



CrI.A.No.124 of 2015

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 12.02.2026
PRONOUNCED ON : 09.06.2026

CORAM

THE HONOURABLE MR.JUSTICE M.NIRMAL KUMAR

CrI.A.No.124 of 2015

V.R.Narayanan

... Appellant

Vs.

The Deputy Superintendent of Police,
CBI, BF & FC / Bangalore
3rd Floor, Kareem Towers,
Bangalore.

... Respondent

Prayer: Criminal Appeal filed under Section 374 of Cr.P.C., to set aside the judgment and sentence dated 16.02.2015 passed in C.C.No.61 of 2000 on the file of the learned XI Additional City Civil and Sessions Judge (CBI Cases relating to Banks and Financial Institutions), Chennai and acquit the appellant.

For Appellant : Mr.R.Amizhdhu

For Respondent : Mr.R.Mohan
Special Public Prosecutor (CBI Cases)



JUDGMENT

WEB COPY

This Criminal Appeal is filed to set aside the judgment and sentence dated 16.02.2015 passed in C.C.No.61 of 2000 by the learned XI Additional City Civil and Sessions Judge (CBI Cases relating to Banks and Financial Institutions), Chennai and acquit the appellant.

2.The appellant/A1 in C.C.No.61 of 2000 was convicted by the Trial Court by judgment dated 16.02.2015 and sentenced him to undergo one year simple imprisonment and to pay a fine of Rs.5,000/-, in default, to undergo three months simple imprisonment for the offence under Section 13(2) r/w. 13(1)(d) of Prevention of Corruption Act.

3.The case of the prosecution is that Vigilance Officer, Bank of Baroda, Central Office, Mumbai lodged a complaint to CBI, who registered a case in R.C.No.6/E/96/Cbi/BS&FC/BANGALORE on 31.10.1996 against accused persons. In this case, A1 and A7 are public servants, who were working as former Managers/Chief Managers in the Industrial Finance Branch (IFB), Bank of Baroda. It is alleged that A1 and A7 entered into a



criminal conspiracy with A2 to A6 by opening business accounts, thereby cheated and misappropriated public money and not utilized the same for the purpose for which it was granted. As regards A1 and A7, they had given false stock report. In this case, on the application of A5 Company (M/s.Corium Crafts Private Limited) initially packing credit facility to the extent of Rs.30 lakhs, foreign bills purchase facilities to the extent of Rs.45 lakhs sanctioned and later it was enhanced from time to time up to Rs.110 lakhs as packing credit and Rs.25 lakhs in regard to tobacco and beedi leaves, Rs.32.50 lakhs as Packing credit and Rs.20 lakhs by way of foreign bills purchase facility in regard to leather, totaling to Rs.187.50 lakhs between the period 1991 and 1994 was sanctioned.

4.In order to avail the said Packing Credit limit, A5 Company on 20.05.1992 informed the Bank that they were purchasing the goods from M/s.RR Enterprises for Rs.18 lakhs, M/s. Amul Tobacco Company for Rs. 25 lakhs and M/s.Prashant Traders for Rs. 23.50 lakhs and requested the Bank to directly disburse the amounts to the said firms. It was further declared that these firms possessed sufficient stock and corresponding stock statements submitted to the Bank. The entire amount advanced to A5



Company to be secured by the stocks of tobacco and by immovable properties held by Mr.D.Venkataraman and Mrs.V.Neelambal. Further, all the Directors of the Company extended their personal guarantees. As per the stock statements, large quantities of tobacco stock are shown to be stored in seven godowns situated in and around Anand and Baroda in Gujarat. However, since no export shipment took place for a considerable period after sanction of loan, the Chief Manager of IFB, V.R.Narayanan, the appellant herein conducted inspection and submitted a report favouring A5 Company. A7 took over charge as Chief Manager after A1, he also inspected the stocks and gave a report in January 1994. Since the Company failed to carry out exports or show genuine business activity, the Regional Office deputed R.R.Sharma/PW6 along with other officials to conduct a detailed inspection between 24.11.1994 and 30.11.1994.

5.The inspection report revealed shocking findings, no stock was available at the declared locations, the addresses in Gujarat were fake and fictitious, no godowns existed and in one instance, the location was found to be a potato field. The beedi stocks allegedly stored at Tuticorin was of negligible quantity and not commensurate with the declared quantities.



