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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 15-10-2025

CORAM

THE HONOURABLE MR JUSTICE M. NIRMAL KUMAR

CRL RC Nos. 429, 477 and 524 of 2025
and
CRL MP NOs. 7114 and 7116 of 2025

Kajal Banerjee .. Petitioner in Crl.RC.No.429 of 2025

M.R.Sridhar .. Petitioner in Crl.R.C. No.477 of 2025

T.S.Sudarshan .. Petitioner in Crl.R.C. No.524 of 2025

Vs

State represented by
The Inspector of Police,
SPE/CBI/EOW,
Chennai – 1,
RC.No.10(E)/2016. … Respondent in all the cases

COMMON PRAYER: Criminal Revision Petitions filed under Section 397 of Cr.P.C. praying to call for the records pending on the file of the XI Additional Special Court for CBI Cases relating to Banks and Financial Institutions, Chennai and to set aside the order dated 04.02.2025 in Crl.MP.Nos.1419, 1869 & 1420 of 2018 in C.C. No.41 of 2017 against the petitioner/A5, A6 and A4 respectively.

For Petitioner (in all the cases)	:	Mr.A.V.Somasundaram, for M/s.Uma Nachiar
For Respondent (in all the cases)	:	Mr.B.Mohan Special Public Prosecutor for CBI

COMMON ORDER

Today, the learned Senior Counsel submitted the case of A5. According

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to the learned Senior Counsel, the petitioner A5 joined with United Bank of India in December 1980 as a Cash cum General Clerk and thereafter he had been promoted to various scales and finally he was elevated to the Scale V officer as an Assistant General Manager in May 2012 and superannuated in the month of May 2016. During his service, as Chief Regional Manager in the Mount Road Branch, Chennai during the period from 14.07.2011 to 05.07.2012. A1 was having business and loan account in that branch. He further submitted that in this case, the discharge petition was filed during November 2018 and thereafter he also filed rejoinder in the year December 2018. The discharge petition was dismissed and the impugned order came to be passed on 04.02.2025 and the discharge petition was still kept pending for almost more than 7 years.

2. Likewise, in this case, the complaint was lodged on 29.12.2016 by the Deputy General Manager of the Bank. In the complaint he had named five persons. The 1st person is the managing partner of A1 firm and persons 2 to 5 are his family members and in the complaint it is stated that the account of A1 was tuned into Non Performing Asset (NPA) and thereafter sale notices have been issued invoking SARFAESI proceedings and the properties are yet to be realized for the loss created.

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3. The learned Senior Counsel further submitted that in the complaint it is specifically requested that registration of the complaint, probe to be conducted against the named persons therein and others aiding and abetting the said acts in conspiring, cheating and defrauding the bank and to take necessary action against them. Nowhere in the complaint, he has referred A4, A5, A6 and only the bank name has been mentioned and no role has been attributed against them in committing the offence. But on the contrary, the FIR has been registered on 29.12.2016 and in the FIR 6 private individuals and unknown public servants and others have been included without any materials. Likewise and the period of offence is during the period June 2010 – February 2013 and the complaint was lodged after a lapse of almost 6 years. In the FIR, there is no reason given for the delay in lodging the complaint, but on the contrary it is recorded as nil. On going through the complaint and FIR, nowhere it is recorded that there was any criminal misconduct against the petitioners.

4. The learned Senior Counsel further submitted that it would be appropriate to call for the records from the Lower Court to find out why there is a delay of 7 years in disposing of the discharge petition and also urged that only at the instance of the prosecution, the delay had occurred. Hence, on this point alone, the petition has to be allowed.

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5. He further submitted that the Trial court failed to consider that the petitioners are not the persons who had mooted the situation for recommending for processing for the credit facilities which was availed by A1 M/s.Chennai Kraft Paper Industries in the year 2010. In fact, the petitioner had joined in the mount road branch only during July 2011. The proposal was sanctioned by then DGM/CRM Ramesh Kumar Singhal, UBI on 16.09.2010 referring to the flow chart C2. He further submitted that it is admitted position of the prosecution. In view of the petitioners have not proposed or recommended for granting the proposal of loan and he is not the person who was their at the inspection of the loan proposal, no offence under Section 420 can be slapped against him. The petitioners name is not found place in the FIR.

