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Crl.R.C.No.1799 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 20.02.2026
PRONOUNCED ON : 27.03.2026

CORAM

THE HONOURABLE MR.JUSTICE M.NIRMAL KUMAR

Crl.R.C.No.1799 of 2025
and Crl.M.P.No.17847 of 2025

T.K.Balaji

... Petitioner

Vs.

State rep. by
The Deputy Superintendent of Police,
Central Bureau of Investigation,
Anti-Corruption Branch,
Chennai.
(Cr.No.RC0322022AoC22)

... Respondent

PRAYER: Criminal Revision Petition filed under Section 438 r/w. 442 of BNSS to call for the records in Crl.M.P.No.6950 of 2024 in C.C.No.2 of 2024 on the file of the learned XI Additional Special Judge for CBI Cases, Chennai and set aside the same.

For Petitioner : Mr.Abudukumar Rajaratnam
Senior Counsel
for Mr.V.S.Senthilkumar

For Respondent : Mr.K.Srinivasan
Special Public Prosecutor



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ORDER

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The petitioner/A5 in C.C.No.2 of 2024 facing trial along with five years for the offence under Sections 120(b) r/w. 420, 468, 471 IPC and section 13(2) r/w. 13(1)(a) of Prevention of Corruption Act (PC Act) filed a discharge petition in Crl.M.P.No.6950 of 2024 in C.C.No.2 of 2024. The Trial Court by order dated 03.07.2025 dismissed the same. Against which, the present revision petition filed.

2.The contention of the learned senior counsel for the petitioner is that the petitioner is not a named accused in the FIR. A complaint was lodged on 05.09.2022 by the Regional Manager, State Bank of India, Tambaram Branch and a case registered on 27.12.2022 against one K.Baranidharan, Malaivel Sugumaran, K.V.Balamurugan, Murthy Rosigan, Venkataraman and unknown public servants and private persons. On completion of investigation, final report filed against the petitioner and five others. The case projected against the petitioner is that during the year 2019 K.Baranidharan/A1, a loan borrower, Malaivel Sugumaran (A2), Panel Valuer, State Bank of India, K.V.Balamurugan (A3), seller of the property,

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Murthy Rosigan (A4), Power of Attorney holder, T.K.Balaji (A5), Branch

Manager, State Bank of India, Medavakkam Branch and A.Rajaseelan (A6),

Manager (Disbursement), State Bank of India, RACPC (Retail Asset Central

Processing Centre) Tambaram, all entered into criminal conspiracy at

Chennai and other places to cheat State Bank of India, Medavakkam Branch.

In pursuance to the conspiracy, the accused persons dishonestly availed

Housing Term Loan of Rs.3.33 Crores and Suraksha loan for Rs.19.85 lakhs

by using false and fabricated documents, thereby cheated the Bank to the

tune of Rs.4,37,63,527/-. Further, in pursuance to the conspiracy diverted

the entire loan proceeds to other purpose and not utilised for the purpose for

which the loan was sanctioned.

3.The ground on which the petitioner is prosecuted is that the petitioner falsified pre-sanctioned inspection report without proper verification of the documents submitted by A1, the petitioner visited the property on 10.01.2019 and gave a false report that there is no dispute/encumbrance and the seller/A3 was in possession, it is projected earlier owner Madhan Kumar continues to occupy the property. The petitioner forwarded the loan application with false inspection report to SBI



RACPC Tambaram for sanction of housing loan, thereby facilitated RACPC

Tambaram to sanction housing loan of Rs.3.33 Crores on 07.02.2019.

4. Further the loan amount was misused, wrongly disbursed to A4, petitioner opened an account on 08.02.2019 instead of paying the loan amount to seller/A3 and the loan amount diverted and Demand Draft issued favouring A4. Thus, violated bank norms.

5. The petitioner collected and deposited loan disbursement Demand Draft of Rs.3.33 Crores in the account of A4 on 08.02.2019 even before registration of the property, registration only on 09.02.2019 and thereafter, mortgage, further petitioner permitted withdrawal and re-deposit of Rs.50 lakhs on the same day and issued another Demand Draft of Rs.3.33 Crores on 08.02.2019 by signing in two places by himself, violating the rule requiring signatures of two authorized officers. This Demand Draft which was signed by the petitioner was deposited to the account of A4 on 11.02.2019 and allowed A4 to withdraw Rs.1.45 Crores on 11.02.2019 and 12.02.2019.



