



Crl.A.No.223 of 2015

IN THE HIGH COURT OF JUDICATURE AT MADRAS

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Reserved on : 06.07.2026

Pronounced on : 30.07.2026

CORAM:

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

Crl.A.No.223 of 2015

S.P.Damodaran

... Petitioner

Vs.

State rep by
Inspector of Police,
SPE/CBI/ACB, Chennai.

... Respondent

Prayer: Criminal Appeal filed under Section 374 of Cr.P.C, filed against the Judgment of Conviction and Sentence passed by the learned XI Additional Judge for CBI Cases, Chennai-600 001 (CBI Cases relating to Banks and Financial Institutions) made in C.C.No.30 of 2004 dated 27.02.2015.

For Appellant : Mr.A.Palaniappan

For Respondent : Mr.N.Baskaran,
Special Public Prosecutor
of CBI Cases



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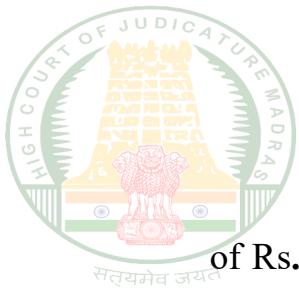
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JUDGEMENT

This Criminal Appeal has been filed challenging the Judgment of Conviction and Sentence passed by the learned XI Additional City Civil and Sessions Judge for CBI Cases, Chennai – 600 001 (CBI Cases relating to Banks and Financial Institutions) in C.C. No.30 of 2004, dated 27.02.2015, whereby the first accused/appellant herein was convicted for the offences punishable under Sections 120B read with 420, 420, 467, and 467 read with 471 of the Indian Penal Code, and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988.

2. The case of the prosecution is that the second, third and fourth accused opened a current account with the Union Bank of India, Nungambakkam Branch, Chennai, in the name and style of M/s. Vee Bee Apparels, and the said account can be operated jointly by A2 to A4 or severally by any one of them. The Union Bank of India, Nungambakkam Branch, Chennai, sanctioned a limit of Rs.5,00,000/- under the Advance against Foreign Documentary Bills for Collection (hereinafter referred to as "AFDBC") and a further sum

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of Rs.5,00,000/- as Packing Credit, by taking collateral security of an

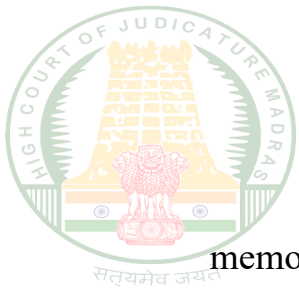
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immovable property, namely, a flat situated at Kottur, Chennai, standing in the joint name of Mr. T.V.S. Baskar and Mrs. T.V.S. Baskar, valued at Rs.7,00,000/-. The said credit facilities were sanctioned by the then Branch Manager based on the recommendation of the first accused/appellant vide sanction advice dated 19.03.2001.

3. At the time of sanction, the sanction advice specifically mentioned that the limits sanctioned under the Packing Credit and AFDBC facilities were Rs.5,00,000/- each, and the value of the collateral security, namely the flat, was shown as Rs.7,00,000/-. The borrowers executed the necessary loan documents, including the agreement containing the terms and conditions governing the sanction of Rs.5,00,000/- each towards the Packing Credit and AFDBC facilities. They also furnished a declaration from Mr. T.V.S. Baskar and Mrs. T.V.S. Baskar offering the aforesaid flat as collateral security.

4. An equitable mortgage was created by the Bank over the said property by deposit of the original title deeds, evidenced by a

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memorandum of deposit of title deeds. Thereafter, during the period

from August 2002 to October 2002, A1 to A4 entered into a criminal conspiracy and, in pursuance thereof, M/s. Vee Bee Apparels submitted a letter requesting the Bank to discount AFDBC Bill No.353 and release the payment in their favour.

