IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 27.11.2025
DELIVERED ON : 26.02.2026

CORAM

THE HONOURABLE MR JUSTICE M. NIRMAL KUMAR

CRL A No. 277 of 2010

Tamilnadu Industrial Investment Corporation,
Rep. by D.Devaraj
DDDC Building (Upstairs),
Pennagaram Road,
Dharmapuri.

Appellant(s)/Complainant

Vs

1.M/s.Kamadenu Motel
Rep by its Proprietrix,
R.Subbulakshmi
No.610, Virupachipuram,
Salem Hosur Road,
Dharmapuri – 5.

2.R.Subbulakshmi
Proprietrix
M/s.Kamadenu Motel
36, Appavoo Nagar,
Dharmapuri – 630 701.

Respondents/A1 & A2

PRAYER: The Criminal Appeal filed under Section 378(4) of Cr.P.C., praying to call for the records pending in C.C.No.327 of 2000 on the file of the Judicial Magistrate No.I, Dharmapuri, issue notice to the respondents/accused for their appearance before this Court and set aside the order of acquittal, passed by the learned Judicial Magistrate No.I, Dharmapuri in C.C.No.327 of 2000 and to convict the accused.

For Appellant : Mr.K.Magesh

For Respondents: Mr.C.R.Malarvannan

J U D G M E N T

The appellant as complainant filed a private complaint in C.C.No.327 of 2000 for offence under Section 138 of the Negotiable Instruments Act against the respondents. The trial Court, by judgment dated 09.12.2009, dismissed the complaint and acquitted the respondents, against which, the present appeal is filed.

2.The complainant Tamilnadu Industrial Investment Corporation Limited (TIIC) is a public limited company. One D.Devarajan, Loan Administrative Officer, Dharmapuri Branch was authorised to file a complaint, by a Board Resolution of Directors of the Corporation dated 26.11.1978. The case is that the first respondent M/s.Kamadenu Motel is a Proprietory concern situated at Salem-Hosur Road, Dharmapuri. The second respondent is its Proprietorix. The respondents applied short term loan for working capital for running the hotel and the loan sanctioned to the respondents to the tune of Rs.19 lakhs on 27.03.1997 and an amount of

Rs.12,42,000/- disbursed to respondents on 20.06.1997, 10.11.1997, 16.12.1997 and 08.12.1998 at Dharmapuri. The loan documents executed by respondents on 29.04.1997 and respondents issued post-dated cheque bearing No.271684 dated 01.12.1999 towards the discharge of loan liability for Rs.15,64,376/- drawn on State Bank of India (SBI), Dharmapuri Branch. The cheque was presented by the appellant in their bank, namely, Canara Bank, Dharmapuri Branch on 24.12.1999 and cheque got dishonoured, returned for the reason 'Funds Insufficient' by a bank memo dated 24.12.1999, received by the appellant on 26.12.1999. On the same day, the appellant sent Urgent Attention Notice followed by a statutory notice on 31.12.1999. The notice received by the respondents on 04.01.2000, thereafter the respondents neither paid the cheque amount nor sent any reply. Hence, the complaint filed.

3.During trial, the complainant examined himself as PW1, Branch Manager of SBI, Dharmapuri Branch as PW2 and Officer of Canara Bank, Dharmapuri Branch as PW3 and through them Exs.P1 to P7 marked. On the side of the defence, DW1 examined, marked Exs.D1 to D9. On conclusion of trial, the trial Court dismissed the complaint, discharging the respondents from the case.

4.The contention of the learned counsel for appellant is that the trial Court on a wrong appreciation of facts and misreading the evidence of witnesses, dismissed the complaint. In this case, DW1, husband of second respondent admits that cheque/Ex.P1 was given by his wife in repayment of loan debts, not denied the cheque and the signature, but takes a defence that along with the cheque gave a letter requesting not to deposit the cheque immediately. The learned counsel further submitted that PW1-complainant deposed in his evidence, the loan sought by the respondents, processing of loan papers, thereafter granting loan and releasing the loan amount. Later, it was found that the loan amount not utilised for the purpose for which it was granted and the amount diverted. When the respondents were called to pay back the loan amount, they neither paid the principal amount nor the interest. Hence, attachment proceedings initiated, at that time cheque/Ex.P1 issued on the promise that cheque would be honoured, but cheque dishonoured and thereafter statutory notice issued. Even thereafter, the respondents neither paid the cheque amount nor sent any reply.

