IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 17.07.2025
PRONOUNCED ON : 05.08.2025

CORAM

THE HONOURABLE MR.JUSTICE M.NIRMAL KUMAR

Crl.O.P.No.18851 of 2025

Sampath Raj ... Petitioner

Vs.

The State represented by its Inspector,
Economic Offence Wing-Chengalpet,
Cr.No. 02/2025. ... Respondent

PRAYER : Criminal Original Petition is filed under Section 483 of BNSS, to enlarge the petitioner/accused on Bail in connection with Crime No. 02 of 2025 on the file of the Respondent Police.

For Petitioner	:	Mr.A.K.Shriram Senior Counsel for Mr.G.Gokul
For Respondent	:	Mr.R.Vinothraja Government Advocate (Crl.Side)
For Intervenor	:	Mr.S.I.Sharukumar.

ORDER

The petitioner, who was arrested and remanded to judicial custody on 29.05.2025 for the offence punishable under Section 406, 409, 420, 120(b) of IPC and Section 5 of the TNPID Act in connection with Crime No.02 of 2025, registered on the file of the respondent, seeks bail.

2.The case of the prosecution is that the de facto complainant, being well acquainted with one Late Mr. Srinivasan (Accused No. 4), who was serving as the Branch Manager of M/s. Vardhaman Benefit Limited (Accused No. 1), located at No. 207, Mettu Street, Thirukazhukundram, Chengalpattu, was induced to invest in a chit fund scheme operated by the said company. It is alleged that Accused No. 3, Mrs. LalithaSampathraj, wife of the petitioner (Accused No. 2), made representations assuring attractive returns ranging from 12% to 30% per annum under the scheme. Believing these representations, the defacto complainant, along with his family members, invested a total sum of Rs.66,01,014/- between the years 2016 and 2021 under various names. Upon maturity of the investments on 20.08.2021, when the defacto complainant approached the Company seeking repayment, he was informed by Accused Nos. 2 and 3 that they were temporarily out of station and that the repayment will be made on their return. Despite repeated requests and follow-ups, no money repaid. On 25.12.2021, when the de facto complainant visited the office premises, he found it locked and on enquiring with nearby shopkeepers, he came to know that the accused vacated the premises and absconded. Hence, a complaint lodged to Economic Offences Wing, and the present FIR registered for recovery of the invested amount and initiation of legal action against the accused.

3.The learned Senior Counsel appearing for the petitioner seeks bail on three main grounds: Firstly, the petitioner was merely a Manager and not a Director or a person having any substantial interest in Accused No. 1, M/s. Vardhaman Benefit Funds Limited, which is a registered company. The petitioner refutes the allegations that he played any role in the financial transactions, the allegations are false and baseless. Secondly, the petitioner is aged about 70 years and he is suffering from various health ailments. He was admitted in Stanley Government Hospital and continuing with medical treatment.

4.The learned Senior Counsel appearing for the petitioner further submitted that the petitioner resigned from the post of Manager in the year 2014, after that he and his wife (A3), who was the Managing Director of the company, relocated to Coimbatore. Since then, they have been living a retired and secluded life, away from A1 company's affairs. It is also submitted that the day-to-day operations of the company handled by Arjunan (A4) and Srinivasan, who were long-time employees and later took over the business. It was argued that earlier, a complaint was lodged at the Thirukazhukundram Police Station, and the petitioner was summoned for enquiry, which he duly attended, gave explanation, complaint closed and suppressing the same, the present complaint lodged much later, on 21.01.2022 i.e., nearly 4½ years after the alleged transactions. The FIR registered on 28.05.2025, and the petitioner arrested on the same day, without any prior notice or summons being served to him. The bail application filed by the petitioner and his wife before the Special Court was partly allowed, granting bail to the wife (A3) on the condition that she deposit Rs.10 lakhs, while the petitioner’s bail was dismissed based on the respondent objection and claim custodial interrogation necessary. However, no such interrogation taken place since then, and the petitioner remains in custody. The petitioner now submits that he is willing to deposit Rs. 10 lakhs, as was directed in the case of his wife, and seeks parity in grant of bail.

5.The learned counsel for the intervenor opposed the bail, stating that the petitioner and his wife are the main persons handling the entire business of A1 company, but projected their employees as front persons. He would submit that in the year 1994 the Company started its business, at that time, the petitioner/A2 and his wife/A3 are the Director and Manager, who were responsible for the day-to-day affairs of the Company. During the period 2016 to 2021, deposits received. The deposit receipts signed by the petitioner and his wife. The petitioner and his team cheated several persons running to Crores and the affected depositors are still lodging complaint. The petitioner now taking advantage of the death of A4 and A5, his employees, attempting to shift the entire blame on them. A4 died on 25.10.2022 and A5 died on 16.09.2022. In fact both of them died, one committed suicide and other due to harness and made as scapegoat by A1 and A2. He would further submit that the petitioner collected approximately Rs.66 lakhs from the defacto complainant and his family members under the guise of attractive returns but later defaulted and cheated the investors. He further contended that the petitioner previously undertaken before the lower Court to repay the entire amount but now seeks bail by offering to deposit a paltry sum of Rs.10 lakhs, which cannot be accepted.

