



WEB COPY

Crl.O.P. No.21795



IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON: 27.04.2026

DELIVERED ON: 22.06.2026

CORAM:

THE HONOURABLE MR. JUSTICE A.D. JAGADISH CHANDIRA

Crl.O.P.No.21795 of 2025 and Crl.M.P. Nos.14902 and 14903 of 2025

Y.G. Rajendraa

Petitioner

Vs.

The State represented by
The Inspector of Police
Special Police Establishment/Central Bureau of Investigation
Economic Offences Wing
III Floor, "A" Wing, Rajaji Bhavan
Besant Nagar
Chennai 600 090
(Ref: Cr.No.RC 5(E) and 6(E) 2001 dated 19.12.2001)

Respondent

Criminal Original Petition filed under Section 482, Cr.P.C./528, BNSS, seeking to call for the records in C.C.No.9825 of 2005 pending on the file of the Additional Chief Metropolitan Magistrate Court, Egmore, Chennai and quash the charge sheet filed by the respondent and all proceedings in respect of the petitioner/A2.

For petitioner Mr. Sanjay Pinto

For respondent Mr. B. Mohan
Special Public Prosecutor (CBI)

- - - -



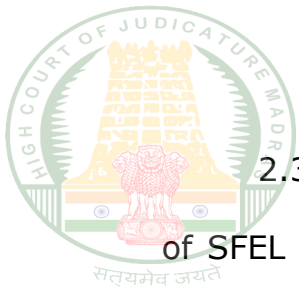
ORDER

The proceedings in C.C.No.9825 of 2005 pending on the file of the Additional Chief Metropolitan Magistrate Court, Egmore, Chennai, (for brevity "the Trial Court") in respect of the petitioner/A2, a septuagenarian, is sought to be quashed in this criminal original petition.

2. Facts in brief:

2.1 On a complaint lodged by one P.S.B. Rajan to the Additional Commissioner of Police, Chennai Crime Branch, Egmore, Chennai - 8, stating that Synergy Financial Exchange Ltd. (for brevity "SFEL"), after having accepted deposits to the tune of Rs.9.25 lakhs, did not repay the deposits on maturity, a case in X Cr.No.277/1999 was registered on 17.03.1999 under Section 409 IPC against Venkatraman, Managing Director, SFEL and Narasimhan, Director of SFEL.

2.2 Likewise, on a similar complaint lodged by one Ramesh Gandhi to the Joint Commissioner of Police, Chennai, stating that SFEL did not repay him, on maturity, the deposits to the total value of Rs.30 lakhs, a case in X Cr.No.1216 of 1999 was registered on 25.10.1999 under Sections 109 and 420 read with Section 34 IPC against Venkataraman, Managing Director, SFEL and certain others.



2.3 To be noted, the petitioner (A2), who was a Wholetime Director of SFEL from 01.04.1992 to 01.05.1998, was not arrayed as an accused in the above two FIRs.

2.4 While so, in C.P.Nos.322 of 1999 and 349 of 1999 filed by a few depositors before this Court seeking winding up of SFEL, this Court, vide order dated 11.09.2000, ordered for winding up of SFEL. Subsequently, in the said company petitions, vide order dated 20.06.2001, this Court appointed one Raghavendra Rao as the Arbitrator of SFEL to be of assistance to the Official Liquidator in the winding up proceedings of SFEL. Vide order dated 31.08.2001, this Court, in the said company petitions, finding that there was no progress in the investigation and hence, it is not possible to entrust the investigation to the Economic Offences Wing, directed the Economic Offences Wing to hand over the case to the respondent (hereinafter referred to as "the CBI" for the sake of clarity) and further directed the CBI to conduct investigation and file a report.

2.5 Pursuant thereto, the CBI registered FIR Nos.RC 5 (E) and 6(E)/2001/CBI/EOW, Chennai, on 19.12.2001 and after completing the investigation in both the cases, filed a combined charge sheet dated 14.05.2004 before the Trial Court against Venkatraman (A1), Y.G. Rajendraa (A2), Venkatesh (A3), Aninditadas Venkatraman (A4), Rajarathinam (A5),

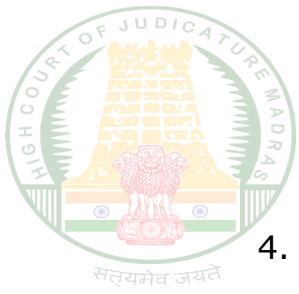


Muthuswamy (A6), Ramanujam (A7), Sivakumar (A8) and Srivari Investments (P) Ltd. (A9) for the offences under Sections 120-B IPC read with Sections 406 and 420 IPC and substantive offences under Sections 406 and 420 IPC.