5. The learned counsel further submitted that for the first time DW1 takes a stand that he handed over cheque along with a covering letter and there is some dispute with regard to the payments which was not clarified.

The trial Court had gone on technicality and found that statutory notice/Ex.P5 taken to the respondents' hotel address at Salem-Hosur Road, Dharmapuri and a copy sent to the residential address at Appavoo Nagar, Dharmapuri District. The copy of the notice sent to the residential address, received by the respondents on 01.01.2000 and the notice sent to the hotel address received on 04.01.2000, hence, the date of reckoning of notice to be taken as 01.01.2000. Further found that complaint filed belatedly and it is barred by limitation, hence complaint dismissed. The other ground is that though the appellant/complainant prosecuted the case through authorised person, D.Devaraj, Loan Administrative Officer, no Board Resolution or any document produced to show that he was authorised to file the complaint and to depose. On these two grounds and finding that PW1 is unable to give details about the transaction between the appellant and respondents and PW1 produced documents, without knowing details of transaction and dismissing the complaint is not proper. Hence, prayed for allowing this appeal.

6.The learned counsel for the respondent submitted that in the complaint it is clearly mentioned that the appellant/Corporation is represented by its Loan Administrative Officer, Devaraj, Dharmapuri Branch and further he is authorised to file a complaint by Board of Directors Resolution dated

26.11.1978. The said Devaraj examined himself as PW1. He was specifically questioned with regard to the authorisation. Though he states that there is a Resolution, no Resolution or any authorisation produced. Further, Exs.P6 and P7 are the acknowledgement cards for the statutory Notice/Ex.P5. Ex.P6 received on 01.01.2000 and Ex.P7 received on 04.01.2000. It is not in dispute that the statutory notice received on 01.01.2000, hence complaint must be filed within 45 days, i.e., on or before 15.02.2000. In this case, the complaint filed on 17.02.2000, hence, barred by limitation. The procedures in prosecuting cases under Section 138 of the N.I. Act, have to be strictly followed. When there is a procedure and a prescribed time line, violation of the same cannot be condoned, more so in this case there is no explanation given by the appellant/complainant for the delay. Added to it, PW1 admits that he was not the concerned officer when loan was sanctioned in the year 1997. He joined in the appellant's company only during October, 1998.

7.The learned counsel for respondent further submitted that from the records, it is seen that PW1 deposed, there was a delay in release of the loan amount, due to which, the construction work unable to be completed within the period planned, which lead to a cascading effect on the repayment of the loan. Further when questioned with regard to the delay in repayment of the loan, PW1 unable to give any answer. Further it is stated that even prior to the issuance of statutory notice, a demand notice issued on 24.12.1999. PW1 admits that cheque/Ex.P1 handed over by the second respondent's husband along with a letter to the Manager. What was the request, whether it was agreed or not it is only for the Manager to say is the answer by PW1, confirming except for producing and marking documents, he had no knowledge with regard to the loan transaction between the appellant company and respondents.

8.He further submitted that in this case, DW1 is the husband of second respondent. He examined himself as witness and marked documents giving details about the loan transaction and the reasons for non-payment of the loan within the agreed period and according to him the loan defaulted and the contributing factor for such default was the appellant company's *red tapism*. Considering all these aspects, the trial Court gave a categorical finding that the complaint is without authorisation and filed beyond limitation period and the appellant/complainant is not aware of the transaction between the appellant company-TIIC and the respondents and rightly dismissed the complaint. Be that as it may. The appellant-TIIC has given a loan, now the respondents have come forward for a reasonable settlement and already given a letter for One Time Settlement (OTS) and also produced the OTS application. Considering this aspect, this Court recorded the same in the order dated 23.09.2025, which reads as follows:

