IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02-01-2026

CORAM

THE HONOURABLE MR JUSTICE M. NIRMAL KUMAR

CRL MP No. 22813 of 2025
AND
CRL A NO. 1841 OF 2025

1. M/s.Afrina Steel Rolling Mills
Rep by its Partner M. Nazeer Ahamed,
61 years, Residing at No.2, Srivachala
Nagar, Korattur Agraharam,
Chennai-600074.

2.M/s.Basheer & Co.
Rep by its Partner M. Nazeer Ahamed,
61 years, Residing at No.2, Srivachala
Nagar, Korattur Agraharam,
Chennai-600074.

3.M.Nazeer Ahamed
Residing at No.2, Srivachala
Nagar, Korattur Agraharam,
Chennai-600074.

Petitioners/A1 to A3

Vs

The State rep by
The Superintendent of Police
CBI/SCB/Chennai.

Respondent(s)

CRL A No. 1841 of 2025

1. Afrina Steel Rolling Mills
Rep by its Partner M. Nazeer Ahamed,
61 years, Residing at No.2, Srivachala
Nagar, Korattur Agraharam,

Chennai-600074 and 2 others

Appellant(s)

Vs

1. The State rep by The Superintendent of Police
CBI/SCB/Chennai.

Respondent(s)

For Petitioner : Mr.T.Sivananthan

For Respondent : Mr.K.Srinivasan, Special Public Prosecutor for CBI Cases.

ORDER

This Court, on 09.12.2025, had passed the following order:

"This Criminal Miscellaneous Petition has been filed to suspend the execution of sentence of imprisonment and fine passed in C.C.No.28 of 2012 dated 21.11.2025 against the Petitioners/appellant 1 to 3 by the learned XI Additional and Special Judge for CBI Cases, related to Banks and Financial Institutions at Chennai, pending disposal of the above appeal.

2. The petitioners/A1 to A3 in C.C.No.28 of 2012 were convicted by the Trial Court by the judgment dated 21.11.2025. The conviction and sentence reads as follows:

(i) A1 Firm represented by A3 is imposed with fine of Rs.10,00,000/- each under Sections 120-B r/w. 420, 468, 471 of IPC and Sections 13(2) r/w 13(1)(d) of PC Act, 1988 and Section 420 of IPC (Total fine amount: 2 x 10,00,000/-

= Rs.20,00,000/-). In default, A3 shall undergo 6 months of simple imprisonment on each section (2 x 6 = 12 months) and the same will run consecutively;

(ii) A2 Firm represented by A3 is imposed with fine of Rs.10,00,000/- each under Sections 120-B r/w. 420, 468, 471 of IPC and Sections 13(2) r/w 13(1)(d) of PC Act, 1988 and Section 420 of IPC (Total fine amount: 2 x 10,00,000/- = Rs.20,00,000/-). In default, A3 shall undergo 6 months of simple imprisonment on each section (2 x 6 = 12 months) and the same will run consecutively;

(iii) A3 is sentenced to undergo rigorous imprisonment each under Sections 120-B r/w. 420, 468, 471 of IPC and Sections 13(2) r/w 13(1)(d) of PC Act, 1988 and Sections 420, 468, 471 of IPC (4x7=28 years) along with fine of Rs.10,00,000/- on each sections (Total fine amount: 4x10,00,000= Rs.40,00,000/-). In default, A3 to undergo 18 months of simple imprisonment on each section (4 x 18 = 72 months). The sentence of rigorous imprisonment imposed under the above sections will run concurrently and the sentence of default will run consecutively. Aggrieved by the said conviction, the petitioners/A1 to A3 filed Crl.A.No.1841 of 2025 before this Court along with the instant miscellaneous petition seeking suspension of sentence and bail.

3.The brief facts of the case is that M/s. Afrina Steel Rolling Mills (A-1) and M/s Basheer & Co are partnership firms run by A-3 Naseer Ahmed and his wife Fathima Rizwana/A4. Paramasivam was one of the partners at the time of availing the credit facilities. A-2 company was enjoying credit facilities of Rs.75 Lakhs in OCC Limit and Term Loan of Rs.20 Lakhs with Canara bank, Kilpauk branch, *Chennai. Further, a fresh Bank Guaranty of Rs.30 Lakhs was sanctioned for purchase of raw materials from National Small Industries Corporation. Further, Canara Bank, Kilpauk Branch sanctioned fresh loans to A-1-M/s. Afrina Steel Rolling Mills to a tune of Rs.100 Lakhs in OCC limit and Term loan of Rs.92 Lakhs, which was further enhanced to Rs. 130 Lakhs in OCC and a fresh Bank Guaranty limit of Rs. 50 Lakhs sanctioned. It is alleged that M/s. Basheer & Co., mortgaged a property at Plot No.49, Survey No.315/7A at the time of availing of Credit facilities. However, it was found later that there was no factory building existing in the land of said survey number. Nazeer Ahamed/petitioner/A3, with an intention to cheat Canara Bank, showed the building which was existing in Survey Nos.318 & 315/7B. The said building was already mortgaged to Federal Bank for availing credit facilities on behalf of M/s. Amba Wires, a Proprietary firm of petitioner. The accused persons in furtherance to the criminal conspiracy, committed criminal breach of trust by availing loans and bank guarantees from Canara Bank, Kilpauk branch, Chennai to the tune of Rs.405.47 Lakhs which were sanctioned by accused public servant by abusing their official position, in the strength of hypothecation of non-existing stock and plant machinery as well as collateral security of lands which could not be disposed off. The accused private persons did not repay the loan amounts and caused wrongful loss to Canara Bank. After completion of the investigation, on 30.06.2012, charge sheet filed against M/s.Afrina Steel Rolling Mills (A-1), M/s Basheer & Co (A-2), M.NazeerAhamed (A-3), Fathima Rizwana(A-4), T. Rajendran (A-5), Ashik Arafath (A-6) and K.S.Ashok (A-7) for offence under Sections 120 r/w 420, 468,471 IPC and Section 13(2) r/w 13(1)(d) of PC Act on the file of learned XI Additional District Judge for CBI cases, the trial was conducted in C.C.No.28 of 2012. After* *completion of the trial, the Trial Court convicted the petitioners and others and sentenced to undergo as above: -*

