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.11 of 2006
Deposition of witness for	: PW-37 (LW-11)
Name of the witness	: Mr. P.Sundararajan
Father's name	: Mr. R.E. Ponnambalam
Age	: 58 Years
Occupation	: Joint General Manager, HUDCO.
Address	: No.C-26, Jangpura Extension, New Delhi-110 014.
Cell No.	: 9442573992

Solemnly affirmed in accordance with the provisions of Oaths Act, 1969 (Central Act 44 of 1969) on the 7th day of July 2026.

(A1, A25, A28, A29, A36, A39 are present. A2, A4, A5, A7, A10, A12, A27, A30 to A32, A49 are absent. Petitions u/s 317 CRPC filed and allowed).

Chief Examination :

Presently, I am working as Joint General Manager, Hudco New Delhi. During 2002, I was working as Appraisal Officer, Hudco Chennai. During 1998 also, I was working as Appraisal Officer Hudco Niwas Chennai. Therefore, from 1998 to 2002, I was working as Appraisal Officer, Hudco, Chennai. As appraisal Officer, my nature of job was counseling the customers, preparation of credit appraisal for sanction, site inspection and default follow up works. As a Sindhu Developers is a

Plot promotor, the buyers of M/s.Sindhu Developers applied for individual plot loan with Hudco Niwas Chennai. Generally the loan application will be distributed to various Officers for preparing, credit appraisal note. In that way, I have seen some files of M/s.Sindhu Developers and their plot at Sri Krishna Nagar at Sriperumpudhur Taluk as mentioned in their loan application submitted to the HUDCO.

The Technical Officer has to verify the plan and the estimate provided along with the application. Generally after the site inspection loan will be released in installment based on the progress of the building or whatever the work envisaged in the estimate. In respect of M/s. Sindhu Developers as a routine matter I was given few loan applications pertaining to M/s.Sindhu Developers for processing the same for sanction by the competent authority, the Regional Chief V.Arulkumar(A1). In this case I was asked by my Senior Manager Sri.Muralidharan and Subramanian to inspect the site at Pondur Village, Sriperumbudhur Taluk said to be part of the loan application submitted by the borrowers. The technical inspection report dt.02.03.2002 conducted by me at Sri Krishna Nagar, Pondur village, Sriperumbudhur Taluk was already marked as **Ex.P95 (one sheet) (D.No.67)**. I identified my signature available in Ex.P95. I went to the site, went around the layout and saw the plot. The layout have been formed, the provisions of space for road has been done by placing the corner stones in the plot. Only the demarcation of the plot was there as per the layout. The power supply line was available nearby the layout. Regarding the loan application of

M/s.Sindhu Developers, I have conducted inspection of some plots and no invoice pertains to details of break up of development charges, planning charges, stamp duties, registration charges and other charges of the plot were not available. Detailed Estimates are required for proper assessment of the property. But no estimates are available in the file for development works. Other than the demarcation of the plot there was no development work has been done in the above said layout. After inspection I came to the Office and I reported to the Senior Manager and the Regional Chief that there was no development work in the above said layout. Then the Regional Chief vide Office note dt. 5.3.2002 which is marked as Ex.P3 taken a decision to process the loan application based on the individual repayment capacity and based on the valuation report submitted by the Hudco Empaneled Valuer, P.M.Sankaran (A6 died) whichever is less. When I submitted my report, I have specifically noted valuation report may be obtained . Generally technical inspection report was required for construction of the house. If the plot/Flat/House is promoted by the Government agency no technical inspection is required. In other cases, the technical inspection report has to be considered while releasing the loan. The above said point in respect of M/s.Sindhu Developers (A3) namely the demarcation by stones alone is available in the site and other developments are not available in the layout is not mentioned in my report. Regional Chief,(A1) has instructed that we will obtain the valuation report from the empanelled valuer and asked me to write the same in my inspection report. I have mentioned that valuation report to be obtained. I don't remember when the note dt. 5.3.2002 was prepared. On 5/3/2002 I was in the office when the note was said to be prepared. when this note was discussed by Regional Chief and Senior Manager Muralidaran and Subramanian and I was also present. I was asked to sign in the note dt. 5/3/2002 marked as Ex.P3, I refused to sign in the note by stating that I was not involved in the disbursement process and I do not agree with the justification contained in the note with regard to the funding of the plot and the registration value of the plot. The valuation report regarding M/s. Sindhu Developers was obtained from Sri.P.M.Sankaran, Empanelled Valuer of Hudco. Since there was no development work in the lay out belongs to M/s. Sindhu Developers, the Regional Chief has decided to carry out the valuation from one of the Hudco Empanelled Valuer to find out the market value and to fund which was decided when the discussion taken place regarding this issue. I was examined by CBI in this regard.

