IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 06.07.2026

PRONOUNCED ON : 07.08.2026

CORAM:

THE HONOURABLE MR. JUSTICE **G.K.ILANTHIRAIYAN**

Crl.R.C.Nos.2412 of 2024 & 432, 433, 450, 451, 452 of 2025
and Crl.M.P.Nos.18548 of 2024 & 5022, 5023, 5158, 5163, 5167 of 2025

Crl.O.P.No.2412 of 2024 :-

M.V.Ganesan
S/o.Mayuram Viswanathan,
Flat No.G6, Arihant Flats,
No.29/16, Mahadevan Street,
West Mambalam,
Chennai-600 033. ... Petitioner

Vs.

State represented by
The Inspector of Police,
CBI/BS & FC/ Bangalore,
R.C.No.7(E)/2014 ... Respondent

Prayer: Criminal Revision has been filed under Section 438 r/w. 442 of the Bharatiya Nagarik Suraksha Sanhita, 2023, to set aside the impugned order dated 27.08.2024 passed in Crl.M.P.No.440 of 2017 filed in C.C.No.41 of 2015 by the learned XI Additional City Civil and Sessions Judge for CBI Cases, (Banking & Financial Institutions) Chennai.

In all Crl.R.Cs.

For Petitioner(s) :	Mr.P.Kumaresan, Senior Counsel For Mr.M.Govindarajulu
For Respondent(s):	Mr.K.Srinivasan, Special Public Prosecutor for CBI

COMMON ORDER

These Criminal Revision Cases have been filed by the accused 10, 12 to 16 as against the common order dated 27.08.2024 passed by the learned XI Additional Special Judge for CBI Cases, Chennai, in Crl.M.P.Nos.436 to 441 of 2017 in C.C.No.41 of 2015,thereby dismissing the petition for grant of conditional pardon from the offences punishable under Sections 120-B r/w. 420, 468 & 471 of IPC and Section 13(2) r/w 13(1)(d) of the Prevention of Corruption Act, 1988 (hereinafter referred to as "PC Act").

2. The case of the prosecution is that on the complaint lodged by the defacto complainant viz., Zonal Manager, DENA Bank, the respondent registered a case in RC/7(E)/2014-CBI/ BS&FC/BLR, as against the first and second accused, who are the Chairman cum Chief Executive Officer and the Managing Director cum Chief Operating Officer of M/s. Zylog Systems Limited (hereinafter referred to as "the accused company") and also others for the offences punishable under Sections 120-B r/w. 420, 468 & 471 of IPC and Section 13(2) r/w 13(1)(d) of the PC Act, alleging that the accused company fraudulently obtained a sum of Rs.100 crore term loan from Dena Bank by submitting

false documents and fictitious invoices. The loan was sanctioned for implementing various e-governance projects, including RTO projects in Gujarat and Karnataka and the Rashtriya Swasthya Bima Yojana (RSBY) scheme. The loan amount was disbursed directly to the alleged vendors between April and September 2012. However, the accused company allegedly failed to repay the loan, and the account became a Non-Performing Asset (NPA) with an outstanding liability of Rs.97.42 crore.

3. It is further alleged that A1 and A2 had floated shell companies, namely M/s Woodbridge Technologies Pvt. Ltd. and M/s Effica Systems Pvt. Ltd., by appointing junior employees of the accused company as their nominal directors. Along with M/s Azhvas Infotech, a firm promoted by A2's brother, these companies allegedly generated fake invoices for the supply of hardware, which were used to obtain the loan from Dena Bank. Further alleged that after the loan was disbursed, the funds were diverted instead of being used for the sanctioned projects. The money was allegedly transferred to sister concerns of the accused company, remitted abroad, utilized to repay liabilities of other entities, paid as illegal gratification, and used as margin money for obtaining further loans, thereby causing a substantial wrongful loss to the bank.

4. After completion of investigation, the respondent filed final report and the same has been taken cognizance by the Trial Court in C.C.No.41 of 2015. While pending framing of charges, the petitioners filed petitions to grant conditional pardon from all the charges under Sections 120-B r/w. 420, 468 & 471 of IPC and Section 13(2) r/w 13(1)(d) of the PC Act and the same were dismissed by the Trial Court. Aggrieved by the same, the petitioners filed the present revision cases.

5. The learned Senior Counsel appearing for the petitioners submitted that all the petitioners were employees of the accused Company and had no role in the formulation or execution of the alleged crime. According to the learned Senior Counsel, Accused Nos. 1 and 2 were the principal perpetrators and masterminds behind the alleged offence. They had allegedly entered into a criminal conspiracy to defraud the bank in the disbursal of the term loan by resorting to fraudulent means, including the creation of shell companies, and thereafter siphoned off the loan proceeds to the accounts of the sister concerns of the accused Company.It was further submitted that, after obtaining permission to travel abroad, Accused Nos. 1 and 2 left India and never returned. Thereafter they settled in the United States of America and are allegedly

enjoying the benefits derived from the proceeds of the alleged loan fraud. The learned Senior Counsel further contended that the petitioners were merely employees of the Company and were used by Accused Nos. 1 and 2 as instruments in the implementation of their fraudulent design, including the preparation of fictitious invoices under the guise of making investments to the tune of Rs.160.25 crores. It was argued that the petitioners have been made scapegoats for the acts allegedly committed by Accused Nos. 1 and 2. Being ordinary employees, they were kept completely unaware of the alleged fraudulent transactions and had neither knowledge of nor participation in the real intention or design of their erstwhile employers, namely, Accused Nos. 1 and 2.

