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.27 of 2015
Deposition of witness for	: PW-53 (LW-4)
Name of the witness	: Mr.K.Santhana Krishnan
Father's name	: Mr.V.Kanagarajan
Age	: 67 Years
Occupation	: Chief Manager Retd.
Address	: No.6/7, Plot No.107,Vijayanagar,2nd Main Road, Velachery, Chennai-42.
Cell No	: 8778047764

Solemnly affirmed in accordance with the provisions of Oaths Act, 1969 (Central Act 44 of 1969) on the 6th day of July 2026.

(A1, A5 are present. A2, A4 absent. Petition u/s 317 CRPC filed and allowed).

Chief Examination :

I Joined Central Bank of India on 16.09.1981 as clerk and Retd. as chief manager on 31.08.2016 at Regional Office, Kochi. During 2012 to 2015, I was working as Chief Manager, assets recovery branch at Egmore. I had been asked to conduct inspection at Mylapore branch in respect of M/s.M.D Bricks and M/s.M.D.Trade Corporation by Senior Regional Manager, Regional Office, Chennai through letter. I conducted inspection along with Mr. Ebenezer Inbaraj, law officer. During Inspection, We perused relevant documents and examined some of the witnesses and submitted our report on 03.06.2014 along with enclosures, which was already marked as Ex.P174. I signed the said report at relevant places. Mr. Ebenezer Inbaraj also signed the report. In my report at page No.4, I specifically mentioned that the statement of account submitted from Bank of India is bogus and there was no such auditor in the name of Mr.Rajesh Modi and the alleged Reg.No. is not tallied. Similarly, I discussed at Page No.8 that the PAN Card of firm bearing No.AAKCM84311 and all IT returns purportedly submitted to IT department is bogus. We have mentioned in our report regarding other irregularities also. In this aspect, I was examined by CBI.

Cross examination by A1: Counsel for A1 present and represented that he has no cross examination.

Cross examination by A5:

Q1: You said that you along with Mr Ebenezer Inbaraj have investigated the accounts of M D bricks and M D Trade Corporation as per RO instructions dated 26.05.2014. You might have perused all the documents right from account opening form to sanction of loans to above firms?

Ans: Yes

Q2. Why there is a departmental set up in an Extra-Large Branch headed by a Chief Manager and Asst Manager, Manager, Senior Managers are posted in important departments like Credit etc,? Basically, and primarily, it is the duty and responsibility of such officers to have a thorough check provided in the system and to help the branch head in business development.

Ans: This call is to be decided by the Management.

Q3. Then you might be knowing that who have opened the accounts of above firms and who are all verified the KYC documents. Who is negligent in verifying such basically important documents?

Ans: The Branch is Responsible for this.

Q4. Do you agree that the officer in-charge for account opening has failed to verify the KYC documents properly. Had he taken utmost care and scrutinized the KYC documents, the intention of the borrowers to defraud the bank could have been noticed there itself and that further proceedings could have been stopped.

Ans: The Branch is Responsible for this.

Q5. Mr. Kannan, then Credit Department Manager, was instructed to verify the Loan proposal of M D Trade Corporation thoroughly, which he confirmed in the process note itself on the last page. He also failed to verify all the papers submitted by the borrower before placing to the Chief Manager for sanction. Thus, it is clear that he was totally negligent in his duties and erroneously confirmed that he has verified the entire proposal. Had he sincerely perused/ verified them, most of the fake documents could have surfaced there itself. Do you agree?

Ans: I do not agree. The Manager gave a dissent note at page no.6 of my report and sanctioning authority overruled the dissent.

Q6. But nowhere in your investigation report, you have mentioned these facts. Thus, your report is biased one. What is your say on this?

Ans: I do not agree.

Q7. Do you have knowledge about Cent Mortgage Loan, purposes for sanction and important major condition?

Ans: Yes

Q8. (To meet any sort of Personal or Business needs but not for any speculative purposes….) And it is processed under the CLASS Module in the system. All basic requirements for sanction of this loan will have to be fed in to the system, including Security value must be 200% of the Loan amount. It must be noted here that the Credit department officers Mr. Kannan, and Mr. Krishna Kumar should have verified the authenticity of all the documents concerned for sanction of the loan.

Ans: The lower level officers rightly given their dissent and recommended that the proposal may be considered after verifying the transaction after 6 months before sanctioning the loans.

Q9. You have mentioned in your 161 statement the Loan proposal has been processed and sanctioned by Chief Manager himself…

Ans: It is evident from the document that the chief manager has sanctioned the loan disregarding the objections/dissent made by lower officials.

Q10. Can any person could deviate the system rules to process and sanction the loan single handedly. Will the system, i.e, CLASS Module allow such deviation. Unless it is recommended by the lower officials, it will not pass the proposal to sanctioning authority. Do you know this?

Ans: During the relevant period, to my knowledge the sanction was done at Branch level.

Q11. You have also stated that there were two valuation reports. Who was the property owner?

Ans: I deny, regarding the property elaborate findings have been given in our report after thorough investigation by myself and the law officer Mr. Ebenezer Inbaraj by obtaining certified copies from the sub registrar offices, confirmation about non registration of documents from sub registrar office tambaram and personally visiting the property on 27.05.2014, purportedly belonging to Mr.Murugan.

