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CRL OP No. 14929 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 25-06-2026

PRONOUNCED ON : 10-07-2026

CORAM

THE HON'BLE MR.SUSHRUT ARVIND DHARMADHIKARI,  
CHIEF JUSTICE

AND

THE HON'BLE MR.JUSTICE G.ARUL MURUGAN

CRL OP No. 14929 of 2026  
and  
CRL MP Nos. 9547 & 9654 of 2026

R.Varadarajan  
No.136, Flat 3D, Block 4,  
Ceebros Shyamala Gardens,  
Saligramam,  
Chennai – 600 093.

..Petitioner(s)

Vs

Directorate of Enforcement,  
Represented by the Deputy Director,  
Government of India,  
Ministry of Finance,  
Department of Revenue,  
2<sup>nd</sup> and 3<sup>rd</sup> Floor, Murugesu Naicker Complex,  
No.84, Greaves Road, Thousand Lights,  
Chennai – 600 006.

..Respondent(s)

PRAYER: Criminal Original petition filed under Section 528 of the Bharatiya Nagarik Suraksha Sanhita (BNSS), 2023, to call for the records of Spl.CC.No.1 of 2020 on the file of the learned XIV Additional Sessions Judge for CBI Cases at Chennai and quash the same.

Page1 of 15



WEB COPY



CRL OP No. 14929 of 2026

For Petitioner(s):

Mr.N.R.Elango  
Senior Counsel  
For Mr.A.S.Aswin Prasanna

For Respondent(s):

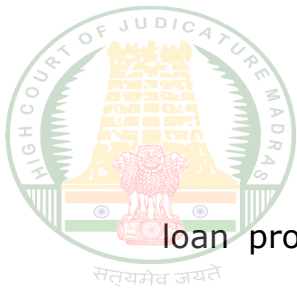
Mr.P.Siddarthan  
Special Public Prosecutor  
[For Enforcement Directorate]

## ORDER

G.ARUL MURUGAN, J.

This quash petition has been filed under Section 528 of the Bharatiya Nagarik Suraksha Sanhita (BNSS), 2023. The petitioner/fifth accused seeks to quash the complaint in Spl.C.C.No.1 of 2020 pending on the file of the XIV Additional Sessions Judge for CBI Cases, Chennai.

2. The facts in a nutshell are that the first accused/Mr.T.D.Naidu, availed huge financial assistance from Andhra Bank to the tune of Rs.41 Crores in the name of the M/s.Deen Dayal Medical and Educational Trust. The loan was allegedly availed by entering into a criminal conspiracy with the sixth accused, Branch Manager of Andhra Bank, whereby a sum of Rs.41 Crores was availed from the bank in connivance with Mr.R.Varadarajan/fifth accused/petitioner herein, by furnishing fake documents and cooked-up financial statements to secure the funds. The



loan proceeds were subsequently diverted in collusion with the Branch Manager, thereby causing a total loss to the tune of Rs.57.64 Crores.

3. Based on the complaint lodged by Andhra Bank, the Central Bureau of Investigation (CBI) registered a case in FIR No.RC-3(E)/2012. After completion of investigation, the CBI filed a charge sheet, which was taken on file as C.C.No.48 of 2013 on the file of the XI Additional Special Judge for CBI Cases, Chennai, for the offences punishable under Sections 120B read with Sections 420, 468 and 471 of the Indian Penal Code (IPC), 1860.

4. Following the registration of the predicate case for a scheduled offence, the Enforcement Directorate (ED) registered Enforcement Case Information Report (ECIR) No.13 of 2013 under Prevention of Money Laundering Act, 2002 [hereinafter referred to as 'PMLA']. After completion of investigation, the Enforcement Directorate filed the complaint under Section 45(1) read with Sections 3 and 4 of the PMLA, which was taken on file as Spl.C.C.No.1 of 2020 on the file of the Principal Sessions Judge, Special Court Constituted under Section 43(1) of the Prevention of Money Laundering Act, Chennai, arraying six accused persons, including the petitioner. Consequently, the petitioner/fifth accused has preferred this petition to quash the complaint.



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5. Mr.N.R.Elango, learned Senior Counsel appearing on behalf of the petitioner contended that absolutely there are no materials to implicate the petitioner in the complaint, and even if the entire complaint is taken at its face value to be true, no offence under Section 3 of the PMLA is made out against the petitioner/fifth accused. Therefore, since the complaint implicating the petitioner constitutes a clear abuse of process of Court, it is liable to be quashed.