5. Though the first accused/appellant was fully aware that the said bill was not eligible for discounting under the applicable banking norms and that the borrowers were entitled to an advance only up to the sanctioned limit of Rs.5,00,000/-. Nevertheless, on 14.09.2001, he made an endorsement on the letter submitted by M/s. Vee Bee Apparels directing that 90% of the bill amount be discounted and released to the party under the AFDBC facility.

6. It is the further case of the prosecution that Ms. Malarkodi, who was working as an Assistant under the first accused/appellant, enquired with him regarding the credit limit sanctioned to M/s. Vee Bee Apparels. The first accused/appellant informed her that the firm had been sanctioned for a limit of Rs.25,00,000/-, and instructed her to discount the bills, prepare the necessary debit and credit vouchers, and place them before him for obtaining the required signatures.

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7. The prosecution further alleges that the sanction advice was in the exclusive custody of the first accused/appellant and that the transactions were entered manually in the numbering register. Except the sanction advice, no other record reflected the credit limit sanctioned to the borrower. Acting on the instructions of the first accused/appellant, Ms. Malarkodi prepared a Debit Voucher No.193, dated 14.09.2001, for a sum of Rs.23,00,000/- in respect of AFDBC Bill No.353, and handed it over to him.

8. It is alleged that the first accused/appellant affixed his initials at two places on the voucher and forged the signature of the then Branch Manager of the Union Bank of India, Nungambakkam Branch, Chennai. Consequently, a sum of Rs.23,00,000/- was credited to the account of M/s. Vee Bee Apparels through three credit vouchers with the intention of facilitating the illegal transaction.

9. It is further alleged that the first accused/appellant retrieved the sanction advice pertaining to M/s. Vee Bee Apparels and altered the sanctioned limit under the AFDBC facility from Rs.5,00,000/- to Rs.20,00,000/- by overwriting the digit "5" as "20". He also inserted



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the digit "4" before the figure "7", thereby altering the value of the collateral security from Rs.7,00,000/- to Rs.47,00,000/-. According to the prosecution, these alterations were made with the intention of accommodating the excess advance fraudulently sanctioned by him. However, the entries on the last page of the sanction advice, wherein the amounts were written both in words and figures, were left unaltered, as it would have been difficult to modify the amount expressed in words.

10. The prosecution further alleges that the first accused/appellant also forged the signature of the then Branch Manager on the debit vouchers, thereby enabling to credit the amount into the account of M/s. Vee Bee Apparels without the knowledge or approval of the Branch Manager. It is the case of the prosecution that the proceeds under the said two bills were never realised. As of May 2003, an outstanding sum of Rs.26,24,117/- remained due in the account, comprising Rs.23,45,554/- towards the principal amount advanced under the AFDBC facility and Rs.2,78,563/- towards accrued interest.



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11. On the basis of the complaint, the respondent registered a case in R.C. No.35(A)/2003/SPE/CBI/ACB/Chennai for the offences punishable under Sections 120B read with 420, 420, 467, and 467 read with 471 of the Indian Penal Code, and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988.

12. Upon completion of the investigation, the respondent filed a final report, and the same was taken on file by the trial Court. In order to substantiate the charges, the prosecution examined P.Ws.1 to 13 and marked Exs.P1 to P36. On the side of the defence, D.W.1 was examined and Exs.D1 to D9 were marked.

13. Upon considering of the oral and documentary evidence available on record, the trial Court found Accused Nos.1 to 4 guilty of the offences punishable under Section 120B read with Section 420 IPC and Section 420 IPC. In addition thereto, the first accused/appellant was found guilty of the offences punishable under Section 467 read with Section 471 of IPC, and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988.