6.The learned Government Advocate (Crl.Side) appearing for the respondent submitted that although the petitioner claims to be only a Manager, the investigation reveals that he was actively involved in the management of the company. A3, his wife, is the Managing Director. A4 (Arjunan) and another employee, Srinivasan, who were previously associated with the business, are now dead. The petitioner is now attempting to shift all blame on the dead persons. He would submit that a registered Financial Establishment was incorporated by the petitioner in the name and style of Vardhman Benefit Fund along with his wife Lalitha as a permanent director. The petitioner running the company and collected deposits to the turn of Rs.3,03,58,700/- from 37 depositors/complainants. A2 looked after all the administration and management of the company. He plays a vital role as a Manager and there are 8 Directors in the Company. The petitioner registered the company in ROC and incorporated on

24.10.1994. Till date this Company is in existence. Prior to that he had a pawn broker shop from the year 2002 to 2014. He organized various deposits schemes like RD, Savings Deposit, Fixed Deposit. In this case, A4/Srinivasan and Arjunan collected deposits directly from the public and handed over to the petitioner. A4/Srinivasan and Arjunan induced the public and collected deposits. A4/Srinivasan and Arjunan residing in Thirukazhukundram and the depositors mostly belong to the same area. The entire money collected from the public is with Sampathraj. Due to the mental agony Arjunan committed suicide on 16.09.2021. A4 Srinivasan died on 25.10. 2022. The public approached Srinivasan and Arjunan seeking return of money, both confirmed money handed over to the petitioner and his wife, their Boss. Hence, Srinivasan and Arjunan not able to face the situation. Now, both died because of the petitioner. Even though A2 and A3 migrated to Coimbatore, they visited Thirukazhukundram every month and received money collected by Srinivasan and Arjunan from the public. A2, A3 and Arjunan are responsible to refund deposit amount. Investigation reveals that one Tr.Vijayakumar belongs to Thirukazhukundram worked as a helper in the office of the Vardhman Benefit Fund. Daily he opened the office in the morning and locked the office in the evening, after closing hours.

Vijayakumar confirms that every month A2/petitioner and his wife/A3 visiting Thirukazhukundram office, verifying accounts, the deposit amount maintained by Srinivasan and Arjunan. Further Srinivasan and Arjunan reported the daily business status to the petitioner and his wife. Both collected the entire collection amount from Srinivasan and Arjunan.

7.The learned Government Advocate (Crl. Side) further submitted that the petitioner/A2 and A3 arrested on 29.05.2025. The petitioner filed a bail petition in Crl.MP.No.205 of 2025 before the TNPID Court and the same was dismissed. The petitioner's wife/A3 filed a bail petition in Crl.MP.No.204 of 2025 before the TNPID Court and the same was ordered, A3 released on bail on executing a bond for Rs.50,000/- with two sureties for like sum each, that A3 shall disclose her assets available across the country, namely both movable and immovable by means of an affidavit before this court within a month; that A3 shall deposit a sum of Rs.10,00,000/- by means of FDR in to the credit of the present case in Cr.No.2 of 2025 on the file of EOW, Chengalpattu before this court in two weeks. As per the above order, A3 not disclosed her assets by means of an affidavit before the Lower Court within a month. For breach of bail condition by A3, steps taken to file appropriate petition to cancel the bail. He further submitted that the petitioner/A2 and A3 conspired together and committed cheating and criminal breach of trust, causing economic loss and mental trauma to the innocent depositors. Still complaint received and the defaulted amount may reach Rs.5 crores. Hence strongly opposed the bail.

8.Considering the submissions made and on perusal of the materials, it is seen that initially the petitioner and his wife along with others started a financial establishment in the name and style of Vardhman Benefit Fund on 24.10.1994. The petitioner and his wife are promote Directors and they have been looking after day-to-day affairs of the business. The Company is still in existence. In the meanwhile, the petitioner shifted his business to Coimbatore, started a pawn shop and he and his wife were operating A1 Company from Coimbatore through A4 and A5, who are his trusted employees. Majority of the depositors are in and around Thirukazhukundram. The innocent rustic villagers believing the petitioner, a North Indian Jain, commonly known as ‘Settu’ here in the State who are in the financial business, prompt in collecting interest as well as giving interest on the deposits, hence innocent villagers deposited huge sums of money. So far 37 depositors to the tune of Rs.3,03,58,700/- have been cheated. Further, it is seen that some more complaints are pouring in and the expected cheated amount, projected to cross Rs.5 Crores. The petitioner's wife/A3 was granted bail on deposit of Rs.10,00,000/- and further, she being a lady and she giving an undertaking that she would submit an affidavit listing out their properties. It is seen that A3 had not filed the affidavit so far. Hence, there is a clear violation of bail condition by A3. It is for the prosecution or the victims in this case to file appropriate petition to cancel the bail of A3. The petitioner cannot claim parity as of his wife seeking to deposit Rs.10,00,000/- alone. Further, the learned counsel for the intervenor submitted that the petitioner agreed to repay the entire defaulted/cheated amount to the depositors before the Lower Court and now restricts to Rs.10,00,000/-. The petitioner's health condition is being taken care of by promptly referring him to Jail hospital or to the Government Hospital regularly. Investigation is in progress and it is in the crucial stage. In view of the above, this Court is not inclined to grant bail to the petitioner.

9.Accordingly, the Criminal Original Petition stands dismissed.

05.08.2025

Speaking Order/Non Speaking Order
Index : Yes/No
Neutral Citation: Yes/No
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To

1.The Inspector,
Economic Offence Wing, Chengalpet

2.The Public Prosecutor,
Madras High Court.

M.NIRMAL KUMAR, J.

cse

Pre-delivery order made in

Crl.O.P.No.18851 of 2025

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