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6.The learned senior counsel further submitted that the petitioner

being the Branch Manager of State Bank of India, Medavakkam Branch and

it is only a source bank who forward loan papers to SBI RACPC officials in

Tambaram with pre-sanction inspection sheet which is a routine, normal

duty. The Housing Term Loan to be processed, pre-sanction inspection to be

done by RACPC officials independently and not by sourcing branch. The

pre-sanction done by the petitioner is only a formality and no sanctity can be

added to it and it is only the inspection of RACPC officials, namely,

Smt.Reenu (LW5), Smt.Ipsita Patnaik (CM Sanction) and A.Rajaseelan/A6

alone to be taken into consideration. The other overt act is that in the pre-

sanction report prepared by the petitioner, he had not stated about the dispute

between A3 and previous vendor Madhan Kumar who is reported to be in

occupation of the house and the previous owner not handed over the

possession to A3. He further submitted that the said Madhan Kumar who is

claimed to be in possession of the property was neither shown as witness nor

as an accused in this case. The petitioner made enquiry with Auditor

Mr.Chari with regard to whether any disputes or litigations and recorded in

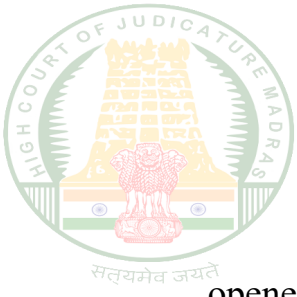
the pre-sanction inspection sheet and the petitioner proceeded in good faith.

The pre-sanction report prepared by RACPC officials does not disclose any



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dispute or litigation relating to the property which are now attributed to the petitioner. The Sanctioning Authority Ms.Reenu, RACPC official instead cited as a witness, who admits she inspected the property, arrived at the same conclusion as recorded by the petitioner in his inspection report. The Bank Manual clearly defines the role and responsibilities of Retail Assets Central Processing Centre (RACPC), which is a Loan Processing Cell of the Bank looking after processing, sanctioning and disbursement of diversified credit facilities such as Housing Loan, Car Loan, ETL, Personal Loan, etc. RACPC undertakes the end-to-end facilitation viz., Preparation of Appraisal, Pre-sanction and Post-sanction/Pre-disbursement Inspections, Post-disbursement Inspections, Documentation, Account Maintenance for all kind of credit facilities sanctioned till closure of accounts. Further, as regards pre-sanction survey as per the manual, the survey at the BPR (Business Process Reengineering) Centres will be conducted by the officials linked to CPCS as detailed in RACPC process. The Medavakkam Branch is a BPR linked branch attached to RACPC Tambaram for all loans. Thus the role of the petitioner with regard to A1 Housing Term Loan is very minimal, limited and a formal one.



7.He further submitted that the other allegation is that the petitioner

opened an account in the name of A4 in violation of covenants of the Power of Attorney executed by A4. The petitioner as Branch manager performed his official duty since the Demand Draft was issued in the name of A4 and was disbursed by the Sanctioning Authority at RACPC towards Housing Loan proceeds. As regards the Valuation report, Advocate report as per the Manual, collection of these reports with annexures, are the roles of the officials of RACPC Tambaram. The Professional fee paid to the Panel valuers and Panel lawyers are paid by RACPC only. The petitioner is not the sanctioning authority in respect of the housing loan and it is sanctioned by Regional Credit Committee headed by the Assistant General Manager and assisted by a team comprising more than five senior officials. Earlier, the Bank had ordered an internal investigation into the fraud relating to Housing Term Loan of A1 and one R.Gomathi Nayagam, AGM, State Bank of India cited as LW9, conducted a detailed investigation and he categorically pointed out the lapses and identified officers responsible for the misappropriation of the Bank funds and his report is a listed document No.112. Nowhere in the said inspection report any misconduct attributed to the petitioner, further no liability or departmental action or criminality found



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against the petitioner. The internal investigation specifically highlights the lapses and irregularities committed by several RACPC officials which has been completely ignored by CBI and the petitioner falsely implicated in the above case.

8. Taking the statement and documents produced by CBI as a whole, it is clear that there is no specific overt act against the petitioner except for the petitioner forwarding the loan application of A1 along with pre-sanction inspection sheet to RACPC. The Trial Court not considered these aspects and mechanically dismissed the discharge petition.