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14. The conviction and sentence imposed against the first

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accused/A1/Appellant, vide impugned judgment are as follows:-

Under Section	Sentence
120B r/w 420	<i>Sentenced to undergo imprisonment till the rising of the Court and to pay a fine of Rs.5,000/- by A1.</i>
420 IPC	<i>Sentenced to undergo imprisonment till the rising of the Court and to pay a fine of Rs.5,000/- by A1</i>
467 of IPC	<i>Sentenced to undergo three months simple imprisonment and to pay a fine of Rs.5,000/- in default to undergo simple imprisonment for one month</i>
467 r/w 471 of IPC	<i>Sentenced to undergo three months simple imprisonment and to pay a fine of Rs.5,000/- in default to undergo simple imprisonment for one month</i>
13(2)r/w 13(1)(d) of PC Act, 1988	<i>Sentenced to undergo one year simple imprisonment and to pay a fine of Rs.5,000/- in default to undergo simple imprisonment for one month</i>
<i>The sentences are to run concurrently. The set-off is allowed under Section 428 of Cr.P.C</i>	

Aggrieved by the same, the present appeal has been filed.

15. Heard the learned counsel appearing for the first accused/appellant and the learned Special Public Prosecutor appearing for the respondent and also perused the materials available on record.



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16. The learned counsel for the first accused/appellant

submitted that there is absolutely no evidence to establish that the first accused/appellant had committed forgery in respect of Exs.P6 and P.15 to P19, as alleged by the prosecution. According to him, even the Finger Print Expert did not render any opinion connecting the first accused/appellant with the alleged forgery. He further submitted that the prosecution failed to produce any material to establish that the first accused/appellant had derived any illegal gain by facilitating the sanction of the alleged excess amount.

17. The learned counsel further contended that the first accused/appellant had absolutely no authority either to sanction or to disburse any credit facility in favour of A2 to A4. Even according to the prosecution, at the relevant point of time, the first accused/appellant was working only as an Assistant Manager and had no role in sanctioning the loan or the disbursement of the loan amount.

18. It was also submitted that the Bank itself did not lodge any complaint and that, even prior to the filing of the final report, A2 to 9/22



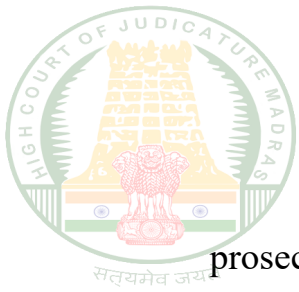
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A4 had repaid the entire outstanding amount through an out-of-court settlement.

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19. The learned counsel further submitted that P.W.1 deposed that sanction for prosecution had been accorded for the offences punishable under Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988. However, the sanction order refers to Section 12(1)(d) of the Prevention of Corruption Act. According to the learned counsel, this discrepancy itself demonstrates non-application of mind on the part of the sanctioning authority, as the sanction order was issued without proper consideration of the relevant materials and merely on the basis of documents selectively placed by the respondent. He reiterated that the first accused/appellant, being only an Assistant Manager, had no authority to sanction any loan.

20. The learned counsel also pointed out that P.W.2, who had sanctioned the credit facilities, categorically admitted in his evidence that the authority to sanction credit facilities up to Rs.25,00,000/- was conferred only from February 2002. He further submitted that the



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prosecution failed to identify and prosecute the actual person who had fabricated and forged the documents.

21. According to the learned counsel, the prosecution has also failed to adduce any evidence to prove that the alleged fabrication of the documents was carried out by the first accused/appellant or that the signature of P.W.2 had been forged by him. In the absence of any such evidence, the conviction recorded by the trial Court is liable to be set aside.

22. The learned counsel for the first accused/appellant further submitted that P.W.2 had personally inspected the property offered as collateral security and had approved its valuation before sanctioning the credit facilities in favour of A2 to A4. P.W.2 also admitted that he had prepared and co-signed the vouchers marked as Exs.P15 to P19, but subsequently alleged that his signatures found therein had been forged. According to the learned counsel, no objection was raised by P.W.2 at the time of the transactions or immediately thereafter with regard to the alleged forged signatures.