> *"The Appellant/Tamilnadu Industrial Investment Corporation filed a complaint under Section 138 of Negotiable Instruments Act, 1881 against the respondents in C.C.No.327 of 2000 before the learned Judicial Magistrate No.I, Dharmapuri (trial Court). The trial Court vide judgment dated 09.12.2009 dismissed the complaint and acquitted the respondents.*
>
> *2.According to the appellant, the 2nd respondent was sanctioned a loan of Rs.19,00,000/-, out of which, she availed a loan amount of Rs.12,42,000/-. When he asked for repayment of the said loan, the 2nd respondent issued a cheque for Rs.15,64,376/- dated 01.12.1999 drawn on State Bank of India, Dharmapuri. The said cheque was presented on 15.12.1999 through Canara Bank but not honoured and returned with the endorsement "Insufficient Funds" on 24.12.1999. Thereafter, the statutory notice under Section 138 of the Negotiable Instruments Act, 1881 was issued to the 2nd respondent, thereafter, the appellant filed the complaint in C.C.No.327 of 2000. During trial, the appellant/Devarajan, Junior Officer from Chennai Office examined himself as PW1 and Exs.P1 to P7 marked. On the side of the respondents, one Radhakrishnan examined as DW1 and Exs.D1 to D9 marked. On conclusion of trial, the trial Court by judgment dated 09.12.2009 dismissed the*

complaint and acquitted the respondents. Against which, the present appeal has been filed in the year 2010.

3.Based on the decision of the Hon'ble Full Bench of this Court in ***S.Ganapathy Vs. Senthil Vel*** *reported in* ***2016(4) CTC 119*** *and the Single Judge order in* ***D.Prabhu Vs. R.Manikandan*** *reported in* ***[2016(3) MWN (Cr) DCC 169 (Mad)]****, the case was transmitted to the file of the Principal Sessions Judge, Dharmapuri by order dated 09.01.2017. Now the case re-transferred to the file of this Court in view of subsequent legal proceedings.*

4.During the pendency of the present appeal, the matter referred to the Mediation and Conciliation Centre, Madras High Court. The appeal was pending before the Mediation Centre from 18.06.2024 to 12.09.2024, during the mediation proceedings, despite seven sittings, settlement could not be arrived and the mediation ended in failure. The mediation report submitted to this Court on 12.09.2024. It is seen that the failure of mediation seems to be primarily on technicalities.

5.The learned counsel for the appellant submitted that the 2nd respondent in a deceitful manner, though mortgaged the property by depositing the original title deeds with the appellant, subsequently sold the very same property to three persons, thereby created encumbrance and obstacles in realizing the mortgage amount. Prior to the year 2012, registration of a simple mortgage with the Sub-Registrar Office was not compulsory, hence, the 2nd respondent was able to effect such transactions. It is further submitted that *deceit of the respondents came to light only during the mediation proceedings, hence, the representative of TIIC/Branch Manager not accepted the proposal made by the respondents to settle the issue by depositing a sum of Rs.33 lakhs. He further submitted that since the 2nd respondents played fraud, this proposal not considered. He further submitted that the respondent filed a Civil Suit and obtained a decree restraining the appellant from auctioning the mortgaged property under Section 29 of the State Financial Corporation Act. Against which, second appeal filed by the appellant is now pending before this Court.*

6.The learned counsel for the respondents submitted that the 2nd respondent, being a lady aged about 77 years with health ailments, one step short of grave, is now willing to settle the dues to the appellant to the extent of Rs.40 lakhs, which she is in a position to mobilize through other sources primarily on an understanding with P.M.Sudhakar and she is ready to deposit the said amount upfront. It is further submitted that the 2nd respondent already submitted a proposal for One Time Settlement (OTS) to pay Rs.40 lakhs to give quietus to all the legal proceedings pending between the appellant and respondents and to show bonafide, deposited a cheque for Rs.5 lakhs, the processing fee and the letter of R.Subalakshmi dated 20.11.2024 and the letter of P.M.Sudhakar dated 20.11.2024 submitted to Branch Manager, TIIC, Dharmapuri which are scanned in this order.

