IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated : 10.03.2026

CORAM

THE HONOURABLE MR. JUSTICE **G.K.ILANTHIRAIYAN**

Crl.A.Nos.294 & 279 of 2021
and
Crl.M.P.Nos.4440 & 4437 of 2026

C.Krishnaveni …. Appellant in Crl.A.No.294/2021

C.Nathakumar …. Appellant in Crl.A.No.279/2021

Vs

The State by Inspector of Police,
Economic Offences Wing – II,
Erode.
(Crime No.22 of 2012) …. Respondent in both Crl.As

Common Prayer: Criminal Appeals are filed under under Section 374(2) of Criminal Procedure Code, to admit the appeal and set aside the conviction and sentence imposed on the appellants by the Judgment dated 08.12.2020 passed in C.C.No.6 of 2013 on the file of Special Judge, Special Court under TNPID Act, Coimbatore by allowing the present Criminal Appeal before this Court.

For Appellants (in both Crl.As) : Mr.R.Raghul
for Mr.B.Vetrivel

For Respondent (in both Crl.As) : Mr.L.Baskaran
Government Advocate (Crl.Side)

COMMON JUDGMENT

These Criminal Appeals have been preferred as against the Judgment dated 08.12.2020 passed in C.C.No.6 of 2013 on the file of the Special Judge, Special Court under TNPID Act, Coimbatore, thereby convicted the accused for the offences punishable under Sections 120(B) and 420 of IPC and Section 5 of the TNPID Act 1997 (62 counts).

2. The case of the prosecution is that M/s.Nandhu Systems and Softwares, functioning at Door No.20/13, First Floor, M.V.Complex, Nasiyanur, Perundurai Taluk, Erode District, was a registered Company with the Registrar of Companies. The first accused is the Company. Teh second and third accused were the Managing Partners of the financial establishment, looking after the day to day administrative and financial affairs of the Company/A1. All the accused canvassed for deposits and received deposits and also entered into agreement deeds on behalf of the first accused during the period from 01.04.2011 to 06.11.2012 and thereby collected huge amount from the depositors. The accused also advertised about their computer job work scheme, canvassed and collected a deposit amount of Rs.1,00,000/- per unit by giving false a promise that they would provide 1000 forms with data per month to the

depositors for a period of three years for filling up the said data in the forms using computers and that they would pay Rs.13,000/- per month for three years as monthly salary.

3. While being so, the accused failed to pay the matured deposit amounts to the tune of Rs.82,27,250/- to 39 depositors. Therefore, based on the complaint, the respondent registered an FIR for the offences punishable under Sections 120(B) and 420 of IPC and Section 5 of the TNPID Act 1997. After completion of the investigation, the respondent filed a final report and the same has been taken cognizance by the Trial Court in C.C.No.6 of 2013 for the offences punishable under Sections 120(B) and 420 of IPC and Section 5 of TNPID Act 1997 (62 counts).

4. In order to bring home the charges against the accused, the prosecution had examined P.W.1 to P.W.54 and marked Exs. P1 to P140. On the side of the accused, no witnesses were examined and no documents were marked. However, the accused marked Exs.D1 to D4.

5. On perusal of the oral and documentary evidence, the Trial Court found that accused guilty of the offences punishable under Sections

120(B) and 420 of IPC and Section 5 of TNPID Act 1997 and sentenced them as follows :

> "For the offence under Section 120(B) of IPC, the accused were sentenced to undergo two years simple imprisonment and to pay fine of Rs.15,000/- for each counts (Rs.15,000 X 39 counts X 2 accused - Rs.11,70,000/- in default of payment of fine to undergo further one year simple imprisonment. For the offence under Section 420 of IPC, the accused were sentenced to undergo three years simple imprisonment and to pay fine of Rs.15,000/- for each counts (Rs.15,000 X 39 counts X 2 accused – Rs.11,70,000/-) in default of payment of fine to undergo further one year simple imprisonment. For the offence under section 5 of the TNPID Act, 1997, the accused were sentenced to undergo ten years simple imprisonment and to pay fine of Rs.15,000/- (Rs.15,000 X 39 X 2 accused – Rs.11,70,000/-) in default of payment of fine to undergo further one year simple imprisonment. Thus, the total fine amount imposed is Rs.46,80,000/-."

6. The learned counsel appearing for the appellants would submit that the Trial Court, without properly analysing the evidence and records, mechanically convicted the appellants. Even according to the prosecution, the accused had collected a sum of Rs.82,27,250/- out of which they have already repaid Rs.31,24,750/-. Therefore, the balance

due is Rs.51,02,500/-. It is further submitted that the accused have sisters concerns possessing properties and the same have also been attached to realise the deposit amounts. Therefore, the attached properties are more than sufficient to settle the claim of the depositors.