9. In support of his contention, the learned senior counsel relied upon the judgment in the case of *P.S.Rajya vs. State of Bihar* reported in (1996) 9 SCC 1 and *Ashoo Surendranath Tewari vs. The Deputy Superintendent of Police, EOW, CBI and another* reported in 2020 SCC Online SC 739 for the point that if the charge is identical both in departmental proceedings and in criminal proceedings, the standard of proof in departmental proceedings being based on preponderance of probability is somehow lower than the standard of proof in criminal proceedings, where case has to be proved



beyond all reasonable doubt and hence, the Apex Court held that the chances of conviction in a criminal trial involved on the same facts appears to be bleak and quashed the proceedings.

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10.The learned senior counsel further referred to the case in ***Yashwant Sinha and others vs. Central Bureau of Investigation through its Director and another*** reported in (2020) 2 SCC 338 for the point that offences related corruption cases, the Apex Court expressed a need for preliminary enquiry before proceeding against public servants and reiterated the principal of the Constitution Bench in the case of ***Lalita Kumari vs. State of Uttar Pradesh*** reported in (2014) 2 SCC 1 and for what reason Section 17-A was inserted in PC Act. In the case of ***Nara Chandrababu Naidu vs. The State of Andhra Pradesh and another*** reported in 2024 SCC Online SC 47, wherein the Apex Court following the ***Yashwant Sinha's*** case held that Section 17-A of PC Act becomes operational which is relatable to any recommendation made or decision taken, at least prima facie, in discharge of his official duty, previous approval of the authority postulated in sub-section (a) or (b) or (c) of Section 17A of PC Act shall have to be obtained.



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11.He further referred to the judgment of this Court in the case of ***K.Shivakumar vs. State rep. by its Inspector of Police, V&AC, Chennai and another (Crl.O.P.No.16673 of 2024 dated 06.01.2025)***, wherein this Court referring to the cases of Nara ***Chandrababu Naidu and Yashwant Sinha***, held that the language of Section 17-A cast a duty to the authority to independently asses and consider the materials which are necessary for ensuring no vexatious prosecution is against an accused. This satisfaction cannot be mortgaged nor the authority who is required to grant approval can be treated as a counter-signatory to the request by the Investigating Agency and quashed the FIR against the petitioner therein.

12.The learned Special Public Prosecutor filed his counter and referring to the typed set of papers filed, submitted that after registration of FIR on 27.12.2022, the investigation and scrutiny of the documents revealed the lapses/irregularities committed by the petitioner T.K.Balaji, the then Branch Manager of State Bank of India, Medavakkam branch. Hence, proposal under Section 17-A of the PC Act was sent to the Chief Vigilance Officer, State Bank of India, Mumbai and approval accorded by the

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competent authority vide order dated 15.05.2023 confirming that CBI sought approval under Section 17-A on 17.04.2023. Further, the petitioner was already placed under suspension on 02.02.2022 in connection with the above transaction and the General Manager, State Bank of India, Local Head Office, Chennai being the competent authority issued previous approval and granted permission. He further submitted that after getting permission, the petitioner was also called for enquiry by communication dated 25.05.2023 for his appearance before the respondent on 30.05.2023. In this case, approval under Section 17-A of PC Act obtained. He would further submit that the pre-inspection of the property on 10.01.2019 was submitted and the report was found to be false. Though in the report, it is stated that A3/K.V.Balamurugan was in peaceful possession and there is no dispute over the property, but in reality, possession continued to remain with the previous owner Madhan Kumar and the disputes over the property was ongoing. Despite being aware of these facts, petitioner misrepresented the situation in his report and forwarded the loan application along with the pre-sanction inspection report, valuation report and the other documents to RACPC Tambaram for sanction of Housing Term Loan of Rs.3.33 Crores. The income tax returns forwarded was found to be highly inflated and forged



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valuation report prepared by Dr.Sivaprakasam was merely a colour

