No.60, Jewellers Gardens, Venkatanarayana Road, T.Nagar, Chennai – 600 017 comprised in Survey No.40/2 T.S.No.6179/1, measuring to an extent of 2028 $\frac{3}{4}$ sq.ft. and bounded on the

North by : T.Nagar Social Club

South by : Pinjala Subramaniam Road

*East by : PasumarthyGunnaiah Chetty House No.42,
Venkatnarayana Road*

*West by : PasumarthyGunnaiah Chetty House No.12,
Pinjala Subramaniam Road,*

*situated within the Sub-Registration District of T. Nagar,
Registration District of Chennai.*

Item No.3

All that piece and parcel of land and building of Samarpana Trust bearing Door No.12, Pinjala Subramaniam Street, Adjoined Venkatanarayana Road, T.Nagar, Chennai – 600 017 No.1108, measuring an extent of 3 grounds and 1791 s.ft. and bounded on the

North by : T.Nagar Social Club

South by : Pinjala Subramanya Street



East by : Lions eye Hospital
West by : Mr.M.A.Thirumugam House
situated within the Sub-Registration District of T. Nagar,
Registration District of Chennai

WEB COPY

42. The property mortgaged to the Bank has thus been stated to vest in Sailakshmi in an attempt to efface the dues to the Bank and connected encumbrance. The aforesaid document is dated 29.01.2021.

43. While so, R1 has also produced before the learned Single Judge, Gift Deed dated 26.03.2006 to the effect that the property had been gifted by Jayalakshmi, P.K.S.Prashath, P.J.K.Sairam and Sailakshmi to the Trust on that date. However, it is relevant to see that registered Deed of Amendment dated 16.06.2021 categorically states that as on that date R1 Trust did not hold any movable / immovable property in its name.

44. Hence, the Gift Deed, and other documents executed by this Trust have little, if any validity as clearly, all of them have been concocted to protect the property from the Appellant and escape from the payment of the outstandings.

45. On the strength of authorizations executed on 12.12.2021, two of the Trustees then instituted OP No. 260 of 2022 arraying CMRL as respondent, seeking permission as per Section 7 of the CRT Act read with Section 34 of the Trust Act, to sell the schedule property and retain the remaining properties in the name of the trust. Evidence was taken before the Master and the Trust Deed dated 14.02.2005, Deed of Amendment of Trust dated 16.06.2021, authorization



letters, Agreement of Sale-cum-Settlement deed dated 29.01.2021 and legal opinion dated 04.10.2021 given by the panel counsel of CMRL, were marked.

46. We have perused the panel counsel's opinion. All the documents referred to above have been produced before the panel counsel, including Gift Deed dated 23.06.2006 which is unregistered, as well as patta standing in the name of the original borrowers. It defeats all logic and due diligence and that an opinion can be given to the effect that the schedule properties stood in the name of R1 having been gifted by the borrowers on 23.06.2006 for charitable purposes.

47. The counsel has not even bothered to ascertain the existence of encumbrances on the property, which is one of the primary and preliminary checks, particularly if his client, the CMRL was to remit an amount in the region of eighteen crores, public money at that, to the private parties based on his opinion.

48. The Deed of Amendment of Trust dated 16.06.2021 has consciously been suppressed by the borrowers which, at Clause 29 states that the Trust does not hold any immovable property. The amendment was in June 2021 and is a registered document.

49. It is thus clear as day light that the borrowers have consciously suppressed/kept away documents from CMRL to obtain the legal opinion, even though the role of CMRL, as being a partner in crime, is equally crystal clear. That apart, the patta, even as per the legal opinion, stands in the name of the original borrowers. This is also not been flagged.

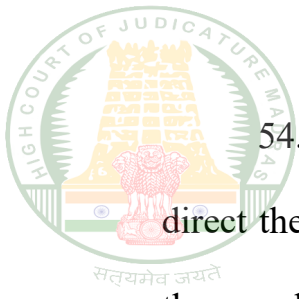


50. CMRL is casual in its approach to state that the Counsel has been removed from the Panel, but that would hardly suffice to exonerate it of the gravity of the negligence and collusion, and the fact that nearly Rs.18 crores of the consideration has been paid to R1 trust based on the aforesaid sequence of events.

51. The learned Single Judge has ultimately allowed the application permitting sale of the schedule property, on the strength of which the unholy transaction inter se the original borrowers, R1 and CMRL, all in collusion, came to transpire.

52. We are utterly unconvinced that CMRL is an innocent victim in light of the narration of events above and direct CMRL to continue with enquiry stated to be on-going as against R.Ramesh, District Revenue Officer (Land Acquisition) who has executed Form F agreement conveying the property from R1 to CMRL, as well as others involved in the transaction qua CMRL and the borrowers in the acquisition of the subject property.

53. A police complaint had been filed by the appellant in CNo.813/CCB/COP-Visitors/2024 on 21.06.2024 and C.No.304/DC-CCB-II/COP/vis/2024. While it is the say of the appellant that the police have been remiss, it is the say of the Inspector of Police, EDF-I, BETA-II, CCB, Vepery, Chennai, suo motu impleaded as R3 in O.S.A.No.227 of 2025, and for whom Mr.Edwin Prabakar, learned Government Pleader takes notice, that there was no response by the appellant to the notices issued. A status report dated 25.08.2025 has been filed in this regard.