WEB COPY

Later it was also found that the amount to be transferred to the suppliers of leather and tobacco found to be accommodating against fictitious account opened in the name of C.H.Ramakrishnan and all the accounts have been introduced by A2. Thus, diversion and siphoning of funds were clearly established. Thereafter, complaint lodged to CBI, who registered FIR, recorded statement of witnesses, collected documents, suspected documents sent to Handwriting Expert, collected report from Handwriting Expert and in the enquiry, it was found that C.H.Ramakrishnan was merely a manual labourer in a shipping agency and not a businessman. His wife confirmed that they were living in a small one-room house with meagre income and she further confirm that the signatures attributed to her husband in the bank documents were forged. The driver of A2 confirmed that A2 used to give cheques which he would encash through Bank of Baroda MRC Nagar Branch and SIET Branch and hand over the cash to A2. Thus, misappropriation, cheating and siphoning of funds proved and on conclusion of investigation, charge sheet filed. During trial, PW1 to PW33 examined and Ex.P1 to Ex.P200 marked on the side of the prosecution. On the side of the defence no witness examined and documents Ex.D1 and Ex.D2 marked. On conclusion of trial, the Trial Court convicted the appellant/A1 as stated



Crl.A.No.124 of 2015

above and convicted the other accused, namely, A2 to A7 to undergo imprisonment till the rising of the Court and to pay fine.

WEB COPY

6.The learned counsel appearing for the appellant submitted that the appellant joined as Chief Manager, Industrial Finance Branch (IFB) of Bank of Baroda, Chennai in November 1991 and posted there till his superannuation on 31.10.1993. In this case A5 Company made an application for Packing credit facility of Rs.30 lakhs and FMB Facility of Rs.50 lakhs on 15.04.1991 and further A5 opened a current account in the Branch on 12.06.1991. Thus, even before the appellant joined the concerned Branch A5 Company made application and term loan was granted well before. The periodical disbursement of loan was made by the Branch within the loan facilities sanctioned by the higher authorities. The Branch was only acting as median for disbursement of the sanctioned loan. The procedure for disbursement of loan was strictly followed as per the Bank rules and procedure. The borrower approached the Bank for disbursement of sanctioned limits projecting their requirements and based on the request letter to the officer-in-charge of the Accounts, who scrutinized the letter and after being satisfied about the request, submits it to the Manager along with



a note and on the basis of the note, the Manager authorize the disbursement.

The entire procedure is a coordinated work and each one role earmarked based on the documents submitted and notes prepared, concurred at various level both officers of the Bank, thereafter it reaches the Chief Manager for approval and thereafter, disbursement is ordered. There is no unilateral action taken by the Manager in loan disbursement procedure.

7.In the present case, as Manager the appellant not taken any independent decision. None of the bank witnesses stated that the appellant flouted any rules favouring A5 Company. During the year 1992, A5 approached the Branch seeking enhancement of the loan facilities for the purpose of financing export of beedi leaves and tobacco to Srilanka. In support of their request, a contract from a prospective buyer in Srilanka is also produced. Since the Bank's policy was to promote exports, the Branch processed the proposal and forwarded the same to the higher authorities as the requested amount exceeded the sanctioning powers of the appellant. The proposal was accordingly submitted to the Zonal Office, which is the controlling authority. The Zonal Office scrutinized and processed the proposal and it was sanctioned by the Zonal Manager/Deputy General



Manager. The increase in facility was granted as packing Credit loan to enable the exporters to acquite the goods meant for export. The borrowers approached the bank for disbursement of loan to enable them to purchase beedi tobacco meant for export to Srilanka, they furnished the names of the suppliers based in Gujarat. The Bank, in accordance with the sanction, made payments directly to the suppliers through banker's cheques and crossed account payee cheques and not to the borrowers. The Bank obtained all requisite security documents including additional collateral security by way of equitable mortgage of immovable properties. Further, the Bank obtained prior clearance from the Export Credit Guarantee Corporation, a Government of India undertaking and Packing Credit Guarantee of the above Corporation, which is a guarantee for ensuring repayment. In addition, the Bank taken insurance cover.

8.The learned counsel for the appellant further submitted that after disbursement, the borrower, namely M/s.Corium Crafts Private Limited (A5) confirmed that the procured tobacco stocks were stored in godowns located in villages near Vadodara, Gujarat, particularly in Anand and Kheda Districts where tobacco is cultivated. The farmers also act as traders who have



godowns, where stocks of tobacco stored for curing and then distributed to various buyers. The packing credit loan sanctioned for purchase of goods for export and not on the basis of any stock inspection report. The exporters first purchase the stocks with Bank finance and store the goods in their godwon, inspection is subsequently done.