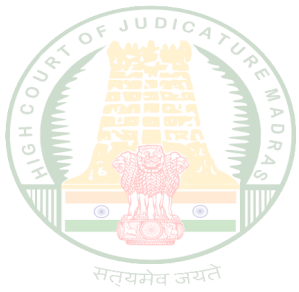
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23. It was further submitted that P.W.2 neither lodged any complaint with the Bank nor reported the alleged forgery to the higher authorities at the relevant point of time. The allegation of forgery was raised only during the course of the investigation, thereby rendering the explanation offered by P.W.2 was doubtful.

24. The learned counsel further submitted that P.W.2 has attempted to attribute the alleged irregularities solely to the first accused/appellant in order to shield himself from the consequences of his own procedural lapses. It was contended that the first accused/appellant has been made a scapegoat by portraying routine administrative functions performed by him as criminal acts.

25. The learned counsel further submitted that P.W.2, despite being the sanctioning authority of loan as well as the custodian of the relevant records, did not noticed the alleged alterations in Ex.P6 while he was serving in the Branch. Even after leaving the Branch, he neither reported the alleged alterations nor lodged any complaint for nearly eight to nine months. Such unexplained delay, according to the learned counsel, casts serious doubt on the prosecution case.

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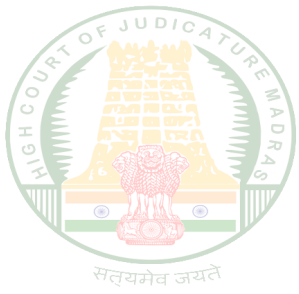
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26. Referring to the evidence of P.W.4 and P.W.5, the learned

counsel submitted that both witnesses categorically deposed that the Bank's procedure for granting advances against foreign documentary bills involves multiple levels of scrutiny, including verification of the bills, assessment of the collateral security, and scrutiny by different departments. Therefore, according to the learned counsel, it would have been impossible for the first accused/appellant alone to manipulate the entire transaction without the knowledge of the other officials involved in the process.

27. The learned counsel also referred to the evidence of P.W.6 (Ms. Malarkodi), who deposed that she had prepared the vouchers on the instructions of the first accused/appellant and made the necessary entries in the registers. However, she nowhere stated that the first accused/appellant had forged any document, misled her, or induced her to commit any illegal act. She also did not state that the first accused/appellant had derived any personal benefit from the transactions. According to the learned counsel, there is absolutely no evidence to establish that the first accused/appellant had any personal or financial motive for the alleged offences.

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28. The learned counsel further submitted that P.W.3, who succeeded P.W.2 as the Branch Manager, deposed that he had sought clarification from the first accused/appellant regarding the sanctioned limit and was informed that additional collateral security would be furnished. This, according to the learned counsel, clearly indicates that there was an expectation that the irregularity, if any, would be regularised and that there was no dishonest intention to cheat the Bank. The prosecution has, therefore, failed to establish that the alleged alterations were made with a fraudulent or dishonest intention so as to constitute the offence of forgery.

29. The learned counsel also relied upon the evidence of P.W.11, the Forensic Expert, and submitted that although he spoke about the disputed documents and the alleged alterations therein, he did not render any opinion that it was the first accused/appellant who had forged the documents or tampered with the official records with any malafide intention.

30. Finally, it was contended that the prosecution has failed to establish the charge of criminal conspiracy. There is no evidence of

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any prior meeting of minds or any nexus between the first

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accused/appellant and A2 to A4. Further, the prosecution has not traced any pecuniary or financial benefit accruing to the first accused/appellant. In the absence of any evidence establishing either conspiracy or wrongful gain, the conviction recorded against the first accused/appellant is unsustainable in law.

31. A perusal of the records and the submissions made by the learned Special Public Prosecutor for CBI Cases reveals that there are four accused in the case, of whom the appellant herein is arrayed as A1. It is also brought to the notice of this Court that the first accused is now more than 80 years of age now.

