IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 26.06.2025
PRONOUNCED ON : 09.07.2025

CORAM

THE HONOURABLE MR.JUSTICE M.NIRMAL KUMAR

Crl.O.P.No.12384 of 2025

Michale Raj ... Petitioner

Vs.

Inspector of Police,
Economic Offences Wing,
Chennai.
(Crime No.7 of 2022) ... Respondent

PRAYER: Criminal Original Petition is filed under Section 483 of Bharatiya Nagarik Suraksha Sanhita, 2023 praying to enlarge the petitioner on bail, who was arrested on 28.03.2023 and remanded to judicial custody on 29.03.2023 in CC.No.9 of 2023 in Crime No.7 of 2022 on the file of the Special Judge TNPID Court, Chennai.

For Petitioner	:	Mr.P.Balasubramaniam, Senior Counsel for Mr.S.Marimuthu
For Respondent	:	Mr.R.Muniyapparaj, Additional Public Prosecutor assisted by Mr.M.Sylvester John

ORDER

The petitioner arrested on 28.03.2023 and remanded to judicial custody on 29.03.2023 in C.C.No.9 of 2023 on the file of the Special Judge, TNPID Court, Chennai for offence under Sections 409, 120(B), 420, 406, 201, 204, 109 & 34 of IPC and Sections 3, 5, 21(1), 21(2), 21(3), 23 & 25 of Banning of Unregulated Deposit Schemes Act, 2019 and Section 58(B) of Reserve Bank of India Act, 1934 and Section 5 of Tamil Nadu Protection of Interests of Depositors (in Financial Establishments) Act, 1977, seeks bail.

2.The learned Senior Counsel for the petitioner submits that petitioner was one of the Directors of parent company *viz.,* M/s.Aarudhra Gold Trading Private Limited along with four other associated sister concerns. The deposits were received from the public with a promise assuring interest rates ranging from 10% to 30%. Though the petitioner was shown as Director, he was only a namesake Director, non-executive and he was only looking after Investment Department. The act of petitioner was only as per direction of Managing Director/A9. Though petitioner's name finds place in FIR, there is no specific overtact except sweeping allegation the petitioner was the Director of some of the companies. In fact petitioner had voluntarily come back to India to disclose true facts to respondent. On 28.03.2023, petitioner was detained in airport based on Look Out Circular and handed over to respondent. The petitioner disclosed all facts known to him to respondent. Thereafter, between 06.04.2023 and 12.04.2023, the petitioner was taken into Police custody, at that time, the respondent shown various transactions of companies and sought explanation. From the entire accounts of companies, it can be seen that there is no receipt of funds by petitioner or any diversion for his personal benefits except acting as per direction of Managing Director/A9. The petitioner had no role in collection of deposits from public/depositors and he was appointed as Director to deal with technical issues, further he had no decision-making power in financial matters. The role assigned to the petitioner is only to creation of investor IDs and providing technical assistance related to the companies' clerical filing in online since the petitioner was a B.E., Graduate (EEE) was conversant with computer technology.

3.The learned Senior Counsel further submitted that whatever datas recorded all forwarded to Managing Director/A9 who verified, gave approval, thereafter uploaded. The financial records and data entries are maintained by the Branch Director at the respective branches. All financial decision, fund allocation and monetary transactions exclusively handled by Managing Director/A9 and the petitioner not at all involved in policy decision of companies. Added to it, the petitioner at no point of time collected any deposits or diverted any funds through his personal bank accounts. Further, the petitioner on his own not issued any advertisement, promotional materials or public communication soliciting deposits from investors. Though the petitioner was an authorized signatory for bank account of A1 company, he is authorized to transact up to Rs.5 lakhs only. The petitioner's role in financial transactions extremely limited and strictly regulated. Only for the purpose of petty and office expense, the petitioner permitted to deal with the bank account. The petitioner had no control, discretion or decision-making power over the larger financial transactions like fund transfer or deposit handling within the companies. It is to be noted that the petitioner was formally relieved from his position from A5 and A7 entities.

