DEPOSITION OF WITNESS

(Chapter XXIII code of Criminal Procedure)

In the Court of XI Additional Special Judge for CBI Cases

(CBI Cases Relating to Banks and Financial Institutions)

Chennai - 600 001.

Calendar Case	: C.C. No.06/2006
Deposition of witness for	: PW-20
Name of the witness	: Mr. A.Sivasankar

Solemnly affirmed in accordance with the provisions of Oaths Act, 1969 (Central Act 44 of 1969) on the 29th day of January 2026.

(A1, A5 present. A3 company rep by A5 & A6. A4, A8, A9 Charge abated. A7 Split up in CC No.07/2018. A2 and A6 absent. Petition u/s.317 CRPC filed and allowed).

Cross Examination by A1:

1. **Question:** When Arulkumar was Regional Chief of Chennai Regional Office, were you working as Finance Officer and dealt with Project/Institutional loan?

Answer: Yes from April 2001 to May 2003.

2. **Question:** Later whether sometime in April 2001, were you posted as Dy. Manger Finance to Chennai Niwas Office?

Answer: Yes.

3. **Question:** Again, were you transferred to Nagercoil in May 2003 and were you functioning as **Branch Manager** of Nagarcoil Niwas office at the level of Dy.

Manager Finance?

Answer: Yes.

4. **Question:** Whether V.T. Subramanian was the first Branch Manager at the level of Senior Manager of the Chennai Niwas Office?

Answer: Yes.

5. **Question:** Whether Muralidharan on transfer from Trivandrum sometime in January 2000 replaced V.T. Subramanian and took over as Branch Manger of Chennai Niwas Office at the Level of Senior Manager?

Answer: Yes.

6. **Question:** While Muralidharan was functioning as Branch Manager, later, whether approver Subramanian also joined the Chennai Niwas Office and designated as **SM(S)**?

Answer: Yes.

7. **Question:** Please refer to Office order **HUDCO/CHRO/OO/2001 dated 16.04.2001 (Crl. M.P.1087/2020 in CC-11/2006**). As clearly stated in the office order whether you (Sivasankar Finance Officer) had been directed to function as DM(F)/Dy. Manager (Finance) in Niwas and further directed to report to Muralidharan, SM)?

Answer: Yes and the Senior Manager report to Regional Chief. The said Office order dated 16.04.2001 is marked as **Ex.D6 (1 sheet) in CC No.06/2006.**

8. **Question:** Whether all the technical, Finance and law officers (excluding Subramanian being of same rank) and all staff of Chennai Niwas were directly

reporting to Branch Manager/ Approver Muralidharan?

Answer: Yes and the Senior Manager report to Regional Chief

9. **Question:** As per this office order whether Krishnan had been directed to function as FO (Finance Officer) and also directed to report to Ganesh, SFO in regional office?

Answer: Yes

10. **Question:** Even in Regional Office, as evident from the office order dated 16.04.2001 whether the junior officers and staff report to the functional heads of Technical, Finance, Law or HRD discipline and **not to the Regional Chief**?

Answer: Yes and the functional heads report to the Regional Chief

11. **Question:** Whether HUDCO Regional office Chennai headed by Arulkumar, Regional Chief was one of the busiest Regional Office of HUDCO, with Annual Operational level of about Rs.1300 crores at that time (FY 2002-2003), dealing with several Government, Quasi-Government and other public and private sector agencies in 3 States/UTs (TN, Pondicherry and A&N Islands)?

Answer: Yes

12. **Question:** When Arulkumar was the Regional Chief of the HUDCO Chennai Regional Office, whether Niwas offices at Chennai, Coimbatore, Nagercoil, Madurai, Pondicherry and Port Blair were established in the Chennai Region?

Answer: Yes

13. **Question:** Please refer to list of plot loan sanctioned in Additional Document *No. I in Crl M.P. No. 24/2010 of CC-6/2006* **(Ex. D-1 of CC-06/2006)**. During the 9-

month period i.e., December 2001 to August 2002, did the Chennai Niwas Office sanctioned 271 loans for purchase of plots from 5 Private Developers i.e., Siddhi Developers, J.P. Real Estates, Kothari Constructions, Winvilla real Estates and Sindhu Developers?