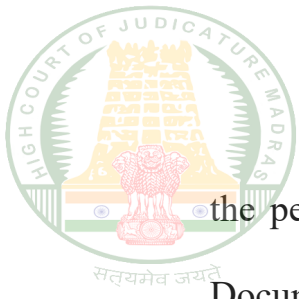
photocopy and not an original document. The petitioner forwarded these documents without any due diligence, thereby facilitating the sanction of fraudulent loan. In this case, the petitioner played a direct role in manipulating the disbursement process. On 30.01.2019, an SBI account for A4 was opened at his branch just prior to the loan sanction. Subsequently, on 08.02.2019 the petitioner personally collected the disbursement Demand Draft for Rs.3.33 Crores from RACPC Tambaram and credited the same to A4's account even before registration of the sale deed on 09.02.2019. On the same day, cash withdrawal of Rs.50 lakhs were facilitated, followed by re-deposit and issuance of a fresh Demand Draft signed solely by the petitioner in clear violation of banking norms. These acts reflect deliberate dishonesty and confirm the petitioner's instrumental role in ensuring the fraudulent loan was processed and disbursed. The final report has been filed after thorough and detailed investigation with ample oral and documentary evidence collected to establish the role of the petitioner in the offence alleged. Further sanction from competent authority under Section 19 of PC Act clearly disclose prima facie case against the petitioner. The petitioner, in the capacity as Branch Manager conducted a pre-sanction visit to the property



site, borrower's residence and factory of A1 on 10.01.2019 and submitted a report stating that all aspects were satisfactory.

13.He further submitted that as regards the petitioner's claim that no lapse or misconduct attributed to him in the Bank's internal investigation is misleading. The internal investigation conducted by the Bank primarily identified lapses in the overall loan process. The petitioner in his capacity as Branch Manager knowingly submitted false pre-sanction inspection report, false valuation report and falsified Income Tax returns in furtherance of the criminal conspiracy with the other accused. He further submitted that the building projected as though it is only three years old and ensured that an inflated valuation report was collected, but in reality, the building is 25 years old and the subsequent valuation conducted by the Bank valuers and by CPWD officials, who had given a report which is of much less value than the valuation report forwarded by the petitioner.

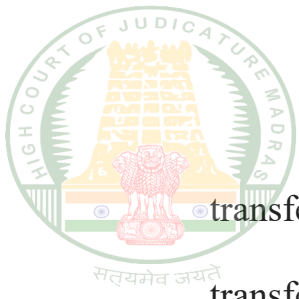
14.Further, the Housing Term Loan proceeds ought to have been credited to the account of the seller and not to his agent. The learned Special Public Prosecutor also produced Demand Drafts, Document No.176 wherein



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the petitioner had acknowledged receiving the original on 08.02.2019 and

Document No.116 to show that the petitioner signed both as Authorized Signatory and Branch Manager in the Demand Draft, which is against the banking norms and procedure. The Document No.175 confirms the payment made to the agent on 08.02.2019 even before registration sum of Rs.50 lakhs withdrawn and thereafter, the amounts were transferred from his account to one Kishan Manohar Shastri and not to the owner of the property, LW12 and LW51 in their statement confirm the same. He further submitted that out of Housing Term Loan of Rs.3.33 Crores, only Rs.28 lakhs was transferred to the account of K.V.Balamurugan and the remaining amount was utilized by A1/Baranidharan and A4/Murthy Rosigan as (i) Rs.1.5 Crores was withdrawn in cash and (ii) Rs.1.30 Crores was transferred to the account of M/s.Aswini Enterprises in which the proprietor is A4. Further, from the account of M/s.Aswini Enterprises, the loan amount was transferred to various firms and individuals, M/s.Adhi Lakshmi Traders, M/s.Marvell Gloves, M/s.Industrial Products, M/s.Krishna Exports, M/s.Devan Traders and M/s.Madras Machine Service, the firms floated by Baranidharan/A1 and Shri.Kishan Manohar Shastri, Real Estate broker. Further, Rs.28 lakhs was transferred to the account of A3/K.V.Balamurugan, Rs.13 lakhs was



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transferred to the account of Kishan Manohar Shastri, Rs.10 lakhs was transferred to the account of M/s.Aswini Enterprises and further, the amount was transferred to the accounts of Suresh Babu and M/s.Keerthi Enterprises, the proprietorship concern of A1/Baranidharan. Hence, prima facie case made out and there are more than enough materials to proceed against the petitioner. The points raised by the petitioner are in his defence which have to be necessarily raised during trial and not in the discharge petition. Therefore, the Trial Court by a well reasoned judgment dismissed the discharge petition. Hence, prayed for dismissal.