6. He further submitted that the petitioner is merely a builder and civil contractor. The alleged payments were transferred to him by the trust and the first accused for the purpose of constructing buildings. But for some reasons, the petitioner has not proceeded with the construction and had simply returned the money.

7. The learned Senior Counsel further contended that simply because money was transferred to the petitioner's account, which was duly returned, that alone cannot constitute an offence. Mere existence of a predicate offence is not, by itself, sufficient for registration of the complaint or for invoking the provisions of the PMLA, but something more is required, particularly, in respect of the proceeds of crime generated from the predicate offence, in which the role of the petitioner is to be



explicitly stated, only then the petitioner could be implicated in the complaint. In the present case, there is not an iota of material or any averments in the complaint giving the details of the proceeds of crime based on which the petitioner has been roped in. In absence of such essential elements, the complaint against the petitioner cannot be sustained and the complaint is liable to be quashed.

8. Further, learned Senior Counsel relying on the order dated 27.01.2022, passed by the Co-ordinate Bench of this Court in Crl.OP.No.29533 of 2015, submitted that the complaint as against the sixth accused/Branch Manager has already been quashed. Since the petitioner stands exactly on the same footing as the sixth accused, the complaint against the petitioner is equally liable to be quashed in the line of the said order.

9. Per contra, the learned Special Public Prosecutor appearing on behalf of the Enforcement Directorate, contended that the petitioner is not a bona fide contractor, and had, in fact, conspired with the first accused and actively indulged in diverting the proceeds of crime by receiving the money from the trust account of the first accused and subsequently transferring them back to the various personal accounts of A1, A2 and several other accounts for the purpose of diverting and using



the proceeds of crime.

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10. He further submitted that the petitioner conspired with the first and second accused and had indulged in submitting manipulated jacked-up Income Tax certificates to the bank for availing substantial loans. Learned Special Public Prosecutor further contended that ample materials are available on record against the petitioner to attract the offences under Section 3 of the PMLA, as a co-accused and as such the present quash petition is not sustainable and liable to be dismissed.

11. We have given our anxious consideration to the submissions made on either side and have perused the materials available on record.

12. The Central Bureau of Investigation (CBI) registered the predicate case against the first accused/Mr.T.D.Naidu, the second accused/Mr.R.Varadarajan, and the sixth accused/Mr.Raveendranadha Reddy, which is pending in C.C.No.48 of 2013 on the file of the XI Additional Special Judge, for CBI Cases, Chennai, for the offences punishable under Sections 120B, 420, 468 and 471 of IPC and Section 13(2) read with Section 13(1)(d) of Prevention of Corruption Act, 1988.

13. The first accused is the Chairman and Managing Trustee of

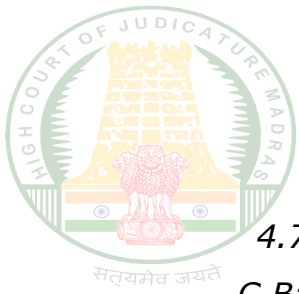


M/s.Deen Dayal Medical and Educational Trust, Chennai. The second accused, who is the wife of the first accused, is also a lifetime trustee of the said trust. The trust applied for and secured financial assistance from Andhra Bank to the tune of Rs.41 Crores. The trust had availed the loan for the purpose of constructing a medical college. The loan amount availed with the assistance of the fifth accused was transferred to personal accounts and money has been diverted. The utilisation was for the purchase of movable and immovable properties. In view of the registration of the predicate case for scheduled offences, the Enforcement Directorate registered an ECIR. After completion of investigation, the Enforcement Directorate filed a complaint for the offences punishable under Sections 3 and 4 of the PMLA.

14. The alleged role attributed to the petitioner/fifth accused is explicitly detailed in the complaint in the following paragraphs:

"4.7.....