4.The learned counsel for the petitioners submitted that in this case originally F.I.R. registered against two partnership firms/A1 & A2, its Partners/A3 & A4, Chief Managers of Canara Bank - one Paramasivam, T.Rajendran/A5, P.Ganapathy and Suriyanarayanan. During investigation, Paramasivam died and his name was deleted. As regards Ganapathy, he was examined as PW20. As regards Suriyanarayanan, though not named in the F.I.R., sanction for prosecution under Section 19 of P.C. Act, not granted. Hence, in a pick and choose manner, charge sheet filed listing 7 accused. During trial, A5/Chief Manager of Canara Bank passed away and A7-Ashok, Valuer of the property passed away. Hence, charges as against A5 and A7 got abated. As regards A4, wife of A3, she was acquitted and A6-sister's son of A3 was convicted and sentenced to undergo one year rigorous imprisonment.

5.He further submitted that the trial Court failed to consider the defence exhibits filed by the petitioners and evidence of defence witnesses. The bank alleged loss of Rs.3,98,94,000/- and a recovery of Rs.2,25,53,600/- so far made and the amount due is only Rs.1,76,93,637/- which was not considered by the trial Court. Further it was shown that there were creation of forged documents and deceived the bank officials to take these documents as primary security. Further, in an earlier transaction with Federal Bank of India, the third petitioner's wife executed mortgage of a property, which is projected as though the same property given as security to the transaction in Canara Bank. He further submitted that the company was a running company, doing business, employing around 60 to 70 employees, for the development of the business loans availed. Since the business had down slide in the year 2008, the loan *amount could not be paid, which was projected against the petitioners, as though the loan amount not utilised for business and it was diverted.*

6.He further submitted that the petitioners running the business successfully for the past 7 years and thereafter considering the track record of his business, stocks availability and working capital, the credit facilities extended. The prosecution in this case failed to produce any materials to show that the petitioners executed mortgage for a property which does not belong to him. PW28/Investigating Officer not conducted proper investigation and mechanically filed charge sheet in this case failing to consider the SARFAESI proceedings initiated and substantial recovery of dues made. The petitioner's company had established business, due to down slide in the market, projected business could not be achieved when the loan became NPA, all sort of allegations now made. The learned counsel further made elaborate arguments referring to the deposition of PW1, the Chief Vigilance Officer, PW5, PW7, PW10, PW20 and PW28 and with supporting documents and submitted that it was a financial miscalculation in a business which lead to account became NPS. The loan amount are covered with the property security. The realisation of the substantial amount by way of SARFAESI proceedings will prove that the petitioner had no intention to cheat the bank. He further submitted that the 3rd petitioner is aged about 61 years having health ailments having deep social roots residing with his family. Hence, he prayed for granting suspension of sentence to the petitioners.

7.The learned Special Public Prosecutor filed his counter and submitted that PW1 in this case is the Chief Vigilance Officer of Bank, who lodged a complaint on 09.09.2010 about M/s.Afrina Steel

Rolling Mills and M/s.Basheer & Co. Based on which, an internal investigation conducted and it was found that M/s.Afrina Steel Rolling Mills was sanctioned Open Cash Credit facility of Rs.130 lakhs and Term Loan of Rs.92 lakhs and Bank Guarantee Limit of Rs.50 lakhs. Its liability to the Bank as on 18.09.2009 was Rs.275 lakhs. Similarly, the sister concern M/s.Basheer & Co. was sanctioned with Cash Credit Limit of Rs.75 lakhs, Term Loan of Rs.20 lakhs and Bank Guarantee Limit of Rs.30 lakhs and the liability to the Bank was Rs.130 lakhs. Both the loan accounts became NPA on 30.06.2009. The facilities sanctioned to the petitioners against Primary Security Stocks and Book Debts, Plant and Machinery and Collateral Security of Land and Building by way of equitable mortgage. During the internal investigation, it was found that there was no primary security and no machinery was purchased and the payments to the so called supplier of the machinery are found non existing companies and the land mortgaged to the bank was already mortgaged to other banks. Based on the complaint, case registered, investigation conducted, charge sheet filed in this case.