4.He further submits that the petitioner never acted as a full time administrative director overseeing the companies' day to day affairs and he was never in a key managerial position had no executive authority to take independent financial or business related decisions. The petitioner's travel to Dubai is not a voluntary one, it was on compulsion and force exerted by Managing Director/A9. Since the petitioner being a subordinate, he was coerced to leave the country along with Managing Director/A9 and due to circumstances beyond his control, the petitioner had to accompany the Managing Director/A9 to Dubai. Later, the petitioner gained confidence, thereafter, came back to India and was detained based on LOC. In this case, despite Police custody and further investigation, no property or assets or any incriminating materials could be seized from the petitioner. Though the petitioner designated as Director, in reality he is only an employee of the Companies. Further, there is nothing to show or to infer from the materials produced that the petitioner conspired with other accused in commission of offence. Since the petitioner was not involved in collection of money from depositors and there is no entrustment, the question of misappropriation or cheating would not arise.

5.He further submitted that in this case, the petitioner is also charged for offence under the provisions of Banning of Unregulated Deposit Schemes Act, 2019 and Reserve Bank of India Act, 1934. As per the provisions of both Acts, only by a written complaint made by the Regulator from Registrar of Companies and Reserve Bank of India, cognizance can be taken, no Registrar of Companies or authorized officer of Reserve Bank of India lodged any complaint. Likewise, offence under Tamil Nadu Protection of Interests of Depositors (in Financial Establishments) Act, 1977 is not attracted since no depositors named petitioner is the person who canvassed or collected deposits and issued receipts for deposits to the depositors. The collection of deposits and issuance of receipts made by the concerned Branch Managers, for which, the petitioner cannot be vicariously held liable.

6.The learned Senior Counsel further submitted that in this case, the investigation completed, charge sheet filed, which was taken on file as C.C.No.9 of 2023, hence further detention of petitioner is not required. In this case, some of the accused who are similarly placed, granted bail. A8 & A9 granted bail by the trial Court in Crl.M.P.No.2828 & 2836 of 2022, A10 granted bail by the trial Court on 27.03.2023 in Crl.M.P.No.1274 of 2023, A26 granted bail by this Court on 18.11.2024 in Crl.O.P.No.24908 of 2024, A35 granted bail by this Court on 20.01.2025 in Crl.O.P.No.32337 of 2024, A16 granted bail on 30.04.2025 in Crl.O.P.No.8653 of 2025, A17 granted bail on 30.04.2025 in Crl.O.P.No.8648 of 2025, A39 granted bail in Crl.O.P.No.2124 of 2025, A20 granted bail in Crl.O.P.No.4563 of 2025, A23 granted bail on 04.12.2024 in Crl.O.P.No.29950 of 2024, A27 granted bail in Crl.O.P.No.29320 of 2024 on 04.12.2024, A31 granted bail in Crl.O.P.No.31368 of 2024 on 03.01.2025, A28 granted bail in Crl.O.P.No.30764 of 2024 on 03.01.2025, A30 granted bail in Crl.O.P.No.30283 of 2024 on 03.01.2025, A24 granted bail in Crl.O.P.No.29877 of 2024 on 09.01.2025, A25 granted bail in Crl.O.P.No.30840 of 2024 on 09.01.2025 and A35 granted bail in Crl.O.P.No.32337 of 2024 on 20.01.2025. Making the above submissions, learned Senior Counsel prays for bail to the petitioner.

7.The learned Additional Public Prosecutor appearing for the respondent Police filed counter, strongly opposed petitioner's contention and submitted that petitioner is one of the main accused in commission of offence. The petitioner/A14, A9, A10, A11, A12, A13, A15 & A16 are the force and fulcrum and they are Directors of the companies. All these accused started various companies and establishments in the name of M/s.Aarudhra and collected huge sums of money from the public/depositors with a promise assuring interest rates ranging between 10% and 30%. In this case, so far they cheated 1,09,255 depositors and misappropriated around Rs.2,525 Crores. This figure is increasing day by day since lot of complaints are being received from depositors. The verification of bank accounts and transactions leads to further collection of incriminating materials and evidence against all the accused.