Cross examination by A1:

1. **Question:** During your posting at Chennai Niwas Office in the year 2001 & 2002, were you reporting to Branch Manager Approver Muralidharan?

Answer: Yes

2. **Question:** During that period, whether your Annual Performance Appraisal Report (APAR) was written and reported by the Branch Manager of Chennai Niwas?

Answer: Yes

3. **Question:** On transfer to Coimbatore Niwas Office, during the year 2002 (May) & 2003 were you functioning as Branch Head/Manager of the Coimbatore Niwas Office?

   Answer: Yes

4. **Question:** Were you also later functioning as the **Branch Head** of the **Chennai Niwas Office**, at the level of **Deputy General Manager**?

   Answer: Yes

5. **Question:** Does the, Branch Manager approver Muralidharan allocate day to day duty to you and others in Niwas Office?

   Answer: Yes

6. **Question:** Do you routinely get guidance from the Branch Manager for processing the applications?

   Answer: Yes

7. **Question:** Whether all the loan applications for Niwas individual housing loan as well as plot loan were invariably received in Niwas Office?

   Answer: Yes

8. **Question:** Please see the date of receipt of application in the list of plot loan in **Ex.-D-1 of CC-6/2006** (Crl. MP 24/2010 in CC-06/2006 Additional Doc. No.I). Whether the very first batch of loan for purchase of plots from Private Developers were received and sanctioned under loan No.2262, 2263 &2264 for purchase of plot from M/s. Winvilla Real Estates & Financial Services?

   Answer: Yes

9. **Question:** Please refer to the official receipt entry of the loan application for the very first batch of 3 loan sanctioned for purchase plots from Winvilla developers under loan file numbers 2262, 2263 & 2264 found in **Ex. D-11 of CC-11/2006** (Crl.MP 24/2010 Additional Document No. XXIV in CC-06/2006). Have you received on 24.12.2001 all the 3 loan applications of the very first batch of loan for purchase plot from the very first private developer i.e. Winvilla Real Estates and Financial Services along with processing fee and other relevant supporting documents?

Answer: Yes

10. **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 **Ex. D-11 of CC-11/2006** (Crl.MP 24/2010 Additional Document No. XXIV in CC-06/2006). Have you done the technical 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

11. **Question:** Have you recorded any apprehensions on any of the technical issues relating to cost in any of the “Credit appraisal cum sanction note for RC” recommended for sanction to Arulkumar, RC?

Answer: No

12. **Question:** Having worked earlier in the **Chennai Regional office**, have you carried out several inspections of **project loans** dealt by the **Regional Office**?

Answer: Yes

13. **Question:** In respect of **project loan** inspection dealt by the Regional Office, whether all the inspection reports were invariably submitted by the concerned inspection officer to the Regional Chief Arulkumar through an office cover note?

Answer: Yes

14. **Question:** In respect of **project loan inspection**, whether Regional Chief, Arulkumar, invariably signs the office note and often records his views and observation on the site inspection report and mark the note down to the concerned officers with direction for further necessary action?

Answer: Yes

15. **Question:** Later while posted in the **Chennai Niwas office**, have you carried out several inspections of **individual home** loan dealt by **Niwas office**?

Answer: Yes

16. **Question:** In the **decentralized Niwas office set up**, during the relevant time in the year 2002, was there a system of submission of the Technical Inspection Report (TIR) document of Niwas loan to RC Arulkumar?

    Answer: No. But inspection report is invariably placed in the concerned loan file.

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

    Answer: Yes

18. **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

19. **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

20. **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

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

    Answer: Yes

22. **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

23. **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

24. **Question:** In respect of loan for individual house construction on plot already registered and owned by the applicant, is there a second/further registration in TN for the construction cost?