54. Without further ado, and since time is the essence of the matter, we direct the police to take up enquiry in this regard forthwith for which purpose, the appellant/its authorized representatives, shall appear before the R3 in the course of the coming week.

55. The result of the police enquiry shall undoubtedly be form part of the investigation to be carried out by CMRL, and a comprehensive report will be filed by the Police within a period of four (4) weeks from today. CMRL shall also parallely file a report of their investigation into this matter within four (4) weeks from today.

56. The appellant has filed a detailed memo with the status of various litigations that have been initiated by R1 both in Bangalore Courts as well as in Madras. Suffice it to say that they have not been successful in either location thus far, and the status of litigation as on 28.08.2025 when the matter was reserved for orders is annexed to this order as Annexure, which shall be issued along with a certified copy of this order.

57. We are left in no doubt that the entire sordid exercise is an attempt by the borrowers and guarantors to wriggle out of the financial commitments towards the Bank, for which purpose, a fraudulent scheme has been devised, denuding the public exchequer of a substantial sum of money. CMRL will take all measures including those provided under the Revenue Recovery Act to secure the amounts paid by them and recover the same.

58. Incidentally, R1 approaching this Court in OP No.260 of 2022 is clearly contrary to the legal position as well and we need mention only two



orders passed by this Court in the case of *M/s.Pundi Pattamal Srinivasa Iyengar Trust, Represented by its Board of Trustees⁷ and A.R.R.Charitable Trust, Rep. by*

its Founder Trustee Mr.B.Ramachandran, No.31-B, Jawaharlal Nehru Salai, Thirunagar, Vadapalani, Chennai-600 026⁸, wherein this Court has made it clear that only an application / suit under Section 92 of Code of Civil Procedure, 1908 can be filed by a Trust seeking permission to sell trust property, as both Section 7 of the CRT Act and Section 34 of Trust Act only provide for summary proceedings in that regard.

59. In light of the detailed discussion as above, order dated 05.09.2022 is set aside and the Original Side Appeal is allowed. The interim protection granted under order dated 18.07.2025 is made absolute and shall continue and CMP No. 15334 of 2025 stands allowed. The Review Application is dismissed. No costs. CMP No.20677 of 2025 is closed.

[A.S.M., J] [N.S., J]
25.10. 2025

Index: Yes
Speaking order
Neutral Citation: Yes
sl

To

1. The District Revenue Officer,
M/s.Chennai Metro Rail Project,
CMRL Depot, Admin Building,
Koyambedu, Chennai-600 017

⁷OSA No.208 of 2023 dated 18.07.2025

⁸(2024) 1 Mad LJ 155

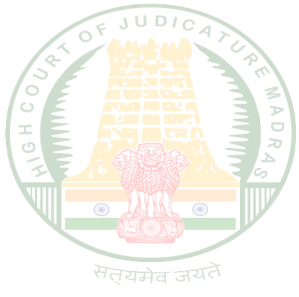


2. The Sub Assistant Registrar,
Original Side,
High Court, Madras.

3. The Inspector of Police,
EDF-I, BETA-II, CCB, Vepery, Chennai

O.S.A.No.227 of 2
and Rev.Appl.150 of 2





WEB COPY

O.S.A.No.227 of 2
and Rev.Appl.150 of 2



DR. ANITA SUMANTH,J.
and
N. SENTHILKUMAR.,J

sl

O.S.A.No.227 of 2025
and CMP.Nos.15348 & 20677 of 2025
and Rev.Appl.No.150 of 2025

25.10. 2025



WEB COPY

O.S.A.No.227 of 2
and Rev.Appl.150 of 2



O.S.A.No.227 of 2025
and
C.M.P.Nos. 15348 & 20677 of 2025
and Rev.Appl.No.150 of 2025

Dr. ANITA SUMANTH, J.
and
N.SENTHILKUMAR, J.

(Order of the Court was made by Dr. ANITA SUMANTH., J.)

This matter is listed today for correction of small errors in order dated 25.10.2025.

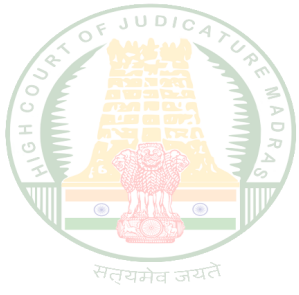
- (i) In para 1 the word 'was' shall stand inserted in the fourth line after the bracketed portion;
- (ii) In para 8, the word 'as' shall be inserted after the word 'designated';
- (iii) In para 11, the word 'which' shall substitute the word 'with' after the word challenging;
- (iv) Para 17 of the first line to be read as "Mr. Jha also harps on the review petition praying that the same be allowed, though absolutely no grounds for review has been made out."
- (v) In Para 47, the amount of eighteen crores shall read as 'amount of rupees thirteen crores (approx)';
- (vi) In para 50, the amount of Rs.18 crores shall read as 'Rs.13,30,40,000/-'.

2. Barring the aforesaid corrections, the judgment remains unaltered.

[A.S.M, .J] [N.S, .J]
15.12.2025

ssm

Note : Registry to issue copy after incorporating the aforesaid corrections.



WEB COPY

O.S.A.No.227 of 2
and Rev.Appl.150 of 2



Dr. ANITA SUMANTH, J.
and
N.SENTHILKUMAR, J.

ssm

O.S.A.No.227 of 2025
and
C.M.P.Nos. 15348 & 20677 of 2025
and Rev.Appl.No.150 of 2025

15.12.2025