8.It is further submitted that the allegation is that the petitioner and other accused involved in online trading, conducting deepavali chit fund by giving interest ranging from 10% to 30%. This is impossible and no business can give such returns to repay the depositors and no honest businessman would commit such high interest returns. The public/depositors were lured by the advertisement and promotional activities. The petitioner and other accused were holding regular meetings, get-together in various Star Hotels inviting depositors and offered schemes knowing well it can never be attained. On false promise, accused collected huge sums of money by offering gold coins and incentives. The employees recruited initially later acted as Agents. The Directors among themselves took charges of Branches, acted independently on their own, collected huge sums of money as deposits. Though the petitioner claims he was only involved in technical issues of companies, he was the backbone of entire operation of companies, having network of all branches of Accounts Department and he was in a position to view all the accounts of all branches. All the agents would report to the head office with collection. The petitioner was the shadow to Managing Director/A9 providing all details of collections. The Managing Director/A9 in consultation with petitioner and other Directors would advice diversion of funds. In fact they started Forex Trading company in Dubai through which the deposits in crores and crores diverted. They also involved in several businesses like cine production, hotel business, furniture, online multilevel marketing in the brand name of M/s.Aarudhra. The fulcrum and force behind M/s.Aarudhra is the petitioner and seven other Directors including the Managing Director/A9. The petitioner came in contact with Managing Director/A9 at early stage of career when they worked together in Elfin company as commission agents. From then on they were closely associated with each other, thereafter the petitioner and others started the company by offering high rate of interest, gold coins and also offering Dubai Tour to the agents.

9.He further submits that in this case, investigation completed, charge sheet filed on 20.06.2023 and now further investigation petition filed, allowed which is in progress. Initially, FIR registered against 14 persons, of which, A1 to A6 are the companies and entities, on completion of investigation, charge sheet filed against 40 persons, of which A1 to A8 are companies and rest of them are Directors, Branch Managers and others who are actively involved in day to day affairs of the companies. Of the eight companies, the petitioner is the Director in M/s.Aarudhra Gold Trading Private Limited/A1, M/s.Aarudhra Housing and Properties Private Limited/A4, M/s.Aarudhra Supermarkets Private Limited/A5 and M/s.Aarudhra Events and Entertainments Private Limited/A7. All the entities would report to the petitioner/A14, Managing Director/A9, A9's wife/A15 and one more Director/A12. On their convenience, names have been split between them as Director and person-in-charge, but M/s.Aarudhra is the branch name.

10.The role of the petitioner/A14 is as follows:

"Michael Raj Salesh-A14 is one of the directors of M/s.Aarudhra Gold Trading Private Limited registered with the Registrar of Companies bearing DIN 09113382. He is staying in Virudhunagar, Tamilnadu. Michael Raj Salesh-A14 is currently associated with below mentioned 4 Companies as Director of Aarudhra Gold Trading Private Limited-A1, Aarudhra Housing and Properties Private Limited-A4, Aarudhra Super Market Private Limited-A5 and Aarudhra Events and Entertainment Private Limited A7, Michael Raj

Salesh-A14 is closely associated with A9 Rajasekar Veeraragavan who nominated Michael Raj Salesh-A14 as the authorized Signatory for the bank accounts of AARUDHRA GOLD TRADING PRIVATE LIMITED-A1 including A2 to A7 to deal the bank transactions of the said accused companies A1 to A7. Apart from the above delegation of authorized Signatory, A9 assigned the other work pertaining to the collection of Deposits through online from the public and settlement of pay-outs (monthly interest given to the Depositors) and he has diverted hundreds of crores to private accounts on the connivance of A9 and thereby caused misappropriation of the funds of the Al Company.

Company Name	***Designation***	***Shares***	***Appointment Date***
Aarudhra Gold Trading Private Limited	*Director*	*200*	*25 Mar 2021*
Aarudhra Housing and Properties Private Limited	*Director*	*200*	*25 Feb 2022*
Aarudhra Supermarket Private Limited	*Director*	*200*	*11 Jan 2022*
Aarudhra Events and Entertainment Private Limited	*Director*	*200*	*27 Sep 2021*

Investigation also revealed that Michael Raj Salesh-A14 had escaped to Dubai on 24.05.2022 and stayed along with A9 Rajasekar Veeraragavan, A12-Senthil Kumar and A15-Usha Vetrivel until his arrest on 28.03.023 at Meenambakkam International Airport, Chennai on the Look Out Circular.

A14 Michael Raj Salesh along with other accused conspired to collect the unregulated deposits and regularly participated in the meetings of other Directors at the star hotels, attended all inaugural functions of new branches of AIcompany throughout Tamilnadu and involved in the canvassing and promotion of the deposit scheme of AI Company. He was also in-charge for the collection of deposits Rs.1762 crores through online payment from the depositors of all branches of AI company, misappropriated by diverting huge amount of money to the private bank accounts and thereby defaulted the repayment of deposits to the public.