    Answer: No

25. **Question:** In such cases whether the cost for the loan eligibility is based on estimate or construction agreement with the contractor?

    Answer: Yes

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

    Answer: No

27. **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: Yes

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

    Answer: Yes

29. **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: Yes

30. **Question:** Whether both approver Muralidharan and approver Subramanian are at the same rank of Senior Manager and addressed as SM and SM(S) respectively?

Answer: Yes

31. **Question:** In Chennai Niwas, including approver Muralidharan and approver Subramanian, whether there were 7 technical officers attached to Chennai Niwas office?

Answer: Yes

32. **Question:** Except approver Subramanian who was at the same rank of Senior Manager, whether all the other technical, Finance and Law officers were lower in rank and were reporting to approver Muralidharan being the Branch Head?

Answer: Yes

33. **Question:** Please refer to Regional Office circular No. HUDCO/CHRO/CIRCULAR/2002 dated 22.02.2002 (**LD-3 of CC-6/2006**) circulated to all employees. As per this circular whether Regional Chief holds 10 different weekly meetings from Monday to Friday with **functional nodal officers** along with **identified selected officers**?

Answer: Yes.

34. **Question:** Whether SM (Senior Manager) is the officer listed/slotted for review on Niwas activities at 5 PM on Mondays?

Answer: Yes

35. **Question:** Whether your name is listed anywhere for review with Regional Chief Arulkumar?

Answer: No

36. **Question:** In respect of project loan funding to Private builders and flat promoters, in addition to site inspection by HUDCO officer, whether HUDCO had been obtaining valuation report from a panel valuer **at every stage** of loan instalment disbursement linked with physical progress?

    Answer: Yes

37. **Question:** Does the value of the property **keep changing** at every stage according to physical progress on construction and development works **on the day of valuation**?

    Answer: Yes

38. **Question:** Whether "estimate" covers the construction and other works **already completed** as well as works proposed to be implemented/developed/constructed afterwards as per building plan?

    Answer: Yes

39. **Question:** Whereas "valuation" covers the value of **the property or structure as it stands physically** on the **specific date** of valuation?

    Answer: Yes

40. **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

41. **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 assess the value?

    Answer: No

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

    Answer: Yes

43. **Question:** As stipulated in the Niwas Guideline, do the Coimbatore Niwas team of officers prepare and send only the 4 page “Credit Appraisal cum Sanction note for RC” **by fax** from Coimbatore Niwas Office to the sanctioning authority i.e., Regional Chief Arulkumar stationed at Chennai?

    Answer: Yes

44. **Question:** Whether the sanctioning authority, Arulkumar Regional Chief had been according sanction in the “Credit Appraisal cum Sanction note for RC” and communicate the same by return fax?

    Answer: Yes

45. **Question:** Were you earlier was also Branch Manager/Head of the **Chennai Niwas** at the level of Deputy General Manager?

    Answer: Yes

46. **Question:** Please refer to **Ex. D-7 of CC-6/2006** (Additional Document No. VI of Crl MP-24/2010 in CC 06/2006)**.** Out of 271 plot loans sanctioned by Chennai Niwas, as per **November 2012 data**, whether nearly 224 loans are foreclosed, 7 are regular in repayment and the balance default is only 40 loans?

    Answer: Yes

47. **Question:** Whether present level of default out of 271 plot loan sanctions had now come down to about 10 numbers, mostly pertaining to deceased or absconding customers?

    Answer: Yes

48. **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: Yes

49. **Question:** Are you aware that out of total 5 plot loan cases filed by the CBI before this court, one of the 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: Yes

    a) **Question:** Please refer to **Ex. D- 7 of CC-6/2006** (Additional Document No. VI in Crl. MP 24/2010 of CC-6/2006) the overall status of plot loans. Out of overall 271 plot loans of 5 plot promoters, whether 23 plot loans were sanctioned for the plots promoted and sold by the J.P. Real Estates?

       Answer: Yes

    b) **Question:** Please see the note dated 5.03.2002 (**Ex.P-3/LD-11 of CC-6/2006**) approved by RC Arulkumar. Is this note covers all the 5 plot loan cases i.e., Siddhi Developers, J.P. Real Estates, Kothari Constructions, Winvilla Real Estates and Sindhu Developers?