*All the three accused as mentioned above were charge sheeted under Sections 120-B r/w 420, 468 & 471 of IPC, 1860 and Section 13(2) r/w 13(1)(d) of the Prevention of Corruption Act, 1988 and substantive offences thereof. Further, the offences under Section 420 & Section 471 of Indian Penal Code, 1860 and Section 13(2) r/w 13(1)(d) of the Prevention of Corruption Act, 1988 are also Scheduled Offences under section 2(1)(y) of PMLA, 2002.*



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4.7.1. Based on the written complaint dated 17.03.2012 of Shri C.Bala Subrahmanyam, General Manager, Andhra Bank, Zonal Office, Chennai alleging that Shri T. D. Naidu (A-1) had dishonestly and fraudulently got sanctioned term loan of Rs. 41.00 Crores from Andhra Bank, Anna Nagar Branch, Chennai by furnishing fake documents of his qualifications, cooked-up financial statements, etc., **& diverted the term loan proceeds in collusion with Shri R. Varadarajan (A-2) for various other purposes and thereby caused wrongful loss to the bank to the tune of Rs. 57.64 Crores** and Shri N.Raveendranadha Reddy (A-3), the then branch Manager of Anna Nagar Branch, had facilitated the fraud by his acts of recommending sanction of limit without proper due diligence of the background of Shri T. D. Naidu and also by disbursing the loan without following the sanctioned terms and without ensuring proper end use of the funds in gross violation of the sanction stipulations, a Criminal Case No.RC 3(E)/2012 was registered on 20.03.2012 by CBI, BS & FC, Bangalore.

4.7.2.....

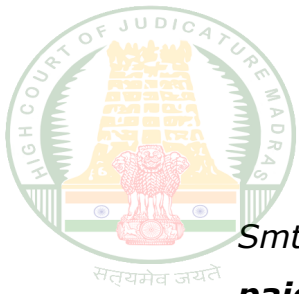
4.7.3.....

4.7.4.....

4.7.5.....

4.7.6. The term loan of Rs. 41 crores was sanctioned and the terms & conditions were accepted by Shri T. D. Naidu, Smt. T. D. Prabhavathy, Shri T. D. Tataji & Ms. T. D. Sonia, who have signed all pages of the said sanction letter.

4.7.7. An amount of Rs. 19,69,00,000/- was disbursed to M/s DDE&MT on 16.08.2008, out of which an amount of Rs. 302 lacs was used to close the SOD limits allowed to Shri T.D.Naidu &



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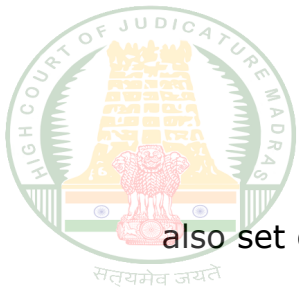
Smt.T.D. Prabhavathy. **An amount of Rs. 14.40 crores was paid to Shri R. Varadarajan (A2) for purchase of steel & cement vide pay order No. 977315 dated 16.08.2008, which was deposited by him in his account in Indian Bank, Valasaravakkam Branch, Chennai & an amount of Rs. 14.20 crores out of the said amount was transferred by Shri R. Varadarajan in favour of Shri T. D.Naidu. Further, out of the payment of Rs. 6.50 crores and Rs. 9 crores made to Shri R. Varadarajan through pay orders on 07.10.2008 & 14.10.2008 respectively towards payment of building materials, an amount of Rs. 6:45 crores & Rs. 9 crores were transferred to the account of Shri T. D. Naidu.**

4.7.8.....

4.7.9. Investigation conducted by CBI, BS & FC, Bangalore, has also revealed that M/s LIPT had neither supplied the material nor had given any pro-forma invoices. Further the receipts of pay orders from M/s DDM&ET had not been issued by M/s LIPT.

4.7.10. Investigation conducted by CBI has also disclosed that the **certificates submitted by Shri T. D. Naidu in support of his educational/professional qualification & of Shri R. Varadarajan (A2) along with project report are fake/forged."**

15. The above details demonstrate the role played by the petitioner/fifth accused in assisting the first accused in using the proceeds of crime. The proceeds of crime used for acquiring those properties are



also set out in detail.

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16. At this juncture, it is relevant to refer to Section 3 of the PMLA, which reads as follows:

***"3. Offence of money-laundering – Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering."***

17. As per Section 3 of PMLA, whoever directly or indirectly attempts to indulge, knowingly assists, knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime, which include its concealment, possession, acquisition, or use and projects or claims it as untainted property, shall be guilty of the offence of money laundering.