Answer: Yes

14. **Question:** Whether there were 7 technical officers including the Branch Manager (Branch Manager Muralidharan, Subramanian, Sundararajan, Vineeta, Dina, Sarala & Venkatesan), 1 Finance Officer, one Law officer, one Assistant Administrative officer and 9 non-executive staff (Vijayalakshmi, Uma, Lakshmi, Mahalakshmi, Elangovan, Murganadam, Ganesh Hariharan, Suryalashmi, and Pandian) were posted and working in the Chennai Niwas Office during the operation of the plot loan?

Answer: Yes

15. **Question:** Whether Chennai Niwas was a full-fledged office with team of 10 officers and 9 other supporting staff under the Branch Manager/Head Approver Muralidharan?

Answer: Yes, but under the overall control of Regional Chief.

16. **Question:** In respect of individual home loan portfolio exclusively dealt by the several HUDCO Niwas offices under the jurisdiction of Chennai Regional Office, whether **micro level appraisal issues** relating to **property profile** such as planning approval, cost, valuation report, estimate, expenditure, margin money, loan eligibility, sale agreement, sale deed, title of the property, legal opinion site inspection, progress monitoring etc. are processed and verified with reference to **base documents** and

evaluated by the team of technical, financial, legal officers as well as the Niwas Branch Head?

Answer: Yes, Preliminary level with Branch Heads but, Sanction powers were with Regional Chief and above.

17. **Question:** Similarly, whether the **customer profile** such as domicile, employment verification, salary/income certificate, bank details, income tax return, ability to repay etc., are processed and verified with reference to **base documents** and evaluated by the team of technical, financial, legal officers as well as the Niwas Branch Head?

Answer: Yes, but overall sanction powers are available with RC and above.

18. **Question:** Please refer to the date of issue of the Guideline in **LD-3/Ex. P-2 of CC-9/2006**. Whether this modified amended guideline was **available for reference** in Niwas Offices **only after** 25.09.2002, the date of the guideline?

Answer: This was updated version to the original guideline issued in the year 1999.

19. **Question:** Whether the applicable/available operative guideline during December 2001 to August 2002, the relevant period of operation of plot loan, is only the Guideline in **LD-2 (Ex. P-1) of CC-9/2006** and specific amendments issued through circulars?

Answer: Many follow up guidelines were issued from time to time.

20. **Question:** Please refer to the table in under item 5.1(Sanction and Disbursement Procedure) in page 49 of the operative Niwas Guideline in **LD-2 (Ex. P-1) of CC-9/2006**. Whether Sanctioning Authorities are Regional Chiefs, Executive Director of

the Zone, Director Finance and Chairman and Managing Director?

Answer: Yes.

21. **Question:** *Please refer to 2nd para under item 5.1 (Sanction and Disbursement Procedure) in page 49 of the operative Niwas Guideline in* ***Ex. P-1/LD-2 of CC-9/2006****. Whether the HUDCO Niwas Offices have a "Branch in Charge" as clearly referred in the Guidelines?*

Answer: Yes.

22. **Question:** Whether the HUDCO Niwas Hand Book on Procedural Guidelines and Operational Manual in **LD-2 (Ex.P-1) of CC-09/2006** stipulate the detailed procedure to be followed and duty of the Technical, Finance, law officers and the Branch Manager of Niwas Office for appraisal of Niwas loan, sanction, documentation, monitoring, loan disbursement etc?

Answer: Yes.

23. **Question:** In respect of Niwas individual loan, whether the officers of Niwas Office evaluate and cross verify the facts, figures and other details of sale agreement to establish the **genuineness of the Sale Agreement**?

Answer: Yes.

24. **Question:** Similarly, whether the officers of Niwas Office evaluate the estimates and sale invoice to verify the **reasonableness of the cost and genuineness of these documents**?

Answer: Yes.

25. **Question:** Whether the officers of Niwas Office examine and cross verify the

employment verification form to ascertain the genuineness of employment?

Answer: Yes.

26. **Question:** Whether the officers of Niwas Office examine and cross verify the **salary slip of the applicant to ascertain income** of the applicant and genuineness of the salary slip?

Answer: Yes.

27. **Question:** Similarly, in respect of Niwas individual loan, whether the officers of Niwas Office evaluate and cross verify the **Bank Statement and source for upfront own contribution/investment** by the customer in order verify the genuineness of the Bank Statement and his ability to invest own funds?

Answer: Bank statement is verified for mainly source of revenue, any cheque bounce or any other recovery being done through bank account.