15.Considering the submissions made and on perusal of the materials, it is seen that the petitioner submitted a pre-sanction report based on inflated valuation report, forged Income Tax returns and GST returns which misled the Regional Credit Committee to sanction Housing Term Loan of Rs.3.33 Crores with housing insurance loan (Suraksha) of Rs.19.85 lakhs and thus ultimately the petitioner facilitated A1 to get the entire proceeds for his own purpose. In this case, the purchaser himself received loan proceeds instead of the vendor which lead to NPA and loss to the complainant Bank to the tune of Rs.4,37,63,527/-. The petitioner's contention that the Retail Asset



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Central Processing Centre (RACPC) is a loan processing centre of

complainant Bank for Housing Term Loan and while the Regional Credit

Committee had been handling the sanction, the petitioner's role as Branch

Manager is very limited which ended with pre-sanction report and that he

could not be blamed for lapses thereafter happened, cannot be countenanced

finding that the petitioner had played a role in submitted a pre-sanction

report along with the supporting documents which all turned to be forged.

Further the petitioner conducted pre-sanction inspection on 10.01.2019

where he admits that he visited the property, met the seller

K.V.Balamurugan/A3 who is residing there and later it was found that one

Madhan Kumar, who is the previous vendor to A3 not handed over physical

possession of the property. Further A3 executed a Power of Attorney to A4

to deal with the property and collected the loan proceeds. The loan was

sanctioned on 08.02.2019 but even before registration of the property and

deposit of title deeds on 09.02.2019, Demand Draft was collected by the

petitioner on 08.02.2019 and the same was credited to the account of A4. He

was allowed to withdraw some amount and later another Demand Draft was

issued by the petitioner which was signed by the petitioner both as

Authorised Signatory and as Branch Manager which is not permissible.

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Further the Bank statement confirm various transactions and withdrawals in the loan amount and in fact ostensible seller of the property is shown to receive Rs.28 lakhs and the amounts have been diverted. This transactions taken place in the bank account maintained by A4 in Medavakkam Branch where the petitioner is the Manager. The petitioner claiming that he has got limited role in the Housing loan and RACPC Tambaram is the authorised and competent person to deal with Housing Term Loan and the petitioner having no role cannot be countenanced since diversion of loan amount taken place in the petitioner's Branch. Thus, it is a clear case of diversion of funds. Further for the non-payment of loan, the account become NPA and SARFAESI proceedings initiated. On receipt of the complaint from the Bank, FIR registered and investigation conducted. Though the petitioner's name was not in the FIR, during investigation the petitioner's role revealed, Section 17-A permission obtained and the petitioner was arrayed as accused in this case. Now investigation completed, charge sheet filed listing witnesses LW1 to LW58 and supporting documents. The Trial Court in the impugned order in paragraph Nos.9 to 12 had categorised four different instances confirming the petitioner's complexity in the offence with the other accused and in paragraph No.14, it had also recorded the diversion of



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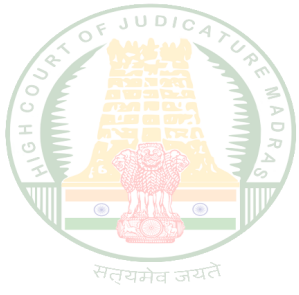
funds. Thus by a detailed order had rightly dismissed the discharge petition.

Hence, this Court is not inclined to interfere with the order passed by the Trial Court in the discharge petition.

16.In the result, the Criminal Revision Case stands dismissed. It is made clear that the observations made herein is for the limited purpose of deciding the above petition and the Trial Court is directed to decide the case on its own merits. Consequently, connected miscellaneous petition is closed.

27.03.2026

Index: Yes/No
Speaking Order/Non-Speaking Order
Neutral Citation: Yes/No
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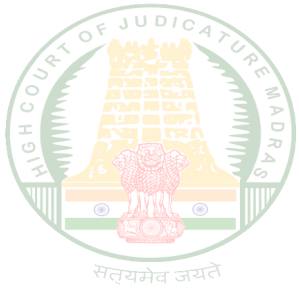


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To

1. The Deputy Superintendent of Police,
Central Bureau of Investigation,
Anti-Corruption Branch,
Chennai.
2. The XI Additional Special Judge for CBI Cases,
Chennai.
3. The Special Public Prosecutor,
High Court, Madras.



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M.NIRMAL KUMAR, J.

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Pre-delivery order made in

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