C.C. No. 27/2015

06.11.2017

PW 1 – Mr. Sandeepan Das Gupta present

Solemnly affirmed in accordance with the provisions of Act X of 1873 on this the 6th day of November, 2017.

Chief Examination – Continuation:

Now I am shown the current account opening form of M/s.MD Trade Corporation dated 20.1.2014 with Central Bank of India, Mylapore branch operated by A1 V.K.Mahendran and A2 S.Murugan. I identify the photographs of A1 Mahendran and A2 Murugan. The account opening form along with KYC documents including the Deed of partnership, copy of ration card of A2 Murugan, the PAN card copy of A2 Murugan, copy of voters card of A2 Murugan, copy of PAN card of A1 Mahendran, copy of telephone bill of A1 Mahendran, copy of certificate of registration issued by Govt. of Tamilnadu and the PAN card of MD Trade corporation, the acknowledgement of registration of firms issued by Govt. of Tamilnadu and they are now marked together as **Ex.P.19 (24 sheets).** (Marked subject to the objection of the accused side as the witness is not connected to the documents).

Now I am shown the loan application of M/s.MD Trade corporation submitted to the Branch Manager, Central Bank of India, Mylapore branch requesting for sanction of cash credit limit of Rs.2.5 crores for development of business, dated 13.1.2014 the loan application along with annexures are marked together as **Ex.P.20 (21 sheets).** (Marked subject to the objection of the accused side as the witness is not connected to the documents). Ex.P.20 contains the photographs of A1 Mahendran and A2 Murugan. The loan of Rs.2.5 crores requested by M/s.MD Trade Corporation by offering collateral security of the property with extend of Rs.1.40 acres of vacant land in survey no.185, new survey no.185/1, No.2, Vandalur village, Chengalpet Taluk, Kanchipuram District in the name of A2 Murugan partner and primary security was hypothecation of all chemicals and stocks in trade. The certified copy of statement of account of M/s.MD Trade Corporation maintained by them with United Bank of India, Virugambakkam branch furnished to Central Bank of India, Mylapore branch to substantiate the loan application is now marked as **Ex.P.21 (8 sheets)**. (Marked subject to the objection of the accused side as the witness is not connected to the documents). The certified copy of statement of account of M/s.MD Bricks maintained by them with Bank of India, Thousand Lights branch furnished to Central Bank of India, Mylapore branch to substantiate the loan application is now marked as **Ex.P.22 (8 sheets)**. (Marked subject to the objection of the accused side as the witness is not connected to the documents).

Now I am shown the pre sanction inspection report dated 7 and 8 January 2014 conducted by A5 T.S.Sridhar and S.Krishnakumar, Asst. Manager, Mylapore pertains to the factory and office of M/s.MD Trade Corporation is now marked as **Ex.P.23 (8 sheets).** (Marked subject to the objection of the accused side as the witness is not connected to the documents). I identify the signature of A5 Sridhar in Ex.P.23 sheet no.5.

Now I am shown the process note dated 9.1.2014 of Central Bank of India, Mylapore branch pertains to sanction of CC limit in the account of MD Trade Corporation enclosed with the audit report and financial statement of the firms are marked together as **Ex.P.24 (199 sheets)**. (Marked subject to the objection of the accused side as the witness is not connected to the documents). Ex.P.24 in sheet no.10 the Manager Mr.Kannan has made an observation to the Chief Manager to the effect that A1 Mahendran and A2

Murugan has recently sanctioned cent mortgage loan in the name of M/s.MD Bricks of Rs.1.95 crores, the same parties again approached for CC limit of Rs.2.5 crores and to keep the proposal pending to watch the operation of M/s. MD Bricks for 6 months and if the operation is satisfactory the branch may recommend for sanction to M/s.MD Trade Corporation.

Against the said observation of the then Manager Mr.Kannan on the same page A5 Sridhar has specifically observed in writing that "as manager of the branch your obligation is to assist the chief manager in business development. Incidently in the proposal prepared, you are expected to verify the facts / information / figures furnished in various documents submitted, legal point and other aspects. You have no role to direct the chief manager for deferring a proposal which has already processed. You are therefore instructed to confine to your role and responsibilities, failing which suitable and appropriate actions will be initiated against you. You are again instructed to verify the facts and report compliance." The same has been signed by A5 Sridhar on 23.1.2014 and the said observation is now marked as **Ex.P.25.** (Marked subject to the objection of the accused side as the witness is not connected to the documents). I identify the handwriting of A5 Sridhar in Ex.P.25. Based on Ex.P.25 note, the manager Kannan has endorsed on the reverse side of sheet no.10 "the financial particulars mentioned in the auditor statement are duly included in the process note" addressing to CM.

Now I am shown the letter dated 13/23.1.2014 addressing to M/s.MD Trade Corporation informing that the Central Bank of India, Mylapore branch has sanctioned a CC limit of Rs.2.5 crores. The said letter has been signed by A5 Sridhar and also acknowledged by partners of M/s.MD Trade Corporation. The said letter is now marked as **Ex.P.26 (2 sheets)**. (Marked subject to the objection of the accused side as the witness is not connected to the documents).

Now I am shown the certified copy of statement of account of M/s.MD Bricks with Central Bank of India, Mylapore branch for the period from 1.12.2013 to 3.7.2014 of Cent Mortgage loan and it is now marked as **Ex.P.27 (6 sheets)**. (Marked subject to the objection of the accused side as the witness is not connected to the documents). As per Ex.P.27, the account of M/s. MD Bricks showing the debit balance of Rs.1,94,83,781/- as on 3.7.2014. Ex.P.27 attached with certificate no. 65B of Evidence Act and it is now marked as **Ex.P.28**. Now I am shown the statement of account of M/s.MD Trade Corporation for the period from 1.1.2014 to 3.7.2014 of Central Bank of India, Mylapore branch for the CC account is now marked as **Ex.P.29 (7 sheets)**. (Marked subject to the objection of the accused side as the witness is not connected to the documents). As per Ex.P.29, the account of M/s.MD Trade Corporation showing the debit balance of Rs.2,28,24,869/- as on 3.7.2014. Ex.P.29 attached with certificate no. 65B of Evidence Act and it is now marked as **Ex.P.30**.

Now I am shown the credit audit report (CAR 1) by Central Bank of India, Mylapore branch pertains to the account of M/s.MD Bricks dated 16.12.2013 signed by G.Balasubramaniam, the Chartered Accountant and counter signed by A5 Sridhar is now marked as **Ex.P.31 (6 sheets)**. (Marked subject to the objection of the accused side as the witness is not connected to the documents). Now I am shown the credit audit report (CAR 1) by Central Bank of India, Mylapore branch pertains to the account of M/s.MD Trade Corporation dated 27.1.2014 signed by G.Balasubramaniam, the Chartered Accountant and counter signed by A5 Sridhar is now marked as **Ex.P.32 (5 sheets)**. (Marked subject to the objection of the accused side as the witness is not connected to the documents). Now I am shown the inspection report dated 14.8.2014 signed by me and S.Krishnakumar, then Asst. Manager of the branch pertains to inspection of the business premises of M/s.MD Trade Corporation and is now marked as **Ex.P.33 (3 sheets)**. When we inspected the business premises and godown of M/s.MD Trade Corporation, we found that there was no company by the name M/s. MD Trade Corporation in the godown at Vadaperumbakkam and Madhavaram Industrial Estate. The said place was belonged to one M/s.Coastal Plasto chem pvt. ltd. There was no signboard of M/s.MD Trade Corporation either in the office or in the godown.

(At the request of PP Chief examination continuation adjourned)