28. **Question:** Please refer to the very first sentence of clause 5.1 (Sanction Procedure) in page 49 of the HUDCO Niwas Guidelines in **Ex. P-1**/LD-2 of **CC-09/2006**. Whether it is stipulated that "***After ascertaining all the facts, the appraising officer*** *should prepare a credit-appraisal-cum- sanction note in the (prescribed) format*"?

Answer: Yes.

29. **Question:** Please refer to sanction procedure under **clause 5.1** "Sanction Procedure" in **page 49** of Niwas Guideline in **Ex. P-1**/LD-2 of **CC-09/2006**. Whether Arulkumar, Regional Chief puts his signature **only** in the 4-page credit appraisal cum sanction note to accord sanction based on recommendation by three officers

belonging to technical, finance and law discipline as well as the Branch In-charge?

Answer: Yes, all the officers affix their signature only in the fourth page.

30. **Question:** Having worked as technical officer in Chennai Niwas and later as Branch Manager in Nagarcoil Niwas office, are you aware of the various provisions in the detailed Niwas Guidelines?

Answer: Yes.

31. **Question:** Please refer to **page 9 clause 1.1.** of the HUDCO Niwas guidelines in **LD-2 (Ex.P-1) of CC-09/2006.** Is there an exclusive clause to define **"Eligibility for loan and how it is determined"?**

Answer: Yes to start with.

32. **Question:** Please refer to HUDCO Niwas guidelines **page 9 item 1** – **"**Eligibility for loan and how it is determined**", in LD-2 (Ex.P-1) of CC-09/2006**. Does the guideline simply refer to "**cost**"? i.e. "the loan amount will not exceed **85% of the cost** of the unit including incidental costs like stamp duty and registration **etc.**"?

Answer: Yes.

33. **Question:** Whether sale agreement between the buyer and seller are drawn based on the "purchase price" or "sale price" agreed between the buyer and seller?

Answer: Yes.

34. **Question:** Please refer to LCR (Loan to Cost Ratio) stipulated under clause 2.7.3 in page 30 of the Guidelines in **LD-2(Ex.P-1) of CC-09/2006**. Whether maximum loan is limited to 85% of the total property cost, which includes **purchase price**,

stamp duty charges and registration expenditure?

Answer: Yes.

35. **Question:** During the relevant time in the year 2002, whether registration for sale flats/apartments promoted by Builders is only on the **cost of the un-divided share of land**?

Answer: Yes. This has to be reflected in the Sale deed.

36. **Question:** Whether Chennai HUDCO Niwas had processed and sanctioned a number of individual housing loan **for purchase of flats/apartments from Builders**/ Flat Promoters, based on Purchase Price as in Sale Agreement and other supporting documents?

Answer: Yes, but this has to be reflected in the Sale deed.

37. **Question:** Now please go through the entire Niwas guideline in **LD-2/Ex.P-1 of CC-09/2006**. Does the Guidelines anywhere stipulate that the loan should not be more than 85% of the **Sale Deed value**?

Answer: In addition to Sale deed value, the stamp duty and registration charges are also considered.

38. **Question:** Please go through the entire guidelines in **Ex. P-1**/LD-2 of **CC-09/2006** and indicate while there is clear indication of cost for financing loan for housing, is there **any clear-cut guidelines** relating to cost to be considered for **funding the plots** to be purchased from **Private Developers**?

Answer: It has to be Sale agreement followed up by Sale deed.

39. **Question:** Please refer to list of plot loan in Crl. MP 24/2010/**Ex. D-1** in **CC-**

06/2006 Additional Doc. **No.I**. Whether the very first batch of loan for purchase of plots from Private Developers were sanctioned under loan No.2262, 2263 &2264 for purchase of plot from M/s. Winvilla Real Estates & Financial Services?

Answer: I am not aware whether it is first batch. From finance side, we have processed based on individual files.

40. **Question:** Please refer to the “Credit Appraisal cum Sanction Note for RC” of the very first batch of loan sanctioned for purchase plots from Winvilla developers under loan file numbers **2263 & 2264** found in **Crl.MP 24/2010Additional Document No. XXIV in CC-06/2006 (Ex. D-11 of CC-11/2006)**. Have you done the financial appraisal and recommended the loan for sanction of the very first batch of loan for purchase plot from the very first private developer i.e. Winvilla Real Estates and Financial Services?

