IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 15.09.2025

CORAM:

**THE HON'BLE MRS.JUSTICE T.V.THAMILSELVI**

**CRL.RC.No.1672 of 2025**

1.S.Neela
2.S.Senthilnathan
3.S.Karthik .... Petitioners

Vs

The State represented by,
The Inspector of Police,
Economic Offence Wing,
Villupuram. .... Respondent

**PRAYER**: Criminal Revision filed under Section 397 r/w 401 of Cr.P.C, to call for the records relating to the proceedings made in Crl.M.P.No.34 of 2025 by the learned Special Judge, Special Court under the Tamil Nadu Protection of Interest of Depositors (in Financial Establishment) Act, 1997, Chennai and set aside the impugned common order dated 09.07.2025 passed in Crl.M.P.No.34 of 2025, whereby the petition to discharge filed by the petitioners herein in C.C. No.08 of 2023 in Cr.No.01/2020 on the file of the Special Court under the Tamil Nadu Protection of Interest of Depositors (in Financial Establishment) Act, 1997, Chennai.

For Petitioners : Mr.C.Arun Seshan

For Respondent : Dr.C.E.Pratap
Government Advocate (Criminal Side)

**ORDER**

This Criminal Revision is filed by the petitioners challenging the proceedings made in Crl.M.P.No.34 of 2025 by the learned Special Judge, Special Court under the Tamil Nadu Protection of Interest of Depositors (in Financial Establishment) Act, 1997, Chennai and to set aside the impugned common order dated 09.07.2025 passed in Crl.M.P.No.34 of 2025, whereby the petitioners herein filed a discharge petition in C.C.No.08 of 2023 in Cr.No.01 of 2020 on the file of the Special Court under the Tamil Nadu Protection of Interest of Depositors (in Financial Establishment) Act, 1997, Chennai.

2.Heard learned counsel for the petitioners, learned Government Advocate for the respondent and perused the materials available on record.

3.Learned counsel for the petitioners submitted that the Special Court failed to consider that there is no concrete and reliable evidence against the petitioners, the petitioners did not commit anything as alleged by the prosecution, there is no evidence against them by the prosecution and none of the ingredients essential to make out the offences under Section 5 of the TNPID Act and under Sections 420, 406, 120B of IPC are against the petitioners. The petitioners herein are the minority shareholders who each hold just 1% of shares in the company and they are not responsible in any way whatsoever for the management of the affairs of the said financial establishment.

3.1.Learned counsel for the petitioners further submitted that the Special Court while dismissing the discharge petition filed by the petitioners has not delved into the aspect of what the role of the petitioners herein was in managing the affairs of the financial establishment. The Special Court had not spared any efforts to go into these aspects, which are very crucial for convicting the petitioners under Section 5 of the TNPID Act. The Special Court has overlooked such crucial aspects but presumed that the petitioners have actively participated in the management of the financial establishment. The conclusion on such a presumption is completely flawed and there must be clinching proof and evidence to show that there was an active involvement of the petitioners in managing the affairs of the financial establishment.

3.2.Learned counsel further submitted that the names of the petitioners were not at all mentioned in the complaint and in the First Information Report. Subsequently, the names of the petitioners were included in the Final Report solely on the basis that each of the petitioners herein holds 1% of shares in the accused company.

3.3.He further submitted that none of the witnesses who were examined by the prosecution have deposed about the involvement of the petitioners herein in the management of the affairs of the accused company. In the absence of such proof or evidence, the Special Court has erred in dismissing the discharge petition filed by the petitioners. The conclusion on this aspect is completely misplaced and misconceived and such a conclusion arrived at by the Special Court cannot be countenanced in law or on facts. Therefore, he prays for allowing this Criminal Revision.

4.Per contra, learned Government Advocate (Criminal Side) for the respondent submitted that based on the complaint given by one Tmt.Zenath on 23.05.2019 before the Deputy Superintendent of Police, Economic Offence Wing, Villupuram, a case was registered in Crime No.1 of 2020 for the offence under Section 5 of TNPID Act and under Sections 420, 406 of IPC r/w. 120(B) of IPC on 08.01.2020.

4.1.After completion of the investigation, a final report was filed and the same was taken on file as C.C.No.8 of 2023. During the investigation, it was found that a financial establishment in the name of HGS Dairies and Agro Private Limited was established on 12.08.2010 at Thiruvannamalai and the same was registered under the Companies Act.

4.2.Further, the name of the company was changed to HGS Dairies and Agro Limited, and it was advertised that if anybody deposited Rs.500/- for 60 months, the company would pay Rs.40,500/- on maturity and hereby induced the public to deposit money.

4.3.Believing the words of the accused, 365 depositors deposited the amount to the tune of Rs.62,17,900/- to the accused company. But the accused failed to repay the amount to the depositors on maturity and cheated the public. Thus, the accused persons have committed the offences punishable under Section 5 of the TNPID Act and under Sections 420, 406 of IPC r/w. 120(B) of IPC.

4.4.The petitioners/Accused 8 to 10 are the shareholders of the financial establishment HGS Dairies and Agro Limited. There is a *prima facie* case made out against the petitioners/Accused 8 to 10. According to Section 5 of TNPID Act, every person responsible for the management of the affairs of the financial establishment is liable to be prosecuted in the event of default or repaying money to the depositors.

5.On perusal of records, it is seen that the learned Special Judge held that the petitioners/accused being the Directors and shareholders, at this stage are presumed to have actively participated in the affairs of management of A1 and A2 financial establishment and therefore, the petitioners/accused 6 to 10 shall face trial after framing necessary charges and accordingly dismissed the petition as devoid of merits.

6.Considering facts and circumstances of the case and submissions made by the learned counsel on either side, when there is *prima facie* materials against the petitioners, this Court does not find any grounds to interfere with the order passed by the learned Special Judge in Crl.M.P.No.34 of 2025 dated 09.07.2025 and the same is confirmed.

7.In view of the above, this Criminal Revision Petition is dismissed.

15.09.2025

Index : Yes/No
Neutral citation : Yes/No
Speaking/non-speaking order
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To

1.The Special Judge, Special Court under the
Tamil Nadu Protection of Interest of Depositors
(in Financial Establishment) Act, 1997, Chennai.

2.The Inspector of Police,
Economic Offence Wing,
Villupuram.

3.The Public Prosecutor,
High Court of Madras.

**T.V.THAMILSELVI, J.**

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