7. Per contra, the learned Government Advocate (Crl.Side) appearing for the respondent submitted that while suspending the sentence of the accused, this Court imposed conditions directing them to deposit some amount. However, the said conditions have not been complied with so far. Subsequently, this Court, by order dated 09.05.2024, imposed further conditions directing the accused to deposit a sum of Rs.17,50,000/- on or before 31.08.2024 and a further sum of Rs.20,00,000/- on or before 30.11.2024. He further submitted that the accused have not complied with the said conditions imposed by this Court by order dated 09.05.2024. Thereafter, the accused filed a petition seeking modification of the condition imposed by this Court. However, the said petitioner was dismissed as not pressed. He also submitted that in order to prove the claims of the depositors, the prosecution examined all the depositors as witnesses and their evidence was cogent and trustworthy. All the deposit receipts were marked before the Trial Court. Thus, the prosecution has clearly proved the charges against the accused.

Therefore, the Trial Court has rightly convicted the accused and the same does not warrant any interference by this Court.

8. Heard the learned counsel appearing on either side and perused the materials available on record.

9. A perusal of the records reveals that admittedly, the accused had collected huge amounts from the general public and failed to repay the matured deposit amounts to 39 depositors to the tune of Rs.82,27,250/-. All the depositors were duly examined by the prosecution to establish that the accused committed default in payment of matured amount to them. P.W.1 to P.W.39 are the depositors. Further, the prosecution examined P.W.40 to P.W.42, P.W.44, P.W.45 and P.W.46 who are the owners of the building, and they deposed that they had rented out their buildings to the accused to run the A1 firm. Further, the Sub Registrar was examined as P.W.53, who deposed that A1 was not a registered Company with the Registrar of Companies, but it was only an unregistered firm. The accused had conspired together in order to cheat the general public by issuing advertisements and pamphlets to canvass the general public to deposit. The accused floated a computer job work scheme and promised that they would provide 1000 forms with data per

month for a period of three years to the depositors for filling up the said data in the forms through computers. They also assured the depositors that they would pay Rs.13,000/- per month for three years as monthly salary apart from returning the deposit amount after a period of three years.

10. Believing the said assurances given by the accused, all the innocent depositors invested their hard-earned money with the accused. However, after receiving the said amounts, the accused failed to repay the matured deposit amounts to the tune of Rs.82,27,250/- to 39 depositors. The reporter of Daily Thanthi was examined as P.W.52 and he deposed that the advertisement given by the accused was published. The agreements, receipts, cheques issued by the accused to depositors and complaints were marked as Ex.P1 to Ex.134.

11. Further, admittedly, A1 is a registered Company and A2 and A3 are the Managing Partners of the first accused Company. After full knowledge, the accused issued pamphlets and advertisements inviting the general public to invest in their business by making false promise. Such acts are clearly illegal and prohibited by law. In order to act upon, the accused had hatched a common design and conspired together to commit

the offence of cheating. Though the accused cross examined the depositors, during the cross examination, nothing was stated by the accused. Insofar as the offence under Section 5 of the TNPID Act is concerned, all the accused conspired together, cheated the money deposited by the depositors and converted the same to their own use and failed to return the matured deposit amounts, thereby violating the trust reposed in them by the depositors.

12. The evidence of the victims reveals that the accused had printed, circulated and published advertisements relating to their schemes, thereby contravening the provisions of Section 5 of the Act. The said provision does not require proof of mens rea and a mere default in payment to a depositor would attract punishment which may extend up to 10 years. Hence, the prosecution had proved the charges against the accused beyond reasonable doubt and the Trial Court rightly convicted the accused and does not warrant any interference by this Court. Insofar as the sentence imposed by the Trial Court is concerned, while pending trial, the accused had repaid a sum of Rs.31,24,750/- to the depositors. Even thereafter, a sum of Rs.51,02,500/- remains due to the depositors.

13. Considering the above facts and circumstances, this Court is inclined to modify the sentence alone. Accordingly, the sentence of 10 years simple imprisonment imposed for the offence punishable under Section 5 of the TNPID Act, 1997 is reduced to 5 years simple imprisonment. Insofar as the fine amount imposed by the Trial Court is concerned, the same is confirmed. Further, towards the balance amount due to the depositors, both the appellants are directed to deposit a sum of Rs.37,50,000/- each within a period of four weeks from today i.e., on or before 15.04.2026, failing which the sentence imposed by the Trial Court shall stand restore automatically.

14. In the result, these Criminal Appeals are partly allowed. Consequently, connected miscellaneous petitions are closed.

10.03.2026

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

G.K.ILANTHIRAIYAN, J.
Lpp

To

1. The Special Judge,
Special Court under TNPID Act,
Coimbatore.

2.The Inspector of Police,
Economic Offences Wing – II,
Erode.

3.The Public Prosecutor,
High Court, Madras.

Crl.A.Nos.294 & 279 of 2021

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