Answer: Yes. Most of the financial appraisals were done by me.

41. **Question:** Whether based on appraisal certain sanction conditions were stipulated by the Niwas appraisal team while recommending for sanction of the very first batch of loan for purchase plot from the very first private developer i.e. Winvilla Real Estates and Financial Services?

Answer: Normally sanction conditions are dynamic based on the application.

42. **Question:** Any apprehension for sanction of loan is brought out or listed under **item 14** of credit appraisal cum sanction note for these loans?

Answer: Mostly some are discussed in the review meeting.

43. **Question:** Whether there is any indication of availability or non-availability of

estimate in any of these very first batch of loan file documents submitted to RC?

Answer: Not aware.

44. **Question:** Whether it is for a project loan or individual housing or plot loan under Niwas, does the Regional Chief, Arulkumar **unilaterally insist** for faster disposal and no delay in processing?

Answer: As a Regional Chief, he was insisting for all ie., Project loan, Individual Housing loan or Plot loan.

45. **Question:** Does he also ensure all staff payments including payments to employees in Chennai RO like, HBA, Car/vehicle loan, Personal loan, LTC encashment, Leave encashment, Reimbursement of Medical, Conveyance and other expenditure to be processed expeditiously and paid on the very same day or the next day of their application?

Answer: Yes.

46. **Question:** Chennai Region was getting awards for its overall outstanding performance continuously for 6 years during the period of Arulkumar?

Answer: Yes.

47. **Question:** Whether Chennai Niwas office during the relevant time was a busy office handing large number of individual home loans?

Answer: Yes.

48. **Question:** Whether the Chennai Niwas Office ever since it was established in March 1999, was also getting outstanding performance award among the Niwas offices in the country?

Answer: Yes.

49. **Question:** Were you earlier working in Chennai RO and processed several project loan files?

Answer: Yes.

50. **Question:** Whether Arulkumar, RC clears all the papers then and there and never keeps it pending for tomorrow?

Answer: Yes.

51. **Question:** Whether Arulkumar, RC give clearcut directions in writing?

Answer: Most of the cases. Some cases he conducts daily morning Senior officers meeting and communicate his decisions.

52. **Question:** Does he give firm decision and direction on any issue referred to him by the officers under him?

Answer: Yes.

53. **Question:** Whenever Arulkumar RC, gives any direction during discussion with any of the official, whether the concerned officer is required to put up appropriate proposal and get the same formally approved from RC?

Answer: Most of the cases. Some cases through oral directions in the daily morning Senior officers meeting.

54. **Question:** Do you in your appraisal notes refer and record the oral instructions given by RC to you, during discussion or meeting?

Answer: Not all directions are recorded.

55. **Question:** Whether Arulkumar, RC invariably initials all the letters and other

documents received in RO at DAK stage, and mark it down to the concerned official for processing?

Answer: Most of the cases.

56. **Question:** Does he also often record his views and direction for processing on the letters, notes, reports and other documents received by him?

Answer: Most of the cases.

57. **Question:** Please see initials of Arulkumar, RC and his direction to officials on HO letter dated 15.07.2003 in **LD-13 of CC-11/2006**. Are you aware that Arulkumar invariably initials with date all the letters and other papers received by him and marks it down to different officers often with direction for processing?

Answer: I was not working in Chennai during the above period. The said letter dated 15.07.2003 is marked as **Ex.D12 (1 sheet) in CC No.11/2006.**

58. **Question:** Please refer to **your recording of the actual date of receipt** of the paper at your desk in page 4 of the Credit Appraisal Cum Sanction note in **LD-20/Ex. P-111** (file No.2796 for K. Rajendran) **in CC-11/2006**. Is it **prudent and customary in the office** to record the actual date of receipt of the paper whenever the paper after clearance by the previous officer was not received immediately but delayed even by one or two days?

Answer: We record our date of signature in the processing paper. When substantial delay is there, we normally record.

59. **Question:** Please refer to some of the provisions in the guidelines in **Ex. P-1**/LD-2 of **CC-09/2006** relating to obtaining valuation or engaging valuer. Whether

"Market valuation of the property" is prescribed in **page 38** under item **IV.3** for Flat purchase from individuals?

Answer: Yes.

60. **Question:** In **page 47** Chapter **4.1, clause 4** in second para for ready built house suggests "Market rate of a similar property in close proximity"?