7.Considering the rival submissions and on perusal of the *materials, it is seen that it is for the Board of TIIC to take a decision and the Branch Manager not to reject the offer at the threshold without consideration. The very purpose of TIIC is to extend financial assistance to entrepreneurs and thereafter recover the loan amount with interest. Creation of mortgage and other securities are ancillary conditions, a requirement to secure the loan amount.*

8.In the present case, since the 2nd respondent expressed willingness to settle the dues by paying a sum of Rs.40 lakhs. At this stage, it is for the TIIC to take an appropriate decision in this regard.

9.In view of the above, the 2nd respondent is directed to reiterate/re-submit the One Time Settlement (OTS) proposal dated 20.11.2024 reminding TIIC about the settlement, without prejudice to her rights in other proceedings, within one week from today. The Branch Manager, TIIC shall place the proposal before the District Committee and other Committees, and if necessary, forward to the Head Office and the Board of TIIC, as per the procedure. The issue shall be decided on or before 10.11.2025. If required, the 2nd respondent or her representative can be called for further negotiation.

10.The Board shall take an appropriate decision on the said proposal, having due regard to the settlement process, without raising serious objections on the ground of the 2nd respondent having created encumbrances over the mortgaged property. Once the One Time Settlement proposal is agreed and complied, then the mortgaged property necessarily to be discharged, hence, the act of the 2nd respondent in creating encumbrance will have no *consequence. Scanned reproduction of the One Time Settlement (OTS) proposal of the 2nd respondent is as follows:*

1

Annexure I

Specimen of OTS Application Form

(To be submitted on the letter head of the borrower unit/company)

Date: 20/11/2024

The Branch Manager,

The TIIC Limited

Dharmapuri

Dear Sir,

Sub: One time settlement of dues payable to TIIC

In connection with outstanding dues payable by our unit / company to TIIC, we would like to propose one time settlement (OTS) of our dues so as to amicably close our account with TIIC. In this connection, we furnish below the following details of our offer for your kind consideration.

Sl.No	Details	
1	Total outstanding liability to TIIC as on (Position as of the last date of transaction) (in Rupees)	40,00,000/-
2.	Amount proposed to be paid by the unit / company towards OTS (Break-up towards principal, interest and other charges) (in Rupees)	36,00,000/-
3.	Amount of waiver / sacrifice sought from TIIC (in Rupees)	
4.	Terms of payment of the proposed OTS amount (Period of payment proposed like one lumpsum, immediate down payment of 50% and balance in 2 monthly instalments of Rs. Each.	18,00,000/- 9,00,000 – 1st ins 9,00,000 – IInd ins 36,00,000/-
5	Salient operation and financial highlights of the unit / company for the last 3 financial years (Audited Balance Sheet of the unit / company for the last 3 years / provisional results for the incomplete year as on ...... to be enclosed).	De funct
6	Reasons for approaching TIIC for OTS	To solve long pending issue

②

Sl.No.	Details	
7	Sources of OTS payment proposed (by promoters / guarantors, internal generation, etc.	by selling properts
8.	The present level of operations of the unit / company In case the unit / company is not in operation, how long ceased to be in operation and reasons thereof.	NOT APPLICABLE.
9.	Details of dues, if any, to other Institutions and working capital Bankers, including details of settlements reached with them, if any	NIL
10.	Net worth statements of Proprietor / Partners / Directors / Guarantors (For loans disbursed above Rs.10 lakhs). (Net worth statements to be furnished in the enclosed format)	Enclosed
11	Any other particulars that may be relevant to mention	—

2. We would request you to consider our above offer and advise us of the decision taken in this regard at an early date. Should you require any further information / clarification we would be happy to provide the same to you.

3. Further, we note that as per the Corporation's Policy, the Corporation reserves the right to enhance the OTS offer, keeping other factors in view.

R. Subbulakshmi

Managing Director / Authorised Official /

Proprietor / Partner

Enclosures:

1. Audited working results of the unit (Balance sheet & Profit and Loss account) for the last three financial years.
2. Net worth statements of Proprietor / Partners / Directors and Guarantors. (For loans disbursed above Rs.10 lakhs)
3. Copy of processing fee payment receipt.
4. Copy of payment receipt of down payment.