32. The sanctioning authority accorded sanction to prosecute the first accused, and the sanction order was marked as Ex.P1 through P.W.1. P.W.1 deposed that sanction was accorded to prosecute the first accused for the offences punishable under Sections 120B read with 420 of IPC, 420, 467, 467 read with 471 of IPC, and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988.

P.W.2, the then Branch Manager of the Union Bank of India, deposed
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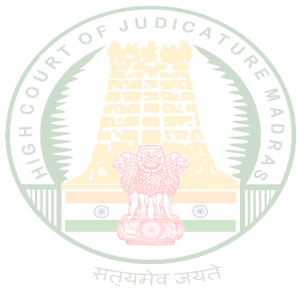


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that he was vested with the power to sanction credit facilities up to Rs.25,00,000/-. According to him, the first accused was working as in-charge of the Advance Department and had no independent authority to sanction any credit facility.

33. P.W.2 The Manager stated that, after personally inspecting the property offered as collateral security, he sanctioned credit facilities of Rs.5,00,000/- each under the Packing Credit and AFDBC schemes. The credit vouchers, marked as Exs.P16 to P18, bear the initials of the first accused. According to P.W.2, his signatures found on those vouchers had been forged.

34. P.W.2 further deposed that there were visible alterations in Ex.P6, namely, the sanction advice, which had been prepared and maintained by the first accused. According to him, the AFDBC limit originally sanctioned for Rs.5,00,000/- had been altered to Rs.20,00,000/-. Likewise, the value of the collateral security, originally shown as Rs.7,00,000/-, had been altered to Rs.47,00,000/- by inserting the digit "4" before the figure "7".



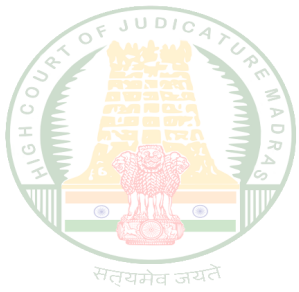
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35. P.W.3, the then Senior Manager, also deposed regarding the

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duties performed by the first accused in the Advances Section. During scrutiny of the sanction and appraisal records, he noticed several discrepancies. In particular, he found that the AFDBC limit had been altered from Rs.5,00,000/- to Rs.20,00,000/-. Similarly, the value of the collateral security had been altered from Rs.7,00,000/- to Rs.47,00,000/-, though the valuation report reflected the value only as Rs.7,00,000/-. He also noticed alterations in Ex.P6. According to P.W.3, the loan sanction records were in the custody of the first accused.

36. P.W.5, the Senior Manager, deposed that an expert team had inspected the premises of M/s. Vee Bee Apparels following the non-realisation of the bills. P.W.6, who was working as an Assistant Manager and assisting the first accused in the Advances Section, deposed that she made the necessary entries in the numbering register marked as Ex.P.12 relating to the bills of M/s. Vee Bee Apparels, only, on the instructions of the first accused. She further stated that she prepared the vouchers relating to the said bills strictly as per the instructions of the first accused.

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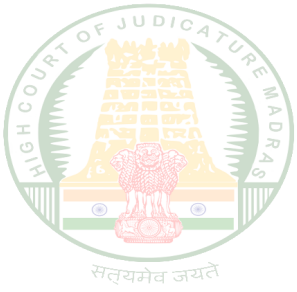


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37. P.W.8, the approved valuer, deposed that he had inspected the property offered as collateral security and assessed its value at Rs.7,00,000/-. His valuation report was marked as Ex.P5.

38. P.W.9, the another Senior Manager, deposed that he conducted an enquiry into the irregularities in the advance account of M/s. Vee Bee Apparels and found that the sanction records had been tampered with. According to him, the AFDBC limit had been altered from Rs.5,00,000/- to Rs.20,00,000/-, and the value of the collateral security had similarly been altered from Rs.7,00,000/- to Rs.47,00,000/-.