Answer: Yes.

61. **Question:** In **page 48** the guideline suggests to considering appointing a valuer to carryout technical inspection and submit the report?

Answer: Yes.

62. **Question:** Please refer to Niwas Guideline stipulation under **item IV/page-38/ LD-2/Ex.P-1** of **CC-09/2006** and **IV/page-50/Ex. LD-3/Ex. P-2 of CC-9/2006**. For sanction of individual loan for purchase of **ready built** houses or **old houses** or **old flats/apartments** whether the Niwas Office routinely get a valuation report as per stipulation in the guideline in support of the cost for funding?

Answer: Yes.

63. **Question:** In light of the above please clarify whether there are provisions in the operative Niwas Guideline in **Ex. P-1**/LD-2 of **CC-09/2006** to engage valuer and get Valuation Report for different purposes?

Answer: Yes.

64. **Question:** Whether a valuation report of the plots under purchase from any developer would protect the interest of HUDCO for ensuring adequate security and required mortgage cover for the plots financed by HUDCO Niwas?

Answer: Yes.

65. **Question:** Whether a **proper valuation report** and a **thorough processing and analysis** of the valuation report would expose/yield to the **realistic market price** of the plot/property under valuation?

Answer: Yes.

66. **Question:** Please refer to sample list of documents to be obtained as per **item 8** of **annexure G-IV** referred under **item 1.16 in page 15** of the Guideline in **Ex. P-1** of **CC-09/2006** and as per **item 8** of **annexure G-IV** referred under **item 1.19 in page 24** of the Guideline in **LD-3/Ex. P-2 of CC-9/2006.** As per Niwas Guidelines whether **sale agreement** is one of the relevant documents to be submitted by the applicant in support of the sale/purchase price?

Answer: Yes.

67. **Question:** Whether a proper evaluation of the **Agreement of sale** and verification of upfront investment of the margin money stated in the Sale agreement would establish the **genuineness** of the Sale Agreement, Sale price and the transaction between the buyer/loanee and seller?

Answer: It has to be also matched with Sale deed also.

68. **Question:** Whether cost is the one and only criteria to be considered for sanctioning the loan or deciding the loan quantum?

Answer: No.

69. **Question:** Please refer to HUDCO Niwas guidelines **page 9 item 1.1.(c),** in **Ex.P-1**(LD-2) of **CC-09/2006**. Whether the actual loan amount is to be determined

based on **repayment capacity** taking into account factors such as income, age, qualification, number of dependents, spouse's income, assets, stability and continuity of occupation and savings history?

Answer: Yes.

70. **Question:** Whether a proper evaluation of the **ability of the customer** for making repayment taking into account factors such as employment, income, age, qualification, number of dependants, spouse's income, assets, stability and continuity of occupation and savings history, would **stand-alone** ensure that loan is repaid on time regularly?

Answer: No, other parameters are also to be seen.

71. **Question:** Whether the hand written direction of Arulkumar on the joint note of 5.03.2002 submitted by Approver Muralidharan, SM and Approver Subramanian, SM(S) in **Ex. P-3/LD-11 of CC-6/2006** had all the **3 above ingredients** i.e., "**Sale Agreement**", "**valuation report**", "**ability assessment through credit appraisal**", which are all as per the stipulations in the Niwas Guidelines?

Answer: Yes.

72. **Question:** Please refer to note No. HUDCO/CHRO/Niwas/Default/2002 **dated 13.04.2002** issued by RC, Arulkumar to all employees in in **Additional Document No.XIII in Crl MP 24/2010 in CC-06/2006 (Ex. D-4 of CC-6/2006)**. While Arulkumar, RC had directed to decide funding based on ability of the loanee in the note of 5.03.2002, **once again directed on 13.04.2002** apart from suggesting in 1st page, salary deduction for certain category of customers, giving weightage to new

customers for helping default clearance of existing defaulters, stringent % age of loan eligibility etc. in page 2 of this note have issued clear cut written direction for **counselling to entertain only feasible customers**, and to **regulate loan release according to progress** to ensure that we do not add on default in respect of fresh loans?

Answer: Yes.

73. **Question:** Is it common in the real estate industry in TN that registration of Sale Deed takes place mostly as per guideline value published by the Government?

Answer: Guideline value is one of the parameters for considering the stamp duty and registration charges.