(3)

Net Worth Statement Format

Details of Assets and Liabilities :

a. IMMOVABLE PROPERTIES (Rs. in Lakhs)

S.No.	Description of the property with address	Full Name of the property owner and address	Extent of Share in the Property	Purchase Price	Market Value
		NIL			

Sub - total

b. MOVABLE PROPERTIES

S. No.	Description	Purchase Price / Face Value	Market Value
1.	Jewells	4,00,000	4,00,000
2.	Cash	2,00,000	2,00,000
	total	600000/-	600,000/-

Sub - total

c. Grand Total of all the assets (a + b) 6,00,000/-

Less :

d. Personal Liabilities : NIL

e. Networth (c - d) : 6,00,000/-

I state that the above information is true to the best of my belief and knowledge and that I have not suppressed or mis- represented any information called for.

I certify that all particulars furnished here and list of enclosures are true. I agree to abide by all rules of TIIC relating to the conduct of accounts. I understand that whole details will be treated as confidential by TIIC.

Place: Chamapthi

Date: 20/11/2020

Signature of the individual

R. [signature]

(6)

அனுப்புதல்:

ஆர். சுப்புலட்சுமி,
க/பெ. ஜி.எஸ். இராதாகிருஷ்ணன்,
47/3அ, தெற்கு நாசிம்மன் வீதி,
தருமபுரி - 636 701.

பெறுநர்:

உயர்திரு. கிளை மேலாளர் அவர்கள்,
TIIC தருமபுரி.

அய்யா. வணக்கம்.

பொருள் : OTS செட்டில்மெண்ட் தொடர்பாக.

....

தருமபுரி வட்டம், விருபாட்சிபுரம் கிராம சர்வே எண்.610-ல் உள்ள காமதேனு ஹோட்டல் மற்றும் எனது கட்டிடம் மற்றும் இடத்தின் மீதுள்ள கடனை OTS மூலம் செட்டில் செய்ய விரும்புகிறேன்.

எனக்கு 77 வயதும், எனது கணவருக்கு 84 வயதும் ஆகிறது. எனவே எங்களது வாழ்நாள் காலத்திலேயே இந்த சிக்கலை தீர்க்க விரும்புகிறேன். சென்ற மாதம் உயர்நீதிமன்றம் சமரச மையத்தில் வழக்கு விசாரணைக்கு வந்த பொழுது நான் ரூ.33,00,000/-ம் செலுத்துவதாக கூறியிருந்தேன். அதை TIIC நிர்வாகம் ஏற்கவில்லை. தற்பொழுது OTS மூலம் ரூ.36,00,000/-த்தை செலுத்திவிடுகிறேன். சுமார் 30 ஆண்டுகளாக இழுபறியில் உள்ள இந்த சிக்கலை தீர்த்துவைக்கவும்.

திரு. சுதாகர் என்பவர் இந்த இடத்தை விலைக்கு வாங்க முன் வந்துள்ளார். அவரே OTS-க்கு செலுத்த வேண்டிய முன் பணம் ரூ.5,00,000/-த்தை செலுத்த ஒப்புக் கொண்டுள்ளார். அதனை ஏற்றுக் கொள்ளுமாறு கேட்டுக் கொள்கிறேன்.

மேலும் OTS மூலம் பணம் செட்டில் ஆகிவிட்டால் நீதிமன்றத்தில் உள்ள அனைத்து வழக்குகளையும் திரும்ப பெற்றுக் கொள்கிறேன். தங்களும் அனைத்து வழக்குகளையும் திரும்ப பெற்றுக் கொள்ள வேண்டுமாய் தங்களை அன்புடன் கேட்டுக் கொள்கிறேன்.

இடம் : தருமபுரி
நாள் : 20/1/2024

இப்படிக்கு
[illegible signature]

ICICI Bank
Dharmapuri Branch

VALID FOR THREE MONTHS ONLY
20 11 2024
D D M M Y Y Y Y

Pay

Or Bearer

Rupees Five lakhs only

₹ 500000/-

A/c No. 605701504100

WEALTH MANAGEMENT : SAVINGS ACCOUNT

Payable at par at all branches of ICICI Bank Limited in India

P.M. Sudhakar

P M SUDHAKAR

Please sign above

⑆000152⑆ 636229102⑆ 504100⑆ 31

பொருள் : OTS – க்காக முன்பணம் செலுத்துவது – தொடர்பாக.