6. Further from the complaint lodged by Deputy General Manager, R.Elango it is seen that the petitioner had no vital role played during the entire proposal for the enhancement of the credit facilities availed by the company. Referring to the document, learned counsel further submitted that one V.P.Arunagiri Chief Manager and one J.Prasad, Senior Manager are the officials who recommended and initiated the proposals. Further, the LCs during the period of 15.11.2011 to 07.06.2012 were issued in good faith upon the request of on going firm and against the proforma invoice submitted for supply of raw materials. The letter of DGM one Sanjay Chowdhury dated 02.06.2012 by

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which some allegations were made against the petitioner has not been produced. He further submitted that the LC's were issued within the sanctioned limit on the request of the borrower duly supported by the proforma invoices and this issuance of LC's has been reported to the higher authorities of the bank by submitting monthly statements. Besides the bank, under CBS environment all transactions are monitored by the regional office and head office officials. Nowhere there was any prohibitory or esteeming order passed by the higher officials to instruct the petitioner to hold or re-scrutinized LCs. The flow chart C-10 would confirm that LC's opened to different companies but funds were transferred to M/s.Chennai Kraft Paper Industries and it has not been diverted or misused.

7. The Trial Court failed to consider the petitioner A5 was on privilege leave for 10 from 14.11.2011 to 23.11.2011, which is the period, during which, the cash credit disbursement as well as enhanced cash credit was done by the incharge officer and not the petitioner. Thus, from the above it is seen that the petitioner had no role in recommending, sanctioning and disbursement of the loan and he had only carried on going business. He further submitted that the Lower Court referred to the petitioners bank as Union Bank of India, which would clearly shows the non application of mind and dismissing the discharge petition mechanically. In fact, A1 had loan facilities with United Bank of India

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in which the petitioner was the Senior Manager. Now, the petitioner had attained superannuation and May 2016 and it is almost 9 years after superannuation, the petitioner had been made face the Trial. Hence, considering there aspects, the petition to be discharged. He further submitted that nowhere in the final report there is any material to infer corrupt activity.

8. The Special Public Prosecutor opposed the petitioners contention and submitted that in this case, the delay in a procedural delay and it was due to non availability of presiding officer for some time. The complaint received from the DGM/United bank of India on 29.12.2016, FIR registered on the same day. On perusal of the complaint, it is seen that it is the clear case of diversion of funds of the bank. The loan proposal was mooted by the mount road branch and hereafter processed at regional branch and it reached various shapes and loan was granted to A1 firm. Here, granting of loan is not in dispute. In fact, initially the loan was granted for Rs.10 crores, out of which Rs.8 crores for term loan and 2 cores for cash credit and thereafter it was enhanced by another four crores in total Rs.14 crores loan had been credited.

9. The United Bank of India, Mount Road Branch, Chennai was submitted by A1/CKPI vide application dated 29.06.2010 for credit activity of Rs.10 crores towards purchase of existing assets of M/s.Reliance Kraft Paper

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India Limited (RKPI) consisting of land, building, plants and machinery. The said proposal was considered by the sanction authority on 18.09.2010. The above loan was secured by cash credit of entire Stock of Inventory, Term Loan and additional of loan. The over all sanction loan was Rs.14.20 crores. He further submitted that during the investigation it reveals that term loan of Rs.8 crores was disposed to A1 on 29.09.2010 by way of 4 pay orders from TL account by M/s.CKPI to the account of M/s.RKPIL and its Director. It was found that the fabricated CA certificate dated 19.10.2010 was submitted by Shri Nagalingam Muttaiah, a Chartered Accountant, who is a witness in this case, who confirmed that the partners namely the family members of A2 had introduced the capital to the tune of Rs.4,85,59,000/- and was paid to M/s.RKPIPL and one more fabricated CA certificate dated 05.11.2010 issued by the said Nagalingam Muttaiah. Further the investigation proved that there is no margin money brought in by A2.