74. **Question:** Whether the Guideline value is reset in Tamil Nadu in the past after a long gap of nearly 5 years or more?

Answer: May be.

75. **Question:** Is it common in the real estate industry that there will be wide variation between the actual selling price/market value and the guideline value based on which the sale deed is registered?

Answer: May be.

76. **Question:** In respect of project loan funding, whether HUDCO had been obtaining valuation report from a panel valuer **at every stage** of loan instalment disbursement linked with physical progress?

Answer: No, our Technical Officers visit the site and submit the estimated expenditure based on the progress.

77. **Question:** Does the value of the property **keep changing** at every stage according to physical progress **on the day of valuation**?

Answer: Yes, depending on the progress made in the property and the infrastructure developments happening on its vicinity.

78. **Question:** Whether “estimate” covers the construction and other works **already completed** as well as works proposed to be implemented as per Building/Layout Plan in future/afterwards?

Answer: Yes.

79. **Question:** Whereas “valuation” covers the value of **the property or structure as it stands physically** on the **specific day** of valuation?

Answer: Yes.

80. **Question:** Did Arulkumar, RC while according approval in black and white on the note of 5.03.2002 in **Ex. P-3**/LD-11 **of CC-6/2006**, directed to consider the **least of the market price as per valuation** and sale price as per sale agreement?

Answer: Yes.

81. **Question:** Is there any direction of Arulkumar, RC in **Ex.P-3**/LD-11 **of CC-6/2006** to add future development works or other miscellaneous expenses to arrive at the value?

Answer: I was not working in Chennai during the above period.

82. **Question:** While posted to Nagarcoil Niwas Office were you the Branch Manager at the level of Dy. Manager?

Answer: Yes.

83. **Question:** As stipulated in the Niwas Guideline, do the Nagarcoil Niwas team of officers prepare and send only the 4 page “credit appraisal cum Sanction note for RC” by fax from Nagarcoil Niwas Office to the sanctioning authority i.e., Regional Chief Arulkumar?

Answer: All the four pages of the Sanction note were sent to the Regional Chief.

84. **Question:** Based on the certification and recommendation, whether the sanctioning authority, Arulkumar Regional Chief had been according instantaneous sanction and communicate the same by return fax?

Answer: Yes after due scrutiny by him.

85. **Question:** Whether cheques and disbursement memo are prepared by Rajendran after disbursement is authorised by approver Muralidharan, Branch Head/Senior Manager or approver Subramanian, Senior Manager(S) in the Disbursement memo?

Answer: Yes.

86. **Question:** Whether Rajendran, Assistant Administrative Officer Grade-II or you anytime decide the quantum of disbursement or further installments?

Answer: No.

87. **Question:** Whether the duty of Rajendran is to prepare the disbursement memo only after the loan disbursement is recommended by the Branch Manager in the Legal Technical Appraisal sheet?

Answer: Yes.

88. **Question:** Please refer to default status as of year 2010 in **Additional Document No. VI of Crl MP-24/2010 in CC 06/2006.** Out of 271 plot loans sanctioned by

Chennai Niwas whether, as per **November 2012 data**, nearly 224 loans are foreclosed, 7 are regular in repayment and the balance default is only 40 loans?

Answer: Yes. The said Overall status of Plot loans is marked as **Ex.D7 (1 sheet) in CC No.06/2006. (Additional Document No.VI summoned as per Crl.MP No.24/2010 in CC No.06/2006).**

89. **Question:** Are you aware that remaining loans are being recovered by means of vigorous follow up including legal recovery?

Answer: Yes.

90. **Question:** Since you have been monitoring the recovery of the loan till recently in Chennai Regional Office, as well as posted as the Regional Chief of Chennai Regional Office, are you aware that the present defaults in plot loans have come down from 40 Nos. to about 10 loans at present?

Answer: Yes, it has substantially reduced.

91. **Question:** Are you aware that **out of total 55** plot loan borrowers included as accused in 4 charge sheets (CC-6/2006 Siddhi Developers – 2, 9/2006 Kothari constructions – 9, CC-10/2006 Winvilla Promoters – 2 and Sindhu Developers – 42), **52 loans are foreclosed** and out of the **balance 3 loans/accused**, Charges are **abated for 2 a**ccused in CC-10/2006 – Winvilla and charges **separated for 1** accused from CC-6/2006 – Siddhi as the accused is absconding?