....

தருமபுரி வட்டம், விருபாட்சிபுரம் கிராம சர்வே எண்.610–ல் உள்ள காமதேனு மோட்டல் எனும் திருமதி.சுப்புலட்சுமி அவர்களின் பெயரில் உள்ள கட்டிடம் மற்றும் இடத்தின் வாங்க விரும்புகிறேன்.

அந்த இடம் TIIC–ல் அடமானத்தில் உள்ளதாகவும், அதை OTS–எனும் ஒன் டைம் செட்டில்மென்ட் மூலமாக பைசல் செய்து தீர்த்து வைத்து விற்பதாக கூறியுள்ளார்.

ஆகவே OTS–க்கான முன்பணம் ரூ.5,00,000/–த்தை கதாகர் ஆகிய எனது ICICI வங்கி காசோலை எண். 000152— –ஐ TIIC நிறுவனத்தின் பெயரில் வழங்கியுள்ளேன்.

OTS மூலம் செட்டில் ஆகிவிட்டால் மீதியுள்ள பணத்தை செலுத்திவிடுகிறேன். இல்லையெனில் இந்த முன்பணம் ரூ.5,00,000/–த்தை திரும்ப வழங்குமாறு கேட்டுக் கொள்கிறேன்.

இடம் : தருமபுரி
நாள் : 20/11/2024

இப்படிக்கு

P.M. Sudhakar

66

அனுப்புநர்

பி.எம். சுதாகர்,
நெடுமாறன் நகர்,
தருமபுரி – 636 701.
கைபேசி : 94432 65907

பெறுநர்

உயர்திரு. கிளை மேலாளர் அவர்கள்,
TIIC தருமபுரி.

ஐயா, வணக்கம்.

பொருள் : OTS – க்காக முன்பணம் செலுத்துவது – தொடர்பாக.

....

தருமபுரி வட்டம், விருபாட்சிபுரம் கிராம சர்வே எண்.610-ல் உள்ள காமதேனு ஹோட்டல் எனும் திருமதி.லட்சுமி அவர்களின் பெயரில் உள்ள கட்டிடம் மற்றும் இடத்தின் வாங்க விரும்புகிறேன்.

அந்த இடம் TIIC-ல் அடமானத்தில் உள்ளதாகவும், அதை OTS-எனும் ஒன் டைம் செட்டில்மென்ட் மூலமாக பைசல் செய்து தீர்த்து வைத்து விற்பதாக கூறியுள்ளார்.

ஆகவே OTS-க்கான முன்பணம் ரூ.5,00,000/-த்தை நான் ஆகிய எனது ICICI வங்கி காசோலை எண். 000152— -ஐ TIIC நிறுவனத்தின் பெயரில் வழங்கியுள்ளேன்.

OTS மூலம் செட்டில் ஆகிவிட்டால் மீதியுள்ள பணத்தை செலுத்திவிடுகிறேன். இல்லையெனில் இந்த முன்பணம் ரூ.5,00,000/-த்தை திரும்ப வழங்குமாறு கேட்டுக் கொள்கிறேன்.

இடம் : தருமபுரி.
நாள் : 20/1/2024

இப்படிக்கு

11.This Court hopes and trust that the issue is resolved and quietus can be given to all proceedings between the 2nd respondent and TIIC avoiding prolonged litigation. Instead a winwin situation can be arrived by all concern.

12.List the appeal for further hearing on 12.11.2025."

9.Thereafter, the appellant submitted a letter dated 26.11.2025 rejecting the proposal, which is extracted hereunder:

The Tamilnadu Industrial Investment Corporation Limited
(A Government of Tamilnadu Undertaking)
Dharmapuri Branch
D.No.73-A, T.S.No.24/2, & 25, Salai Vinayakar Kovil Road,
Opp. BDO Office, Virupatchipuram, Dharmapuri-636 701.
Ph.:04342-260866 / 260172 E-mail :bmdharmapuri@tiic.org Web :www.tiic.org
CIN : U93090TN1949SGC001458 GSTIN : 33AABCT7737M1ZY
The Growth Catalyst

TIIC/DPI/BO/RECOVERY/2025-2026 **Date: 26.11.2025.**

THE HOD [Legal],
The TIIC Ltd.,
692, Anna Salai,
Nandanam, **Chennai** - **600 035.**

Sir,

Sub: **M/s. Kamadhenu Motel, Dharmapuri** – Decision taken to reject the proposal on the Compromise Settlement Offer of Rs.40.00 lakhs of the defaulted concern – Intimation - Reg.