Q12. Can you explain the purposes for which Cent Mortgage loans are sanctioned?

Ans: For all the purposes as mentioned in the central office circular issued in this regard.

Q13. Whose primary duty is to verify the purpose of withdrawal? What is the role of frontline officers in scrutinizing the cheques before passing for payment?

Ans: It is the duty of the officer(s) passing the cheques for payment.

Q14. Have you come across the Reference Book or Refer Book being maintained at the branch? What is the importance of that book? Have you gone through and noticed the recordings in that book?

Ans: The reference book is put up by the lower level officer when withdrawal of amount is exceeding the drawing power or sanctioned limit.

Q15. Without verifying the records, how could you say that large amounts were allowed to be withdrawn by the Chief Manager, when there is no approval in the reference book by the Chief Manager. Every thing was decided by lower level officers, themselves.

Ans: I disagree. It is primary responsibility of the branch manager to see what transaction have taken place in the branch even during his absence.

Q16. You have stated in your 161 statements that both the valuers Mr. B Venkataramani and V Balasubramani of M/s Guru Consultants have valued one and the same property but altogether it was a different one, however claimed the property's S No. 185/1

Ans: We have dealt in our report more elaborately.

Q17. Do you know that Mr. Kannan then Credit Manager (Department Head) had submitted VRS application due to his health problem in October/November 2013?

Ans: I do not remember.

Q18. Do you know if any officer can recommend a loan after submitting VRS application or just 3-6 months before his retirement, or can he sanction or recommend a loan? Till last day of cessation of service, can any officer refuse to perform his duties? But Mr. Kannan refused to perform his duties? Because of the very reason, he was instructed to scrutinize the proposal and verify the entire set of documents submitted by the above firms. After those instructions only, he performed his duties and certified that he has verified all the documents/papers submitted by the party. Wantonly he confirmed that he has verified, but actually failed to verify the authenticity of each such documents.

Ans: I do not agree.

Q19. Further Mr. Kannan has expressed his opinion that the branch may consider the proposal after six months, and did not mention any thing about the manipulations caused in the annexed documents to the loan proposal and not discussed anything forgery created in the documents submitted by the party. Thus, it was Kannan's utter failure and negligence.

Ans: I disagree.

Q20: Mr. Kannan or Krishnakumar responsible to scrutinize the papers submitted by the borrower customer along with his loan application did not mention any comments about the authenticity of any of the annexures to the proposal, because of which the sanctioning authority believed them to be true.

Ans: I do not agree with comment.

Q21: Now it is turning that most such documents/papers were turning to be fake or fabricated. You tell who was really responsible or negligent in performing his duties? Have you commented any thing about this in your report?

Ans: Please see our report for the discrepancies noticed in sanctioning the proposal.

Q22: Except the recording of Mr. Kannan to defer the sanction (not declining), he has not commented any thing negative about the proposal. He was not forced to recommend the proposal. But only to peruse and scrutinize the proposal and submitted documents, which he was supposed to perform as his duties.

Ans: We have elaborately dealt in our report.

Q23: Due diligence is an important aspect, before considering a loan. But the responsibility rests with the officers in Credit Department prior to opening the account and preparing the proposal. Chief Manager can not be held responsible for the failures of his subordinate officers and Managers.

Ans: Chief Manager/Branch Manager is ultimately responsible for the happening in branch.

Q24: You have mentioned in your 161 statements that No pre-sanction inspection was done by neither the Manager nor he has assigned the work of inspecting the godown to anybody before sanction of the loan. Please see the pre sanction inspection conducted jointly and the said report already recorded as evidence. You have not perused the papers properly and wrongly given the statement to the CBI officials.

Ans: I disagree

Q25: Similarly, you have stated that collateral property not insured. Do you understand the type/nature of collateral security. It is a vacant landed property. Is there any provision to insure landed property?

Ans: There is no insurance required for vacant land property, but insurance part is applicable for stocks.

Q26: In your 161 statements, your intentions were appearing clear to blame or to find fault with Mr. Sridhar as your comments mostly mentions that the Chief Manager has failed to verify etc. etc. You have totally or completely forgotten that all such verifications were supposed to have been carried out by the front-line officers or by the Department Head, which they all have failed.

Ans: I deny.

Q27: You have stated that the stock inspection has not been done by the Branch Manager. The loan was sanctioned in January 2014. Next inspection was due in April 2014. By 10th of April, Mr T S Sridhar was transferred from the Branch. Knowing the facts well, just like that you have commented as above.

Ans: The comment about inspection is in respect of branch and not on individual.

Q28: Because of your biased report and findings, you further claim that Mr. T S Sridhar was transferred and suspended for his negligence in sanction of loan to the parties. It is also a false statement. Mr. Sridhar was transferred on 10.04.2014, but you were issued orders by your Regional office for investigation on 26.05.2014.

Ans: No comments.

I deny the suggestion that the Regional Manager instructed me to file a report against the chief manager alone for the deliberate works done by subordinate officers and to safeguard those officers, now I am saying that chief manager alone is responsible for the official duty which is being done collectively by all the officers.

Cross examination of A2 and A4: Counsel for A2, A4 present and represented that he is adopting the cross examination of A5.

Re examination: Nil.

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: 2026.07.06 14:28:29 +0530

06.07.2026

XI Additional Special Judge for CBI Cases.