Answer: Not aware.

92. **Question:** Are you aware that identical plot loan court case No. CC-8/2006 pertaining to J.P. Real Estates had been closed already after discharging all the

accused including A1 Arulkumar?

Answer: Not aware.

93. **Question:** Please refer to **item 9** of the credit appraisal cum sanction note for K.R.Vishwanath in **page 64 of LD-55 (Ex.P-29) in CC-9/2006**. Whether the plot loan was sanctioned @ **12.25%** rate of interest?

Answer: Yes.

94. **Question:** During the year 2002-2003 whether subsidized/low interest of less than about **8%** was charged by HUDCO for project loan sanctioned to **Economically Weaker Section** (EWS) families?

Answer: Yes.

95. **Question:** Whether the interest rate of 12.25% charged by HUDCO Niwas for the plot loan is at par with market lending rate and far higher than the subsidized rate of interest applicable to EWS?

Answer: Yes.

96. **Question:** Please refer to **clause 2.7(b)** of the loan agreement in **page 200-188** of **LD-55/Ex. P-29 of CC-9/2006**. Does the HUDCO Niwas Charge huge **additional penal interest** of **30%** per annum for default over and above the normal approved interest rate of **12.25%?**

Answer: Yes. This is due to the fact that there is no compound interest in Niwas.

97. **Question:** Please refer to **Additional Document No. VII of Crl MP-24/2010.** Did HUDCO Niwas made **hefty additional profit amounting to Rs. 2.12** crores over and above normal operational profit out of the **sanction** of the plot loan **totally**

amounting to Rs. 6 crores by way of collection of additional penal interest an incidental charge in respect of plot loan operation from 5 of the plot developers?

Answer: May be.

98. **Question:** Please refer to **clause 7.9 in page 62** of the Niwas Guideline in **Ex. P-1/LD-2 of CC-9/2006**. Whether the cheque disbursement register is maintained in **all** the Niwas Offices as stipulated in the Guideline?

Answer: Yes.

99. **Question:** Whether cheque disbursement register is stipulated as part of **Niwas accounting** as detailed under **Chapter 7** of the Niwas Guideline in pages **60-66 of Ex. P-1 of CC-9/2006**?

Answer: Yes.

100. **Question:** Is it the **universal practice** that such cheque disbursement entry in the register is invariably signed **only by those persons who all sign the cheques** and not by any one else?

Answer: Yes.

101. **Question:** Whether several Finance Officers, law Officers and Technical Officers in Niwas were authorized to sign the Niwas Cheques?

Answer: Yes.

102. **Question:** Is it necessary for RC who did not even approve or authorise any of the Niwas disbursement or sign the cheque, to sign the cheque Disbursement Register?

Answer: No.

103. **Question:** Please refer to **item 13-Certificates** of the “Credit Appraisal Cum Sanction note for RC” submitted for loan sanction to Moorthy in LD-22 (pages 9-12)/**Ex.P-15 (Loan No. 2481)**. As per this document recommended to Arulkumar for sanction of loan, whether the Technical Member, Law officer and Finance Member of the sanctioning committee of HUDCO Niwas as well as Approver Muralidharan/Branch Manager have checked, verified the documents and clearly certified all aspects of both the property as well as the customer, guarantor and also the referee?

Answer: Yes at their level for their area of operation ie., Technical, legal and finance.

104. **Question:** Please refer to **item 14** of Credit Appraisal cum sanction note submitted RC for sanction of loan to Balan in LD-21/**Ex.P-7 (Loan No. 2457)**, Moorthy in LD-22/**Ex.P-15 (Loan No. 2481)** and Hema in**Ex. File P-22/LD-23 (Loan No. 2443).** Based on appraisal is there any apprehension for loan sanction brought out by the Niwas team?

Answer: No.

105. **Question:** Is there any indication of availability or non-availability of estimate in any of these documents submitted to RC?

Answer: Cost of Valuation mentioned at page No.2 of Credit Appraisal cum Sanction note for RC.

106. **Question:** Please refer to the Legal Technical Appraisal checklist in loan file LD-21/**Ex.P-44**, LD-22/**Ex.P-45** and **Ex. File P-22**/LD-23. Whether approver Muralidharan, Branch Head/Senior Manager or approver Subramanian, Senior

Manager(S), had processed and ultimately recommended the disbursement for Balan, Moorthy and Hema without ensuring compliance to the sanction condition?