The following bank accounts of Michael Raj Salesh-A14 had been used for the diversion of money collected as deposits from the public.

S. No.	***Bank & A/c. Number***	***Total Credit (Rupees)***	***Totab Debit (Rupees)***	***Frozen Amount (Rupees)***
1	*Equitas Small Finance Bank Ltd, Virudhunagar*	*42,44,125.83*	*41,83,160.89*	*60,964.94*

S. No.	Bank & A/c. Number	Total Credit (Rupees)	Totab Debit (Rupees)	Frozen Amount (Rupees)
	100007725056			
2	*Federal Bank, Chennai/T.Nagar 13860200013581*	*2,50,000.00*	*1,58,706.00*	*91,294.00*
3	*Fincare Small Finance Bank, Chennai – Anna Nagar 19100004657373*	*42,60,878.00*	*40,89,743.10*	*1,71,134.90*
4	*IDFC Bank, Chennai – Kottivakkam 10072498213*	*3,24,016.52*	*3,21,354.75*	*2,661.77*

Investigation revealed that Michael Raj Salesh-A14 has diverted cash Rs.10 Crores collected as deposits to his family members."

11.He further submitted that petitioner/A14, Senthilkumar/A12, Managing Director, Rajasekar Veeraraghavan/A9, A9's wife Usha Vetrivel/A15 all escaped and staying in Dubai. Prior to it, they conveniently transferred the amounts to Dubai through Hawala & cryptocurrency. After registration of case on 20.05.2022, the principal accused/A9, A9's wife/A15, Senthilkumar/A12 and petitioner/A9 escaped on 23.05.2022. Added to it, A9, A15 and A12 in connivance with A35/Chandrakannan destroyed informations stored in the computer used in Amjikarai Head Quarters office of A1 company. Further, through Pechimuthuraj @ Rafeeq/A38 from the month of March 2022, huge amount of cash transferred to Dubai through Hawala & cryptocurrency. It is also found that there is no proper account maintained for cash collections and so far 128 immovable properties worth Rs.51.4 Crores alone could be identified. The further investigation is in progress and released accused are being summoned, examined periodically, few more properties identified and proposals sent to Government seeking ad-interim attachment orders. Further, collected Aadhar details of A17, A20 and others forwarded to Inspector of Registration to obtain particulars of properties registered in their name and in their family members name. It is found that seven immovable properties identified and purchased in the name of Yoganandham, a former employee of Nemili Branch of the accused Company and also in the name of his relatives. Further, extradition proceedings against the absconding accused A9 & A15 processed.

12.He further submitted that the petitioner claiming parity citing bail order of various accused cannot be considered for the following reasons.

- A8, A9 & A10 granted statutory bail by the trial Court.
- With regard to A26, the reason for granting bail is that A26 was the Branch Manager of Nemili Branch and there is no designation as Director Branch and further as a Branch Manager, he transferred the deposits collected from the Branch to the Head Office and the Branch defaulted in making repayment of Rs.73 Crores to 5077 depositors.
- With regard to grant of bail to A17, A20, A23, A24, A25, A27, A28, A30, A31, A35 & A39, they are either Branch Managers or employees, agents or others and they cannot be equated with the petitioner.
- With regard to A16, who is one of the primary Director closely associated with A9 to A15 in formation of companies, various business entities and actively taken part in the business of the accused companies, A16 took charge of Kancheepuram Business entity and in fact during investigation, the respondent identified properties worth about Rs.4,70,58,100/- for attachment. In respect of A16, particulars collected, ten witnesses summoned, examined with regard to malafide property transactions carried out by A16, based on which, Original

Applications already filed seeking attachment of two properties and for attachment of four more properties, the same is under process. Hence, the petitioner cannot claim parity citing bail orders of other accused.