39. P.W.10, the then Chief Manager deposed that, during the course of the enquiry, he directed the first accused to produce the original sanction advice relating to M/s. Vee Bee Apparels. When the first accused produced the document, it was found that the sanctioned AFDBC limit had been altered from Rs.5,00,000/- to Rs.20,00,000/- and the value of the collateral security had also been altered from Rs.7,00,000/- to Rs.47,00,000/-.

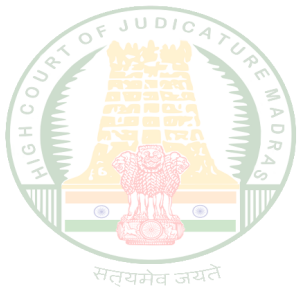


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40. The evidence of P.W.12, another Senior Manager, also corroborates the evidence of P.Ws.2, 3, 9 and 10 regarding the alterations found in the sanction records.

41. It is the prosecution case that, on the instructions of the first accused, P.W.6 prepared Exs.P15 to P19 and handed them over to the first accused. The prosecution further contends that this fact was not specifically disputed by the first accused during his examination under Section 313 Cr.P.C. According to the prosecution, the first accused manipulated Ex.P6 and used the altered sanction advice as a genuine document to facilitate the transfer of funds to M/s. Vee Bee Apparels, in which A2 to A4 were partners.

42. It is true that no formal complaint was lodged by the Bank. However, the FIR (Ex.P33) came to be registered by the respondent on the basis of source information. The mere absence of a formal complaint from the Bank does not, by itself, invalidate the registration of the FIR or the investigation conducted by the respondent.



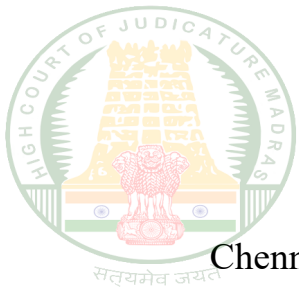
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43. The evidence of P.Ws.2, 6 and 9 consistently establishes that the first accused was in charge of the Advance Department. P.W.10 has categorically deposed that, when he directed the first accused to produce the original sanction advice, the first accused produced the same from his own custody. This clearly establishes that Ex.P6 was in the exclusive custody of the first accused. Significantly, this aspect of the evidence has not been effectively challenged during cross-examination.

44. Thus, the oral and documentary evidence adduced by the prosecution establishes that the Ex.P.6 sanction advice had been altered while it was in the custody of the first accused. Therefore, the prosecution has categorically proved all the charges as against the first accused beyond reasonable doubt. Accordingly, the trial Court was justified in recording the conviction against the first accused.

45. In view of the foregoing discussion, this Court finds no infirmity, illegality, or perversity in the Judgment of Conviction and Sentence passed by the learned XI Additional Judge for CBI Cases, 20/22



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Chennai – 600 001 (CBI Cases relating to Banks and Financial Institutions), in C.C. No.30 of 2004, dated 27.02.2015.

46. Accordingly, the Criminal Appeal stands dismissed. Consequently, the conviction and sentence imposed by the trial Court are hereby confirmed.

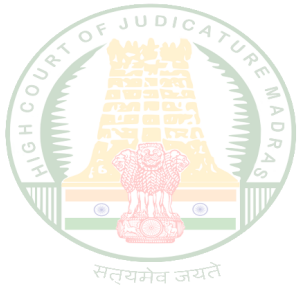
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Index : Yes/No
Neutral citation : Yes/No
Speaking/non-speaking order

Vv

To

1. The XI Additional Judge for CBI Cases, Chennai-600 001 (CBI Cases relating to Banks and Financial Institutions)
2. The Inspector of Police,
SPE/CBI/ACB, Chennai.
3. The Public Prosecutor for CBI Cases,
Madras High Court, Chennai.



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G.K.ILANTHIRAIYAN, J.

Vv

**Pre-delivery Order
made in
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30.07.2026