Answer: Both Senior Managers recommended release amount.

107. **Question:** Whether the Branch Manager Muralidharan and Senior Manager Subramanian had decided the number of installments and quantum of disbursement for each installment?

Answer: Yes based on their Technical parameters.

108. **Question:** Whether the details of cheque to be issued and the name of party are also decided and approved in the same **Legal-Technical Check list** by either approver Muralidharan, Branch Head/Senior Manager or approver Subramanian, Senior Manager(S)?

Answer: Yes.

109. **Question:** Please refer to the Disbursement memos in **pages 80&77/LD-21(Ex.P-10), pages 58&52/LD-22(Ex.P-18)** and pages **60&55/LD-23(Ex.File P-22)**. Whether approver Muralidharan, Branch Head/Senior Manager or approver Subramanian, Senior Manager(S), had ultimately authorised and approved the disbursement for Balan, Moorthy and Hema?

Answer: Yes.

110. **Question:** Any reference of RC is recorded anywhere by the Niwas team in the loan disbursement processing documents in the prosecution files?

Answer: No.

111. **Question:** Please refer to all the loan files in the Charge Sheet i.e., files of Balan

(A7) (Loan No.2457 in LD-21/**Ex. P-44**), Murthy (A8) (Loan No. 2481 in LD-22/**Ex. P-45**) and Hema (loan No. 2443 in LD-23/**Ex. P-22**). In all these files apart from **one signature of Arulkumar**, Regional Chief as Sanctioning Authority in the "Credit Appraisal cum Sanction Note for RC", all other **pre-sanction and post sanction activities** including documentation and loan disbursements have been entirely dealt at Niwas Office level without referring any of these files to the Regional Chief Arulkumar?

Answer: Yes.

The criteria adopted in Plot loan cases by TNHB, Metropolitan Co-operative societies are not the same like that of HUDCO. I have gone through the criteria adopted by TNHB, Metropolitan Co-operative societies and HUDCO. One of the reasons for the default of Plot loan cases by TNHB and Co-operative societies is the profile of the customer and another factor is the property is near to the City. In my Statement before the CBI, I have stated that the end use of the loan amount sanctioned and disbursed by HUDCO has to be monitored by Technical wing by having site inspection, obtaining photographs, duly signed by registered Engineer/Architect or any Consultant/Valuer engaged for this purpose.

Cross Examination by A2 :

Question 1: It is correct to say that Mrs. vijayalakshmi (A-2) was working as a Stenographer in the HUDGO Office?

Answer: Yes.

Question 2: After receiving the application from customers the Officer in HUDGO will process the loan application and sanction the loan, A-2 has no part in this process in HUDCO?

Answer: She was assisting the two Senior Managers and the Regional Chief for putting up the proposal.

Question 3: It is correct to say that Mrs.S.Vijayalakshmi (A2) has no power to process and sanction any of the loan for the customers?

Answer: She was processing the proposal. She was not having any sanction powers.

Question 4: It is correct to say that Mrs.S.Vijayalakshmi (A2) has no power to release or disburse any of the loan amounts for customers?

Answer: Yes.

Question 5: In HUDCO Nowas Scheme, whether A-2 has any power in any manner to sanction or release, disburse the loan amount in full or part to the customers?

Answer: No delegation of powers.

Question 6: It is correct to state that Mrs.Vijalakshmi A2 was a Stenographer and her duty is to enter the data provided by the customers in the loan application form?

Answer: She was coordinating with the applicants, putting up the proposals to the two Senior Managers and the Regional Chief.

Question 7: It is correct to say after receiving the applications in the counseling dest, the applications will be processed by the Senior Officers of Technical, financial and legal for sanction, not the Stenographer-A2?

Answer: File was processed by her and put up to the Technical, legal and finance and the Senior Managers and Regional Chief.

Question 8: While processing the applications for approval any Senior Officials, be it Technical, financial and legal, can rejected the loan applications, but A2 has no part in this process?

Answer: She was not having any delegation of powers for sanction/release. She was assisting the entire management team of Niwas.

Taken down before me in the open court read over to the witness and acknowledged by him/her to be correct.

VADIVELU T P Digitally signed by VADIVELU T P

29.01.2026 XI Additional Special Judge for CBI Cases.