Ref:
1. Order dated 23.09.2025 in Crl.A.No.277 of 2010 of the Hon'ble High Court of Madras.
2. Branch Office letter dated 12.11.2025 in respect of negotiation to enhance the OTS offer of the concern.
3. Letter dated of 17.11.2025 of the promoter.
4. Email message dated 21.11.2025 of Recovery Department, HO.
5. Branch's Proposal for rejection of the request dated 10.07.2025 of the promoter placed before the Regional Manager, RO, Hosur.
6. Email message dated 26.11.2025 of Legal department, HO, Chennai.

Further to the reference cited above, the proposal for rejection of the request of the concern for OTS of loan amount **with the offer of Rs.40.00 lakhs** was placed before **The Regional Manager, who is the competent authority for rejection of OTS proposal which is** not viable or doable as per the prevailing Compromise settlement policy. **The Regional Manager** has **rejected the proposal** and advising the Branch Office to **initiate the legal recovery actions** against the mortgaged assets of the concern in consultation with the legal department at Head Office **in order to realize loan amount** in view of the following facts:

1. The concern has to pay the loan amount of Rs.4135.15 lakhs as under:

(Rs. In lakhs)

Principal	12.42
Interest	4121.77
Other dues	0.96
Total	4135.15

...2

The Tamilnadu Industrial Investment Corporation Limited
(A Government of Tamilnadu Undertaking)
Dharmapuri Branch
D.No.73-A, T.S.No.24/7, & 25, Salai Vinayakar Kovil Road,
Opp. BDO Office, Virupatchipuram, Dharmapuri-636 701.
Ph: 04342-260856 / 260271 Email: bodharmapuri@tiic.org Web: www.tiic.org
CIN: U91030TN1949SGC001454 GSTIN: 33AAACT7737M1ZY

:: 2 ::

2. The concern has so far remitted the loan amount of Rs. 7.75 lakhs as under:

(Rs. In lakhs)

Principal	-
Interest	7.75
Other dues	-
Total	7.75

*Other dues excludes the remittance of Rs.3.30 lakhs towards watch & ward charges, legal charges and advertisement charges for auction sale.

3. The concern is a chronic defaulter since inception and became NPA on 30.09.1998.

4. The loan is 28 years old and classified under written off category.

5. The Primary building was leased out to M/s. Kamadhenu Arts & Science College promoted by the proprietrix, her husband and son without our knowledge.

6. The concern has sold out the entire collateral to the third parties without our knowledge.

7. The concern has broken down our sealed unit three times consecutively and trespassed the possession of the Corporation.

8. The primary property: 9.08 Cents out of 40.00 Cents has been gifted to BDO, Dharmapuri without our knowledge for the purpose of common pathway to their college and real estate layout formed by the son of the proprietrix.

9. The illegal pathway was registered by the Sub-Register office, Dharmapuri and the BDO has also accepted the same without our knowledge.

10. The proprietor has deviated all the terms and conditions agreed at the time of sanction and cheated the Corporation by deviating the norms of the Corporation.

...3...

H.O: 692, Anna Salai, Nandanam, CHENNAI - 600 035.

The Growth Catalyst

The Tamilnadu Industrial Investment Corporation Limited
(A Government of Tamilnadu Undertaking)
Dharmapuri Branch
D.No.73-A, T.S.No.2/43, & 25, Salai Vinayakar Kovil Road,
Opp. BDO Office, Virupatchipuram, Dharmapuri-636 701.
Ph:04342-260061/260177 E-mail: bmdharmapuri@tiic.org Web: www.tiic.org
CIN : U93090TN1949SGC001450 GSTIN : 33AABCT7737M1ZY

:: 3 ::

11. The concern had also indulged to fabricate the valuation of land by adding the building of value **Rs.9.52 lakhs** wrongly in order to cheat the Corporation to equalise the collateral coverage of 50% as stipulated in the terms and conditions at the time of sanction.