5.1. He further submitted that, pursuant to the directions issued by the Trial Court, the petitioners have been regularly appearing before the Trial Court on every hearing date. It was contended that the petitioners have not remained absent even on a single occasion and have diligently participated in the proceedings from the year 2016 till date, thereby demonstrating their *bonafideness* and willingness to cooperate with the trial. The learned Senior Counsel further submitted that the petitioners had filed applications seeking conditional tender of pardon, to which the respondent also expressed its no objection. Consequently, the Trial Court directed that the statements of the petitioners be recorded under Section 164 of the Code of Criminal Procedure. According to the learned Senior Counsel, the statements so recorded substantially corroborate the prosecution case, explain the sequence of events, and furnish vital links in the chain of circumstances necessary for establishing the culpability of Accused Nos. 1 and 2.

5.2. He also submitted that Accused Nos. 1 and 2 represented to the petitioners that employees selected for deputation to the sister concerns of the accused Company were required to undergo technical as well as spoken English training before their deployment. It was explained that the Company was incurring substantial expenditure towards such training and that, with a view to optimizing costs, it was proposed to incorporate two new companies which would impart the requisite training to such employees, raise invoices towards the training charges with a reasonable margin, and utilise the amounts so received for payment of trainers' remuneration and other incidental expenses. The learned Senior Counsel further submitted that, pursuant to the said proposal, the second accused identified the petitioners to act as Directors of the proposed companies. It was also represented to them that a qualified Chartered Accountant would be appointed to exclusively oversee the maintenance of books of accounts, statutory compliances, auditing, payment of statutory dues, filing of annual returns, and all other legal and regulatory obligations. Believing the representations made by Accused Nos. 1 and 2, the petitioners agreed to act as Directors without having any knowledge of the alleged fraudulent activities. It was, therefore, contended that the petitioners had no role whatsoever in the commission of the alleged offences and that no material exists to make out any of the charges against them. It was further submitted that, despite these circumstances, the Trial Court failed to properly appreciate the materials placed before it and erroneously declined to grant the conditional tender of pardon sought by the petitioners.

6. Heard the learned counsel appearing on either side and perused the materials placed before this Court.

7. On perusal of the counter affidavit filed by the respondent and on the submissions made by the learned counsel appearing on either side, it is revealed that there are incriminating evidences against the

petitioners to prove the charges against them. All the petitioners were made as Directors of the shell companies of the accused company, and the shell companies were used as the first layer to divert the loan funds. The petitioners operated their respective shell companies, which held accounts with different banks, and facilitated the further diversion of funds. However, the assets were neither sold by these vendors nor purchased by the accused company. Once the money is credited in the accounts of the vendor companies, the accused company operated these accounts from its own office through the shell companies.

8. The petitioners, who were the Directors of the shell companies, were working full-time as junior-level employees of the accused company at the beck and call of their masters. The signatures of the petitioners were obtained on the cheques, letters, money transfer applications, etc., and the funds were transferred whenever the accused company asks for. Generally, the amounts were transferred to the account held with Axis Bank, T. Nagar Branch, Chennai. Further, they actively participated along with A1 and A2 in defrauding the complainant Bankto the tune of Rs.97.42 crores.

9. Further, the prosecution relied on 409 documents in addition to the statements of 75 witnesses. There are sufficient materials to frame the charges against all the petitioners, and there is no necessity to procure evidence for the prosecution through these petitioners. When the prosecution has overwhelming documentary evidence to establish the charges to be framed, the tender of pardon would not arise.

10. That apart, a perusal of the records reveals that the trial has remained stalled at the stage of furnishing copies of the documents to the accused for several years. It is also evident that Accused Nos. 1 and 2 have settled abroad and, despite the issuance of non-bailable warrants against them, the warrants have remained unexecuted for a considerable period. The object underlying the provisions of Section 306 of the Code of Criminal Procedure is to facilitate the successful prosecution of persons involved in serious offences committed by several accused by securing the evidence of an accomplice who is granted pardon. The rationale for granting a tender of pardon is not founded upon the degree of culpability of the person to whom such pardon is extended, but upon the larger public interest of ensuring that the principal offenders do not escape punishment for want of adequate evidence. Accordingly, the

power to tender pardon is generally invoked in cases involving grave offences committed by several persons, where the prosecution is unable to establish the guilt of the principal offenders in the absence of the evidence of an accomplice. In such circumstances, the evidence of the approver assumes significance in bringing home the guilt of the remaining accused and advancing the ends of justice.

11. In the case on hand, the prosecution has already collected substantial oral and documentary evidence to establish the proposed charges against the accused. In such circumstances, this Court is of the considered view that the necessity for granting a tender of pardon to the petitioners, as contemplated under Section 306 of the Code of Criminal Procedure, does not arise. The very object of granting pardon is to secure essential evidence that is otherwise unavailable for the effective prosecution of the principal offenders. Accordingly, the Trial Court was justified in dismissing the petitions filed by the petitioners seeking a conditional tender of pardon. Hence, this Court finds no infirmity or illegality in the order passed by the Trial Court.

12. Accordingly, all the Criminal Revision Cases stand dismissed. Consequently, connected miscellaneous petitions are also closed.

07.08.2026
(3/3)

Index : Yes/No
Neutral citation : Yes/No
Speaking/non-speaking order

Note : Registry is directed to
incorporate cause title for all
the cases and issue order copy.
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To

1. The XI Additional City Civil and
Sessions Judge for CBI Cases,
Banking & Financial Institutions, Chennai

2.The Inspector of Police,
CBI/BS & FC/ Bangalore.

3. The Public Prosecutor,
Madras High Court,
Chennai.

G.K.ILANTHIRAIYAN. J,

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Common Order in
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