2.6 The case of the prosecution in the aforereferred charge sheet, in a nutshell, is as follows:

The accused, in pursuance of a criminal conspiracy and with dishonest intention, cheated the public by inducing them to part with their money as deposits in SFEL on the promise of offering high rate of interest and not repaying them either the interest component or principal amount and siphoned off/diverted the deposits to Srivari Investments Pvt. Ltd. (A9), besides misappropriating/diverting the money collected from the debtors of the company for their own use without distributing the same to depositors, thereby causing a wrongful loss to the tune of Rs.13.10 crores to the depositors and enriching themselves.

3. Seeking to quash the said charge sheet filed against him, Y.G.Rajendraa (A2), has filed this petition.



4. The learned counsel for the petitioner made the following

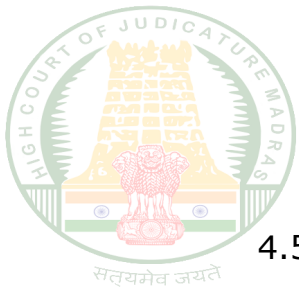
WEB COPY submissions:

4.1. Though it is only SFEL which issued advertisements and accepted deposits from the public, SFEL has not been arraigned as an accused in the impugned proceedings.

4.2. The case against the petitioner in C.C.No.8257 of 2001 on the file of the XVII Additional Chief Metropolitan Magistrate (Special Court for CBI Cases), Bengaluru, which emanated from the complaints of depositors in SFEL in Bengaluru, has been quashed by the High Court of Karnataka *vide* order dated 29.05.2024 in Crl. Petn. No.5010 of 2023 filed by the petitioner on the solitary ground that the company was not arraigned as an accused.

4.3. When Srivari Investments (Private) Ltd., to whose account the deposits were diverted had gone into liquidation, had been arraigned as A9, SFEL also ought to have been arraigned as an accused.

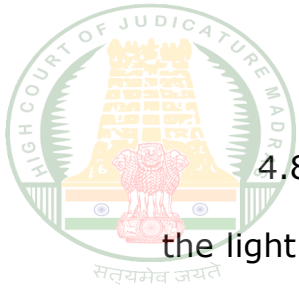
4.4. When it has not been averred in the charge sheet that the petitioner has signed the cheques or assured repayment to depositors, vicarious liability cannot be fastened on him.



4.5. The petitioner was looking after only the leasing and hire purchase operations of SFEL and was not into canvassing of deposits from the public in either of his capacities as Whole Time Director, Additional Director or Director, which is evident and manifest from Form No.25-C submitted with the Registrar of Companies. In this regard, neither does the charge sheet aver that the petitioner is responsible for canvassing of deposits.

4.6. When the petitioner is not responsible for the canvassing of deposits, it is clear that the intention to induce delivery of deposits which was alleged to be converted for undue gain, does not arise to attract the necessary ingredients of an offence under Section 420 of IPC.

4.7. The petitioner had resigned from the services of SFEL with effect from 01.05.1998 and the maturity dates of most of the deposits were after his retirement date. Further, when the two complaints which set the criminal law into motion were lodged in March and April 1999, the petitioner was no longer employed in SFEL inasmuch as he had resigned way back on 01.05.1998 itself and hence, he cannot be prosecuted.



4.8. The offences under Sections 406 and 420, IPC cannot co-exist in the light of the judgment of the Supreme Court in **Delhi Race Club (1940)**

vs. State of Uttar Pradesh¹ and also the decision of a Coordinate Bench of this Court in **Venkataraman vs. State**² which was filed by A1 in this case against the dismissal order dated 03.09.2024 passed in the discharge petition being Crl.M.P.No.6997 of 2020 filed by him.

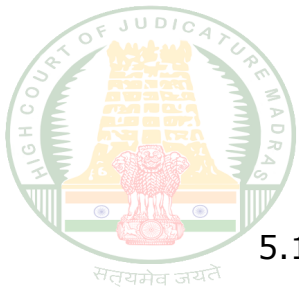
4.9. That there was no deception from inception is clearly borne out of records and thus, deception from inception which is an essential ingredient for making out an offence under Section 420 IPC being absent, charge under the said provision cannot be slapped against the petitioner.

4.10. As per the report dated 16.01.1998 of the auditor appointed by the Reserve Bank of India SFEL, was deemed to be solvent.