12. The loan outstanding of the concern as on 31.10.2025 is **Rs. 41,35,15,920/-**

While arriving the waiver calculation under Compromise Settlement Scheme, the **Net Present Value (NPV) is Rs.134.14 lakhs** and the **Permissible Settlement Amount (PSA) is Rs.81.49 lakhs**. However the concern has offered Rs.40.00 lakhs only towards the Compromise Settlement of the loan amount and also **declined to enhance her offer more than Rs.40.00 lakhs** in the negotiation of the Branch Office, which is not viable or doable as per the prevailing Compromise settlement policy.

This is for your kind information.

Yours faithfully,
26.11.2025
BRANCH MANAGER

Cc: 1. The Regional Manager,
The TIIC Ltd.,
R.O. Hosur - [illegible].
2. The HOD (Recovery),
The TIIC Ltd.,
No.692, Anna Salai, Nandanam,
Chennai - 600 035.

H.O: 692, Anna Salai, Nandanam, CHENNAI - 600 035.

10.It is seen that though the respondents were coming forward to settle the cheque amount and loan due of Rs.15,64,376/- for Rs.40,00,000/-, towards One Time Settlement as usual *red tapism* hit a road block. Hence, issues could not be resolved and no settlement arrived. It was made clear by the respondents that the compromise proposal was without prejudice to their contentions and defence in the above case and other proceedings between them. Further, the learned counsel for the respondents in support of his contention submitted that without proper authorisation a case cannot be prosecuted. A body corporate is a *de jure* complainant, while a human being acts as a defacto complainant representing the former in Court proceedings. Therefore, a Board Resolution or proper authorisation is mandatory to file a complaint and prosecute the same. Further if there was no authority initially, the company may rectify the defect at any stage by authorising a competent person. In this case, though specific question put to PW1 regarding the Board Resolution, authorisation and competence of PW1, but no authorisation produced.

11.The learned counsel in support of his contention relied on the decision of this Court in the case of *M.C.Baby vs. Sastha Home Tech* reported in MANU/TN/2776/2023 and the case of *R.Baskar vs. Rite Steel Industries Pvt. Ltd.* reported in MANU/TN/2479/2025, wherein the decision of the Hon'ble Apex Court in the case of *Bhupesh Rathod vs. Dayashankar Prasad Chaurasia and others* has been followed. Hence, prayed for dismissal of the appeal.

12.Considering the submissions made and on perusal of the material, it is seen that the Statutory Notice/Ex.P5 served to the respondents on 01.01.2000 and the complaint ought to have been filed on 15.02.2000 but the complaint filed on 17.02.2000, i.e., beyond the limitation period, and Section 138 of N.I. Act is procedural one and the procedures to be strictly followed. In this case, admittedly though PW1 state that there is a Board Resolution of the year, 1978, despite specific question put to him questioning his competence, no Board Resolution produced. He admits that he joined the company after the loan granted and it is the Manager, dealing with the respondents. Except for marking the documents, he is unable to give any answer with regard to the transaction between the appellant company-TIIC and the respondents. The trial Court considering all these aspects, rightly dismissed the complaint. Further the Hon'ble Apex Court in ***Chandrappa and others vs. State of Karnataka*** reported in ***(2007) 4 SCC 415,*** had illustrated the principles regarding powers of the Appellate Court while dealing with an appeal against an order of acquittal. Hence, this Court finds no reason to interfere with the well reasoned judgment of the trial Court.

13.In view of the same, the Criminal Appeal stands dismissed. The judgment of acquittal of the respondents rendered by the learned Judicial Magistrate No.I, Dharmapuri in C.C.No.327 of 2000 dated 09.12.2009, is hereby confirmed.

26.02.2026

Index : Yes / No
Neutral citation : Yes / No
Internet : Yes/No
Speaking / Non-speaking order
rsi

To

The Judicial Magistrate No.I,
Dharmapuri.

M.NIRMAL KUMAR, J.

rsi

Pre-delivery Judgment in
CRL A No. 277 of 2010

26.02.2026