       Answer: Yes

    c) **Question:** How many plot loans of J.P. Real Estates you have processed in 2001-2002 when the plot loans sanctions were in operation?

       Answer: Not sure, How many plots I have inspected.

    d) **Question:** Have you inspected the layout of J.P. Real Estate before processing the plot loan applications in respect of J.P. Real Estates?

       Answer: Not Sure.

    e) **Question:** During 2001-2002, when loan applications for purchase of plots from all the 5 developers i.e., Siddhi Developers, J.P. Real Estates, Kothari Constructions, Winvilla Real Estates and Sindhu Developers were processed, was it done by the same set of Technical officers, Finance officers and Law officers in Chennai Niwas Office?

       Answer: Yes

50. **Question:** Whether penal interest is levied only when there is delay or default in repayment?

    Answer: Yes

51. **Question:** While foreclosing the loan after getting into default in repayment, whether HUDCO collects penal interest over and above the principal amount and normal interest due on the loan account?

Answer: Yes

52. **Question:** Such collection of penal interest at the time of foreclosure of loan after default, results in additional income/profit to HUDCO?

Answer: Yes

53. **Question:** Please refer to **Ex. D-13 of CC-11/2006** (Additional Document No. VII of Crl MP-24/2010 in CC-06/2006)**.** Did HUDCO Niwas made **hefty additional profit amounting to Rs. 2.12** crores i.e. 35.33% **over and above** normal operational profit out of the **sanction** of the plot loan **totally amounting to Rs.6.00 crores** by way of collection of **additional penal interest alone** in respect of plot loan operation from 5 of the plot developers?

Answer: Yes

54. **Question:** Before posted to Chennai Niwas Office, were you dealing with project loans at the Chennai Regional Office?

Answer: Yes

55. **Question:** Whenever any direction is given orally by Arulkumar, RC, during discussion with any of the official, whether the concerned officer is expected to put up appropriate proposal in writing and gets the same formally approved from RC?

Answer: Any deviation in guideline needs proper vetting by competent authority only in those cases formal note is put up to RC.

56. **Question:** Does RC Arulkumar anytime evade giving firm decision and direction on any issue referred to him by the officers under him?

Answer: No

57. **Question:** Who was distributing the plot loan files to you for processing?

    Answer: Senior Managers

58. **Question:** Please refer to date of receipt under Sl. No.61 in the total list of 271 plot loans sanctioned in Additional Document No. I in Crl M.P. No. 24/2010 of CC-6/2006 **(Ex. D-1 of CC-06/2006).** Whether the very **first loan application** for purchase of plot from Sindhu Developers was **received on 16.03.2002?**

    Answer: Yes

59. **Question:** Please refer to your Technical Inspection Report for Sri Krishnanagar layout of Sindhu Developers in **Ex. P-95/LD-67**. Did you inspect the Sri Krishnanagar layout of Sindhu Developers on **2.03.2002**?

    Answer: Yes

60. **Question:** Did you inspect of the Sindhu Developer's layout even before receipt of any loan application?

    Answer: Appears so, But some applications would have been received much before the site inspections, but note sanctioned due to in eligibility, etc.

61. **Question:** Whether you had been directed by approver Branch Manager Muralidharan and approver Subramanian, SM(S) to inspect the layout of Sindhu Developer even before receipt of any loan application in Niwas office?

    Answer: Yes

62. **Question:** Do you get any guidance or briefing from Branch Manager before taking up inspection of the site of Sindhu Developers?

    Answer: No

63. **Question:** As per hierarchy in Niwas office, do you invariably submit all your personal applications, office notes and reports directly to the Branch Manager Muralidharan?

    Answer: Yes

64. **Question:** Please peruse your TIR dated 2.03.2002 in **LD-67/Ex. P-95**. Whom did you submit this TIR?

Answer: Furnished to sm/placed in NIWAS customer file.

65. **Question:** Please refer to the Legal Technical Appraisal Sheet and Loan disbursement Memo in all the loan files in charge i.e., **Ex. P-107 to Ex. P-146 & P-148 (LD-15 to LD-57)**. Whether all the **loan disbursement** in each of the Niwas loan files were entirely processed at the Niwas office level and recommended and authorized/approved by approver Branch Manager Muralidharan or approver Senior Manager (S) Muralidharan?