5. In reply, Mr. B. Mohan, learned Special Public Prosecutor (CBI), made the following submissions:

¹ (2024) 10 SCC 690

² Crl.R.C. No.1632 of 2024 decided on 03.01.2025



WEB COPY

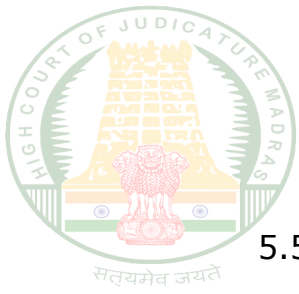
5.1. Since SFEL was liquidated by order dated 11.09.2000 passed by

this Court, there is no need whatsoever to arraign SFEL as an accused.

5.2. Though Form No.25-C does not spell out the role of the petitioner *qua* accepting deposits, his other duties cannot be excluded and the petitioner cannot be heard to contend that he had no nexus with inviting deposits.

5.3. There are enough materials to show that the assets of SFEL were converted to the personal accounts of the petitioner.

5.4. The petitioner has dishonestly collected a sum of Rs.2,56,000/- from one Engenius Erectors Pvt. Ltd. which was due to SFEL. After collecting the said amount by way of post dated cheques, the petitioner had also issued a letter to Engenius Erectors Pvt. Ltd. stating that the liability of Engenius Erectors Pvt. Ltd. towards SFEL to the extent of payment collected by him was settled. Thus, the petitioner has converted the funds of SFEL to his personal account for undue gain.



5.5. The instant petition which is filed two decades after the filing of charge sheet is only a dilatory tactic adopted by the petitioner to stifle the prosecution.

6. Countering the submission made by the learned Special Public Prosecutor for the CBI *qua* delay in filing the instant petition for quashment, learned counsel for the petitioner submitted that the petitioner earlier filed a petition being Crl.O.P.No.17508 of 2016 which was dismissed for non-prosecution on 14.09.2017. He further submitted that challenging the dismissal of his discharge petition in Crl.M.P.No.6997 of 2020 *vide* order dated 03.09.2024, Venkataraman (A1) filed a criminal revision (**Venkataraman, supra**), which was allowed by remitting the matter to the Trial Court for amendment of charges and thus, owing to change in circumstances, the petitioner filed the instant petition, which cannot be construed to be a dilatory tactic adopted by the petitioner to stifle the prosecution.

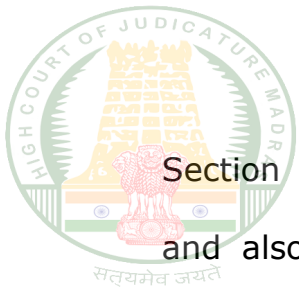
7. By way of rejoinder to the ultimate submission of Mr. B. Mohan, learned Special Public Prosecutor (CBI), Mr. Sanjay Pinto, learned counsel for the petitioner, submitted that as an arrangement for the full and final settlement of the dues to be settled by SFEL to the petitioner on account of



his resignation, SFEL had agreed to pay Rs.12,25,000/- and also repay a loan of Rs.4,00,000/- to the petitioner *vide* enclosure to letter dated 20.06.1998 which was issued by way of a reply to the petitioner's resignation letter. Therefore, the sums received by the petitioner from Engenius Erectors Pvt. Ltd. were towards the said full and final settlement and can, by no stretch of imagination, be construed as conversion of SFEL's funds to the personal kitty of the petitioner. This submission of the learned counsel for the petitioner was countered by the learned Special Public Prosecutor on the ground that the enclosure to letter dated 20.06.1998 cannot be pressed into service by the petitioner inasmuch as it is a self-serving document.

8. This Court gave its anxious thought and consideration to the rival submissions and also carefully perused the materials available on record.

9. Though very many arguments and counter arguments have been made at the bar, considering the trajectory the matter has taken thus far, this Court deems it appropriate to delve into only the sheet anchor submission of the learned counsel for the petitioner that the intention to induce delivery of deposits which was alleged to be converted for undue gain, is conspicuously absent when the depositors and witnesses, in their



Section 161 Cr.P.C. statements, have leveled allegations only against SFEL and also when evidently, the petitioner was nowhere into canvassing of deposits from the public.

10. *Ergo*, the seminal question that falls for consideration in this petition is whether the failure on the part of SFEL in repaying deposits to its depositors can, by itself, be sufficient to initiate prosecution against the petitioner for the offences under Section 120B r/w. Section 406 and 420 of IPC.