13.It is further submitted that petitioner along with other primary accused fled to Dubai with their family members and are staying in various places and receiving Hawala money and also ensured that the money has been converted to cryptocurrency, safely stocked in Dubai. The petitioner lead a lavish life along with his family members and with absconding accused. Since petitioner's wife got pregnant and needed medical attention, he sent his wife along with in-laws to India. Thereafter, for this purpose, when the petitioner came to India, he was detained in view of LOC and arrested in this case. The petitioner being the force behind M/s.Aarudhra he cannot get equated with other accused more particularly A9 to A16. The bail granted to A16 is on a different situation, hence, the petitioner cannot be shown any leniency. In support of his submissions, learned Additional Public Prosecutor relied upon following decisions:

- Y.S.Jagan Mohan Reddy v. Central Bureau of Investigation reported in (2013) 7 SCC 439.
- State of Gujarat v. Mohanlal Jitamalji Porwal and another reported in (1987) 2 SCC 364.
- Sahan Singh Rao v. Union of India reported in 2022 SCC OnLine Raj 1464.
- Nimmagadda Prasad v. Central Bureau of Investigation reported in (2013) 7 SCC 466.
- Serious Fraud Investigation Office v. Nittin Johari and another reported in (2019) 9 SCC 165.
- Vinod Bhandari v. State of Madhya Pradesh reported in (2015) 11 SCC 502.

14.Making the above submissions and relying upon the above decision, the learned Additional Public Prosecutor prays for dismissal of bail.

15.This Court considered the rival submissions and perused the materials available on record.

16.In this case, the petitioner/A14 and Managing Director/A9 closely associated right from initial stage of career when they worked together in Elfin Company. Later, they got an opportunity to offer scheme to receive deposits in various names including Deepavali Chit Fund and thereby tasted quick money. Thereafter, slowly expanded their business in the name of M/s.Aarudhra Gold Trading Private Limited, offered gifts to the public, lured them, received heavy investments and the amount received were converted to cryptocurrency for the safe haven of misappropriated and cheated amount. Since the schemes introduced by accused was so attractive, the public/depositors failed to reason out no entity can repay the interest of 10% to 30%. The greed for short time gain made the public/depositors to make huge deposits. The employees of accused Company made as agents, target fixed and incentives were given, during the process, the other persons also joined as Directors, several legal entities formed. In this case, so far eight companies formed using alternate persons as Directors namely A9 to A16. A9 to A16 are the initial promoters who expanded the business of M/s.Aarudhra by opening several companies and gained the brand name M/s.Aarudhra. In this case, M/s.Aarudhra had all types of business *i.e.,* gold trading, garments, jewellery, housing properties, supermarket, restaurants, events and entertainments and software and also started Forex Trading business. These entities are functioned only for the purpose of cheating the depositors and misappropriating the deposits. Rush in deposit is lead to expand the branch office/collection office in various places. The Branch Managers had independent power to deal with the branch but all online deposits had to be accounted to the company and the Central Nervous System in the head office would monitor the account, verify the daily collections, thereafter release the incentives and gold coins to the beneficiaries. Finding that one day the companies would get stuck and will not be in a position to repay, A9 to A16 in a deceitful manner devised a plan and transferred money through Forex Trading for the business in Dubai. They started Forex Trading business and also expanded to Dubai. The cash collections transferred to Dubai through Hawala and cyptocurrency. The piles of money stocked in vehicles were parked in various accused houses and later, some could be seized and few could be tracked.

17.In this case, around 40 bank accounts used in transferring funds in ICICI, HDFC, Kotak Mahindra Bank, IDFC, Fincare, Equitas, Federal Bank, IDBI and other entities. Further, the number of depositors is more than a lakh and the amount involved is more than 2,552 Crores. Now only a pittance could be recovered. All the depositors are now left in the street. The further investigation is in progress.

18.As stated earlier, on registration of the case on 20.05.2022, the petitioner and other prime accused escaped to Dubai on 23.05.2022. This conduct of the petitioner confirms his flight risk. Further, fugitive persons are yet to be extradited.

19.The Hon'ble Apex Court time and again held that the Economic Offence constitutes a class apart and need to be visited with a different approach in the matter of bail and the Economic offences having deeprooted conspiracies and involving huge loss of public funds need to be viewed seriously. At this stage, granting bail to the petitioner will not be proper.

20.Taking note of all these facts and misappropriation of huge sums of money and also further investigation is on-going and prime accused are still absconding, this Court is not inclined to grant bail to the petitioner. Accordingly, this Criminal Original Petition is dismissed.

09.07.2025

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To

1.The Special Judge TNPID Court,
Chennai.

2.The Inspector of Police,
Economic Offences Wing,
Chennai.

3.The Special Public Prosecutor,
Madras High Court.

M.NIRMAL KUMAR, J.

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