Answer: Yes

66. **Question:** Please peruse the papers in the loan files in **Ex. P-107 to Ex. P-146 & P-148 ((LD-15 to LD-57)**. Other than one signature of Arulkumar, seen on the four pages “Credit Appraisal cum Sanction Note for RC” certified and recommended to the Regional Chief by the team of Niwas technical, law and Finance Officers, whether all the pre-sanction and post-sanction activities including loan disbursement were dealt at Niwas Office level?

Answer: Yes

67. **Question:** While posted to Chennai Niwas Office, who assigns you day-to-day work in Chennai Niwas Office?

Answer: Senior Managers

68. **Question:** Please peruse the valuation report in LD-94/**Ex. P-68**. Whether the valuation report draws any reference of Arulkumar, RC?

Answer: No

69. **Question:** Did you evaluate or examine this valuation report in dated **8-3-2002 in LD-68/Ex. P-94**?

Answer: All the loan applications were processed based on the rates tabulated for different layout as per valuation reports obtained from empanelled valuer.

70. **Question:** Is this a proper valuation report?

Answer: The valuation report is not properly done.

71. **Question:** Does a proper valuation report will indicate the realistic cost of the property and protect the commercial interest of HUDCO to know the available security cover available for the quantum of loan?

    Answer: Yes

72. **Question:** Please refer to the hand written direction of Regional Chief Arulkumar on the joint note of 5.03.2002 in **LD-3/ Ex. P-87** of CC-11/2006. Is there any direction of Arulkumar in the note of 5.03.2002 to consider future development works or to add charges such as miscellaneous expenses, "plant Maintenance etc." or "office rent/admin/maintenance etc" for valuation?

    Answer: No

73. **Question:** The supporting base document for cost, be it is just an Agreement for Sale or Registered Sale Deed or Estimate or valuation report, or Sale Invoice or allotment letter, whether all these documents are to be cross verified and evaluated as part of credit appraisal by the Niwas team of officers and arrive at the cost to be considered for funding?

    Answer: Yes

74. **Question:** As told by you in page 3 to the CBI on 15.09.2004, whether Approver Muralidharan/SM and approver Subramanian/SM(S) gave you a list of values to be incorporated in the sanction notes for various layouts?

    Answer: Yes

75. **Question:** Please refer to all the 43 files in the charge sheet documents in **LD-15 to LD-57 (Ex. P-107 to Ex. P-146 & P-148)**. Have you received or dealt with any of the files of Sindhu Developers in the charge sheet

    Answer: No

76. **Question:** Please refer to the entire prosecution documents i.e., LD-1 to LD-121. Except your Site inspection report dated 2.03.2002 in **LD-67/Ex. P-95,** have you dealt with any of the papers in the prosecution documents in CC-11/2006?

    Answer: No

<u>Cross examination by A2:</u>

1. It is correct to say that A2 Mrs.Vijayalakshmi was working as a Stenographer in the HUDGO office?

Ans: Yes

2. It is correct to say that in Hudco Nivas Scheme whether A2 Mrs.S.Vijayalakshmi, stenographer, was not sanctioning authority and she has no power in any manner to sanction, approve or release/disburse the loan amount in full or part to the applicants/borrowers.

Ans: Yes

3. It is correct to say that after receiving the loan applications from the customers in the counseling desk, the application will be processed by the senior officials of technical, financial and legal of HUDCO for sanctioning the loan not the stenographer S.Vijayalakshmi A2 and she has no role.

Ans: Yes

4. It is correct to say that while processing the loan applications any senior officials of HUDCO can reject the loan applications, But A2 has no part in this process. She has no power to either sanction nor reject the loan.

Ans: Yes

<u>Cross examination by A4, A5, A7, A10, A12, A25, A27, A28, A30 to A32, A36, A39, A49:</u>

The counsels for the above accused present and represented that they have no cross examination with PW-37.

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

A S RAVI

Digitally signed by A S RAVI
Date: 2026.07.07 17:46:18 +0530

07.07.2026 XI Additional Special Judge for CBI Cases.