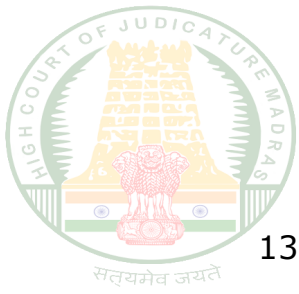
11. In this regard, this Court notices that pursuant to the order passed by the Coordinate Bench of this Court in **Venkataraman**, *supra*, the Trial Court, while re-framing charges, has already found that there is no sufficient cause for framing a charge under Section 406 IPC and the said finding of the Trial Court has not been challenged by the prosecution. Therefore, this Court does not find the need to delve into the said finding that has attained finality.

12. Thus, without embarking into the aspects of the offence under Section 406 IPC, this Court now proceeds to address the ground of attack of the petitioner that the petitioner was wholly into leasing and hire purchase activities of SFEL and was, in no way, connected with canvassing for



deposits from the general public and the counter attack of the prosecution that the description of the petitioner's role in Form No.25-C does not exclude

WEB his other activities. It is to be pointed out that from the very name of SFEL, it is patently manifest that SFEL is into accepting deposits. Thus, the counter attack made by the prosecution in this regard deserves to be stated only to be rejected. To put it differently, the absence of mentioning the petitioner's role in canvassing for deposits in Form No.25-C has to only enure to the advantage of the petitioner and the stance of the prosecution in this regard has to fall to ground. Further, there is not even a shred or iota of material placed before this Court to demonstrate that the petitioner was involved in canvassing or accepting deposits from the public or that he promised repayment of deposits on their maturity. It is also noteworthy that in the petitioner's Bio Data submitted in Form No.25-C, as against the heading "Work Experience", it is clearly stated that when he was working in Karur Vysya Bank during 1975 - 1977 as an Officer - Trainee, he was into canvassing of deposits on a large scale. As contended by the prosecution, if really the petitioner was into canvassing for deposits also in SFEL, it is beyond the ken of this Court as to why such a role is stated when he was working in Karur Vysya Bank and not stated as a part of his functions when he was working in SFEL. The mere stance of the prosecution that the petitioner was in charge of accepting deposits, without anything more, does not find favour with this Court.



13. When this Court has found that the prosecution has not demonstrated, by way of any material, to *prima facie* establish that the petitioner was in charge of canvassing deposits, the question of inducement of delivery of deposits for conversion of the same for undue gain, does not arise at all and therefore, without there being any inducement, the ingredients for an offence under Section 420 IPC cannot be sufficiently made out by the prosecution as against the petitioner to continue prosecution for an offence under Section 420 of IPC.

14. Before parting, this Court cautiously states that although the prosecution has strenuously relied on a sum of Rs.2,56,000/- collected by the petitioner from one Engenius Erectors Pvt. Ltd. and further, although the petitioner has vehemently opposed the same as being the sum received in furtherance of the full and final settlement of the dues in lieu of his resignation, the same does not disclose an offence of cheating and is an attempt by the prosecution to establish an offence of misappropriation. As already highlighted by this Court, the Trial Court, while re-framing charges pursuant to the order in **Venkataraman, supra**, has categorically found that there is no sufficient cause for framing of charge under Section 406 IPC. Without challenging the said finding of the Trial Court, the prosecution has frivolously attempted to raise the very same aspect before this Court.



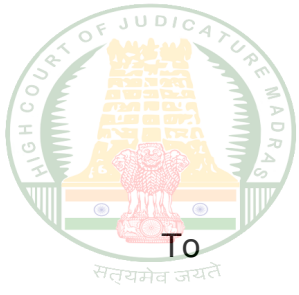
Hence, this Court is not inclined to delve into the said aspect to render a finding that may be inconsistent with the finding of the Trial Court which has

now attained finality.

In view of the foregoing discussion, this Court is of the view that the impugned proceedings against the petitioner (A2) is liable to be quashed and the same is accordingly quashed. Needless to state, the observations made in this order are only to the limited extent of deciding the instant quash petition. Connected criminal miscellaneous petitions are closed.

22.06.2026

cad



Crl.O.P. No.21795



To

WEB COPY

1. The Inspector of Police
Special Police Establishment/Central Bureau of Investigation
Economic Offences Wing
III Floor, "A" Wing, Rajaji Bhavan
Besant Nagar
Chennai 600 090

2. The Additional Chief Metropolitan Magistrate
Egmore
Chennai 600 008



WEB COPY

Crl.O.P. No.21795



A.D. JAGADISH CHANDIRA, J.

cad

Order in
Crl.O.P.No.21795 of 2025

22.06.2026