18. From the averments in the complaint and the documents available on record, it is evident that after the first accused received Rs.41 Crore in the trust account through manipulation and fabrication, a portion of the amount was routed through the petitioner. Specifically a sum of Rs.14.40 Crores was paid to Mr.R.Varadarajan/petitioner in his



personal account for purchase of steel material and construction work, which was deposited by the petitioner in the Indian Bank account, Chennai. Immediately, thereafter, out of the funds received, the petitioner transferred Rs.14.20 Crores back to the personal account of Mr.T.D.Naidu/first accused.

19. Further, again a sum of Rs.6.50 Crores was paid to the petitioner on 07.10.2008 and a sum of Rs.9 Crores was paid to the petitioner on 14.10.2008 for procuring building materials. However, the petitioner, in turn, transferred Rs.6.45 Crores and Rs.9 Crores to the personal account of the first accused/Mr.T.D.Naidu. Therefore, out of the total amount of Rs.29.90 Crores received by the petitioner towards the construction purposes from the Trust, he has immediately re-transferred a sum of Rs.29.65 Crores to the personal account of Mr.T.D.Naidu and other personal accounts as instructed, which *prima facie* discloses that the petitioner Mr.R.Varadarajan actively and knowingly involved himself in the process of transferring, concealing and disbursing the proceeds of crime, which had been availed from the bank by manipulating the documents.

20. Since *prima facie* materials are available on record indicating that the petitioner assisted and actively participated in handling the proceeds of crime by transferring the funds from the trust to the first and



second accused's personal accounts, which were ultimately utilised to acquire several immovable and movable properties, the averments and materials available are sufficient to implicate the petitioner in the complaint.

21. Insofar as the decision of this Court relied upon by the learned Senior Counsel in respect of the sixth accused is concerned, it stands on a completely different footing. The Co-ordinate Bench of this Court had quashed the complaint against the sixth accused after considering that he was only the Branch Manager of the bank who sanctioned the loan. The Bench found that there were no specific averments or materials in the complaint to show that the Branch Manager had, in any manner, directly or indirectly assisted the first accused in laundering, projecting, or concealing the proceeds of crime.

22. However, a perusal of the very same order dated 27.01.2022 reveals that the Coordinate Bench had, in fact, dismissed the quash petitions filed by the second and fourth accused in this case. The Bench did so by taking into account the specific overt acts detailed in the complaint against accused persons, including the petitioner Mr.R.Varadarajan, as there are materials available against them to show as to how they have assisted the first accused in handling the tainted



CRL OP No. 14929 of 2026

money generated from the predicate offence. Therefore, the order passed in respect of the sixth accused is of no avail to the petitioner/fifth accused.

23. In view of the above deliberations, we find that there are sufficient materials available in the complaint implicating the petitioner for offences under Section 3 of the PMLA, and we see no merit in this petition.

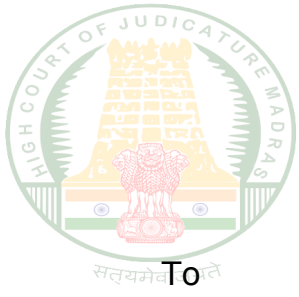
24. Accordingly, the Criminal Original Petition stands dismissed. Consequently, the connected Miscellaneous Petitions are closed.

(SUSHRUT ARVIND DHARMADHIKARI, C.J.) (G.ARUL MURUGAN J.)

10-07-2026

Index: Yes/No  
Speaking/Non-speaking order  
Neutral Citation: Yes/No

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CRL OP No. 14929 of 2026

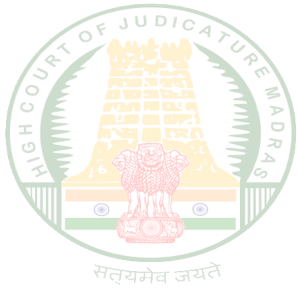
To

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1.The XIV Additional Sessions Judge for CBI Cases,  
Chennai.

2.The Directorate of Enforcement,  
Represented by the Deputy Director,  
Government of India, Ministry of Finance,  
Department of Revenue, 2<sup>nd</sup> and 3<sup>rd</sup> Floor,  
Murugesu Naicker Complex,  
No.84, Greaves Road, Thousand Lights,  
Chennai – 600 006.

3.The Special Public Prosecutor,  
High Court of Madras, Chennai.



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CRL OP No. 14929 of 2026

THE HON'BLE CHIEF JUSTICE.  
AND  
G.ARUL MURUGAN, J.

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CRL OP No. 14929 of 2026

10-07-2026

Page 15 of 15