8.He further submitted that during trial, on the side of the prosecution, PW1 to PW28 examined and Exs.P1 to P96 marked. On the side of the defence, DW1 to DW4 examined and Exs.D1 to D17 marked. On conclusion of the trial, the Trial Court on the evidence of witnesses and the materials produced, had rightly convicted the petitioners. He further submitted that the bank is instructed to recover its dues. He further submitted that the trial Court dealt with each of the issues raised by the petitioners and categorised the witnesses in different sub headings with regard to false collateral security, its inflated value, fabricating quotations for supply of machineries, fabrication of purchase orders, diversion of funds *through fictitious accounts. Further though more than 50% of loan amount due to the bank recovered through SARFAESI action, still the petitioners have to pay substantial amount to the bank. Further the trial Court considering the evidence of handwriting expert and his report found that the third petitioner herein had been instrumental who signed in the name of several persons, created documents and signed the cheque and using the cheque withdrawn the amount and diverted the funds. For those reasons the trial Court convicted the petitioners. Hence, he opposed for granting bail to the petitioners.*

9.He further submitted that in the event of this Court considering the suspension of sentence to the petitioners, some stringent conditions to be imposed and the petitioners may be directed to pay 50% of the fine amount, since this amount has to be paid as compensation to the bank, which suffered the loss.

10.Considering the submissions made on either side and on perusal of the materials, this Court finds that there are arguable points involved in this appeal and more than 50% of the due amount recovered by the bank invoking SARFAESI proceedings. The fine amount imposed on A1 is Rs.20,00,000/- and A2 is Rs.20,00,000/- and A3 is Rs.40,00,000/-. The total fine amount is Rs.80,00,000/-. The petitioners now given an undertaking ready to pay 50% of the fine amount imposed on them in three installments, i.e., Rs.40,00,000/-. Hence, this Court is inclined to suspend the sentence imposed on the petitioners.

11.Accordingly, the substantial sentence of imprisonment imposed on the petitioners is suspended till the disposal of the appeal and bail is granted with the following conditions:

(i)The petitioners/A1 to A3 are directed to deposit a sum of Rs.10,00,000/- (Rupees Ten Lakhs only) to the credit of C.C.No.28 of

2012 on the file of XI Additional Special Judge for CBI Cases (CBI Cases relating to Banks & Financial Institutions), Chennai and to produce the proof of deposit of Rs.10,00,000/- while executing surety and bond.

(ii)The petitioners shall execute a bond for a sum of Rs.10,000/- (Rupees Ten thousand only) each, with two sureties, each for a like sum to the satisfaction of the trial Court.

(iii)After coming out of the prison, the petitioners shall deposit another sum of Rs.10,00,000/- (Rupees Ten Lakhs only) to the credit of C.C.No.28 of 2012 on the file of XI Additional Special Judge for CBI Cases (CBI Cases relating to Banks & Financial Institutions), Chennai, within a period of three weeks from the date of release well before 02.01.2026.

(iv) The balance amount of Rs.20,00,000/- (Rupees Twenty Lakhs only) to be deposited to the credit of C.C.No.28 of 2012 within a period of four weeks thereafter well before 30.01.2026;

(v) The 3rd petitioner/A3 shall appear before the Trial Court once in three months, on the first working day of a month at 10.30 a.m., until the disposal of the criminal appeal and if he is not able to appear before the Trial Court on that day, he shall make arrangements to file an application under Section 317 Cr.P.C. and shall appear before the Trial Court on any other day in lieu of the date of his absence as directed by the Trial Court.

12. Accordingly, this Criminal Miscellaneous Petition is ordered.

13.Post the matter on 02.01.2026 'For Reporting first Compliance' ."

2. In continuation and conjunction to the earlier order passed by this Court on 09.12.2025, today the learned counsel for appellant produced a Memo along with the Fixed Deposit (FD) receipt confirming the deposit of Rs.10,00,000/- (Rupees Ten Lakhs only) to the credit of C.C.No.28 of 2012. The learned counsel submitted that on 31.12.2025, the amount of Rs.10,00,000/- deposited to the credited of C.C.No.28 of 2012 by way of Demand Draft and thereafter the same was converted into an FD receipt to the credit of C.C.No.28 of 2012 on the file of XI Additional City Civil and Sessions Court, Chennai. He further submitted that the balance amount of Rs.20,00,000/- (Rupees Twenty Lakhs only) would be deposited well before 30.01.2026.

3.Post the case on 02.02.2026 ‘For reporting second compliance’.

02-01-2026

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To

1.The Superintendent of Police
CBI/SCB/Chennai.

2.The Public Prosecutor,
High Court, Madras.

M. NIRMAL KUMAR, J.

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**CRL MP No. 22813 of 2025
AND
CRL A NO. 1841 OF 2025**

02.01.2026