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*Crl.O.P.Nos.20685 & 20688 of 2022*

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 02.04.2026

PRONOUNCED ON : 16.04.2026

CORAM:

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

Crl.O.P.Nos.20685 & 20688 of 2022  
and Crl.M.P.Nos.13529, 13531, 13532 & 13533 of 2022

1. Hema Premchand,  
2. S.Rajalakshmi

... Petitioners in Crl.O.P.  
No.20685 of 2022

Y.C.Krishnamurthy

... Petitioner in Crl.O.P.  
No.20688 of 2022

Vs.

1. The State  
The Deputy Superintendent of Police,  
Economic Offices Wing-II, Hqrs,  
Guindy, Chennai – 32.  
(Ref: Cr.No.1183 of 1999)

2. The Official Liquidator,  
Office of the Official Liquidator,  
High Court, Madras,  
'Kuralagam', Block 1, 1<sup>st</sup> Floor,  
Esplanade, Chennai – 600 108.

... Respondents in both  
Crl.O.Ps.

**Common Prayer:** Criminal Original Petitions filed under Section 482 of Code of Criminal Procedure, to call for records and quash the proceedings as against the petitioners herein in C.C.No.200 of 2022 on the file of the Chief Metropolitan Magistrate, Egmore.



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**In both Crl.O.Ps.**

For Petitioners : Mr.A.Ramesh, Senior Counsel  
For Mr.B.A.Suja Prasanna  
For Respondents  
For R1 : Mr.A.Gopinath  
Government Advocate (Crl.Side)  
For R2 : Mr.S.Gopalakrishnan

**COMMON ORDER**

Both the petitions have been filed to quash proceedings in C.C.No.200 of 2022 on the file of the learned Chief Metropolitan Magistrate, Egmore, thereby taken cognizance for the offences punishable under Sections 406, 418, 420 to 423 of IPC r/w. 120(b) of IPC, as against the petitioners.

2. The petitioners in Crl.O.P.No.20685 of 2022 are arrayed as 4<sup>th</sup> and 12<sup>th</sup> accused and the petitioner in Crl.O.P.No.20688 of 2022 is arrayed as 11<sup>th</sup> accused. The case of the prosecution is that based on the report submitted by the second respondent herein, the first respondent registered the FIR in Crime No.1183 of 1999, for the offences punishable under Sections 120B, 406, 409, 418, 420 to 423 of IPC as against 16 persons, alleging that the company called RPS Benefit Fund had advertised through print media thereby inviting deposit of money by



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general public and assured high returns of 18% to 21% on maturity.

Based on the said representation, sixteen thousand depositors made their respective deposit to the total sum of Rs.42.74 crores. The deposited money was granted as loan to 66 depositors. Out of the total disbursed loan amount, a sum of Rs.19.14 crores were routed to M/s. Lakshmi Trace Credit Limited and M/w. Ajith Diary Industries Limited in violation of Nidhi Rules.

3. Further alleged that the deposited money was routed by the benami of the Directors of the company and the same were utilized for purchasing immovable property. The borrower failed to repay the amount and the company had returned the security issued by the borrowers. Further there was no records available with the company pertaining to the securities obtained for the sanction of loan. The value of immovable properties, which were settled as full and settlement of the loan were inflated with aid of an approved valuer. On such report, the first respondent registered the FIR in Crime No.1183 of 1999 for the offences punishable under Sections 120B, 406, 409, 418, 420 to 423 of IPC. After completion of investigation, the first respondent filed final report and the same has been taken cognizance in C.C.No.200 of 2022. The charge sheet



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has been laid as against 21 persons including the deceased persons. The Trial Court had taken cognizance as against all the accused persons. To quash the said proceedings, the petitioner filed the present petitions.

4. The learned Senior Counsel appearing for the petitioner submits that the 11<sup>th</sup> accused is aged about 90 years and she is bed ridden. The 12<sup>th</sup> accused is died and he also produced her death certificate before this Court. He further submitted that the Trial Court, without application of mind, had mechanically taken cognizance as against all the accused persons. The persons who already died were also added as accused. He also submitted that the FIR was registered in the year 1999. But the first respondent filed final report only in the year 2022 for which, there is absolutely no explanation on the side of the prosecution. The quantum of deposit involved is Rs.42.74 crores and the said amount is very much available with the second respondent herein to settle the depositors. Even according to the case of the prosecution, the company only issued advertisement to the general public thereby canvassing them to deposit their money. But the first respondent did not implicate the company as an accused. Therefore, the very initiation of the criminal proceedings by way of complaint cannot be maintainable since no case is registered as against



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the company. As per the report submitted by the second respondent, a sum of Rs. 3,34,61,064/- is very much available. So far, the depositors were settled to the tune of 65% of the admitted amount. Now no witnesses claiming for their deposits before the trial Court. All the statements recorded from the witnesses are of the same verbatim and are identical and do not inspire confidence of the Court. Therefore, the entire proceedings is nothing but clear abuse of process of law. In support of his contention, he relied upon several judgment of the Hon'ble Supreme Court of India.