10. The Investigation further revealed that in addition to the above credit facilities A4/T.S.Sudharsan in Crl.RC.524 of 2025, then Branch Manager approached United Bank of India. Based on the request of A2 and Managing Partner of A1 recommended for enhancement of loan credit facilities from Rs.10 crores to Rs.14.20 crores. Further, it was found that A2 failed to deposit any capital margin amount and diverted the credit facilities under CC Limit to

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various Leather Companies / Firms and to settle the other dues instead of credit facilities of sanctioning loan utilised for the specific purpose for which it was granted. The major amount of enhanced cash credit of Rs.2 crores was disbursed from the Cash Credit-account to M/s.CKPI within 3 days from 14.11.2011 to 16.11.2011 by A6 M.R.Sridhar, then the Senior Manager, in the absence of regular manager A5 Chief Manager, who was on privilege leave for 10 days from 14.11.2011 to 23.11.2011. Further outgoing amounts all diverted to various firm within a short period. The tabulation given in the final report prove how this amount were transferred to various leather companies.

11. The learned Special Public Prosecutor further submitted that sufficient materials have been collected to show that Rs.1 cores was sanctioned towards Term Loan-II for supply of machineries to CKPI to develop the production activities. On the written request made by A1 & A2, A6 then the Sanction Manager and in the absence of A5 had disbursed Rs.87,06,525/- on 19.04.2012 through RTGS against proforma invoice to 6 suppliers and a sum of Rs.4 lakhs, 15 lakhs and 10 lakhs disbursed by UBI to M/s. Marko Engineering and M/s.Ambesh Engineering Works of Ahmedabad and M/s.Denis Rubber Engineering, Chennai, respectively, towards supply of spare parts for Kraft paper machineries. The bank without collecting the margin money from the customer, sanctioned payment to the suppliers and also revealed that

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machineries were not supplied and the firm M/s.Hitech Engineering & Contractors, Global Engineering & Contractors and Sky Engineering & Contractors were all shell firms purportedly owned by relatives of Shri C Mubarak Ali and his family members and known person. The said Mubarak Ali /A3 in this case. Further, the sanction amount of Rs.1.75 crores towards Letter of Credits (LC's) was opened against various leather companies and the paper production in the annexure showing of 34 LCs amounting to Rs.4,98,344/- lakhs released paid from 15th November 2011 to 7th June 2012.

12. The petitioners A5 and A6 both issued the LCs to all these LCS were purely accommodation and no real business activities happened, which clearly violated laydown instruction to LCs open and both A5 and A6 failed to notice why paper company was to open for leather company. Hence, the Bank officials had conspired with other accused in diversion of loan amount for what purpose it is granted and misused for accommodation and also to benefit the loanees. At this stage, there are sufficient material to proceed against the petitioner and A1 Company is due to the Bank to the tune of Rs.7.06 crores as per the charge sheet.

13. Considering the submissions made by the learned counsel, it is seen that in this case on receipt of complaint, investigation commenced. During the

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course of investigation, the statements of 51 witnesses recorded. Based on the oral and documentary evidence, LW-1 to LW-53 and documents D-1 to D-371, charge sheet filed. The trial Court considered the petitioners submissions and referring to the evidences of witnesses and documents came to the finding that there is prima facie case to proceed against the petitioners and dismissed the same. At the stage of framing charges, the requirement is that whether any material to proceed against the petitioners and not to see whether leads to conviction. Further the points raised by the petitioners are disputed and factual, which can be considered and decided only during Trial. At this stage, on perusal of the material found in the charge sheet it is seen that there are sufficient materials to proceed against the petitioners. Hence, this Court is not inclined to entertain these petitions. Hence, this Criminal Revision Petitions are dismissed. It is made clear that the consideration and observation made herein is to the limited purpose for considering the revision case. The Trial Court uninfluenced by the observation, to proceed and decide the case independently on its own merits.

15.10.2025

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To

1.The Inspector of Police,
SPE/CBI/EOW,
Chennai – 1.

2.The Public Prosecutor,
High Court of Madras.

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M. NIRMAL KUMAR, J.

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CRL MP NOs. 7114 and 7116 of 2025

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