5. Per contra, the learned Government Advocate (Crl. Side) appearing for the first respondent submitted that though the company is not arrayed as an accused, all the Directors, who acted in the name of the company, are implicated as accused. The non implication of company as accused, would not cause any prejudice to the accused. Only because of the interim order passed by this Court, the trial is pending and no witness has been examined by the Trial Court. Though the depositors were settled with 65% of their deposits, the remaining balance amount to be settled amounts to Rs.13,05,62,906/-. Further there are specific allegations as against the accused and as such the entire proceedings cannot be quashed.



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6. Heard the learned counsel appearing on either side and perused the materials placed before this Court.

7. There are totally 21 accused in which, the petitioners are arrayed as 4<sup>th</sup>, 12<sup>th</sup> and 11<sup>th</sup> accused respectively. The 12<sup>th</sup> accused died and the 11<sup>th</sup> accused is aged about 90 years. She is now bed ridden and counting her days. The 4<sup>th</sup> accused is also aged about 75 years. Admittedly, they were the Directors of M/s.RPS Benefit Fund Limited. The company invited deposits from the general public and assured high returns and received huge amount from the general public. Though the company made advertisement to the general public and invited deposits, the first respondent failed to add the company as an accused. All the deposits were made only in favour of the company and the receipt were also issued by the company represented by its Directors. The company was initially running successfully and later it faced financial crisis. Therefore, it was closed and the depositors were settled by appropriating the prevailing assets of the company.



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8. This Court had taken cognizance and appointed the Official Liquidator to take over the management of the company and settle the dues to the depositors. In pursuant to the same, the depositors were settled with 65% of their claim amount and amount to the tune of Rs.13,05,62,906/- is yet to be settled. However, the proceedings which is under challenge is confined to 92 depositors and the total amount involved is nearly Rs.45,00,000/-. Therefore, this Court appointed the second respondent to take over the management of the company.

9. On perusal of the report filed by the second respondent, it is revealed that the balance amount to be paid to the creditors as per the admitted amount is Rs.13,05,62,906/-. A sum of Rs.3,34,61,064/- is very much available with the second respondent. Further, there was no claim made before the second respondent by the depositors so far. There is no asset in the name of the company or in the name of the Directors, since the assets owned by the company and its Directors were realized for settling the deposited amount to the claimants to the tune of 65% of the admitted amount.



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10. Further, the FIR got registered in the year 1999 and the first respondent completed the investigation and filed final report in the year 2022, after the lapses of 23 years. It shows that while pending investigation, the depositors were settled to the tune of 65% and they are satisfied with their settlement made by the second respondent herein. In fact, though a sum of Rs.3,34,61,064/- is very much available with the second respondent, no claimant so far claimed that amount from the second respondent.

11. That apart, the Trial Court had taken cognizance for the offence punishable under Sections 406, 418, 420 to 423 of IPC r/w. 120(b) of IPC. It is nothing but rubber stamp order without even assigning any reasons to take cognizance as against the accused persons. On the strength of the final report filed by the first respondent, it has been simply recorded that 'prima facie case is made out against the accused'. The first respondent filed final report as against 21 persons including the persons who had already died and the same was taken cognizance by the Trial Court. It shows the non application of mind while taking cognizance.



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12. The Hon'ble Supreme Court of India repeatedly held that summoning of an accused in a criminal case is a serious matter. The criminal law cannot be set into motion as a matter of course. The order of the Magistrate summoning the accused must reflect that he has applied his mind to the facts of the case and law applicable there to. The Trial Court ought to have examined the nature of the allegations made in the final report. Taking cognizance is a judicial act which requires application of mind and the Trial Court must give some reasons for taking cognizance failing which, the cognizance itself becomes bad in the eye of law.

13. In over all circumstances and also by considering the age of the petitioners herein, in order to meet the ends of justice, this Court is inclined to quash the proceeding as against the petitioners alone. Insofar as the 11<sup>th</sup> accused is concerned, she died as early as on 01.02.2026 and as such all the charges are abated as against her.

14. In view of the above discussions, the impugned proceedings in C.C.No.200 of 2022 on the file of the learned Chief Metropolitan Magistrate, Egmore, is hereby quashed insofar as the first petitioner in



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alone. Insofar as the second petitioner in Crl.O.P.No.20685 of 2022 is concerned, this petition is dismissed as abated. It is made clear that the Trial Court is directed to proceed with the trial as against other accused persons in accordance with law.

15. Accordingly, the Criminal Original Petition in Crl.O.P.No.20685 of 2022 stands partly allowed and the Criminal Original Petition in Crl.O.P.No.20688 of 2022 stands allowed. Consequently, connected miscellaneous petitions are closed.

16.04.2026

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

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To

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Egmore.

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**G.K.ILANTHIRAIYAN. J,**

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