9.In the present case, loan was granted for export in the early 1992 and the goods were to be exported to Srilanka. The exporter, namely, A5 informed that the goods would be transported to southern ports, namely, Chennai, Tuticorin or Cochin and from there, it can be exported to Srilanka. Since the goods were to reach southern destination, there was no inspection of stocks at Gujarat. The Bank was waiting for the goods to arrive to one of the southern ports. Since there was a delay in arrival of goods, it was decided during early 1993 to carry out inspection. It was the appellant who wrote a letter to Zonal Office of the Bank at Vadodara to depute an Officer from one of their office to carry out inspection of the goods as they would be familiar with location and language. But the appellant received a reply from his counterpart in Gujarat that they are not in a position to spare anyone and was advised to arrange for inspection by Officer from petitioner Branch.

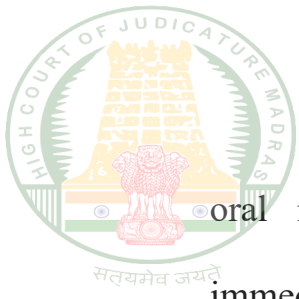


These communications are part of the records of the Branch for verification.

WEB COPY

Thereafter, he requested the Zonal Manager to depute an Officer to go to Gujarat along with an Officer from the Branch. The appellant/A1 went for inspection along with another Bank Official and submitted inspection report/Ex.P95 and Ex.P96. The inspection was carried out between 20.02.1993 and 22.03.1993. During inspection stocks stored at various Centres in Ambica Tobacco Company, Kheda District, Patel Tobacco Stores, Kheda District, Shiv Trading Company, Kheda District, Mahavir Traders, Kaira District, Ramdev Tobacco, Kheda District, Ganesh Trading Company, Panchmahals District, all inspected and enquired with the stock holders who confirmed that they are holding stocks for supply to A5 Company. It was also found that all stocks duly insured. It is pertinent to note that insurance coverage will be done after physical verification. Upon being satisfied that the stocks insured and that the loan was adequately secured by mortgage, the appellant submitted a detailed inspection report/Ex.P95 and Ex.P96 to the Zonal Office.

10.The learned counsel for the appellant further referring to Ex.P38 submitted that the appellant recorded a note on 21.05.1992 that “with the



WEB COPY

oral instructions of DGM, additional security need not be insisted immediately and can be endeavoured in 3 to 4 months”. He further submitted that A5 Company requested for release of a sum of Rs.2,00,000/- by a letter/Ex.P56 on 13.10.1992 which was declined by the appellant. He further referred to Ex.P57 and submitted that as per the directions of DGM, a sum of Rs.2,00,000/- was released on 14.10.1992. He further referring to Ex.P83 and submitted sanction for Rs.1,00,000/- as overdraft was requested for payment of wages and overtime to workers. The appellant recorded a note stating that he had detailed discussion with A2 and Mr.Vanan of the Company and reluctant to release but since they pleaded that non-payment of wages would result in closure of the factory and expose the company to penal action, considering as special case, amount was sanctioned. In Ex.P87, the appellant informed the DGM, South Zone, furnishing the details of the transactions. The Trial Court primarily convicted the appellant on the basis that the inspection report/Ex.P178 dated 05.12.1994 submitted by PW6 was in variance and contra to the report of the appellant dated 25.02.1993. The report of PW6 dated 05.12.1994 is almost 22 months after the appellant’s report. He further referring to Ex.P178 submitted that report of PW6 states that there is variance with regard to stock statement declared and



submitted by A5 Company dated 31.10.1994. in his report he stated that he

visited stock godown in Gujarat along with local branch officials of Bank of Baroda and enquired the villagers and others including the Manager (Agriculture) of Borsad Branch. But in the report, statement of persons who accompanied PW6 not annexed and they were not examined as witness in this case. PW6 in his evidence admits that he had not met the appellant or enquired with regard to the discrepancies found between two reports. He confirms that he only collected the stocks statement of A5 Company as on 31.10.1994. He further admits that there is correction and whitening a portion of the report. He admits that he does not know Gujarathi and gave an explanation that a person who knew Gujarathi interacted and recorded statement. In such circumstances, statements ought to have recorded and should form part of the report but who is the person, no details given, further no such person examined as witness. He admits that the stocks were completely covered by insurance and the stocks valued to the tune of Rs.1 Crore. The insurance coverage is only after physical verification and not on mirage. Further 22 months gap between the report of the appellant and the report of PW6 which is a wide period and the persons in District of Anand confirm that earlier there was a flood and demography of the place changed.



Thus the report Ex.P178 cannot be said to be a conclusive report in the absence of above infirmities.

WEB COPY

11.The learned counsel further submitted that in this case admittedly loan was sanctioned much prior to the appellant taking over charge as Chief Manager and after his retirement loan continued and thereafter when it became NPA, civil suit filed and now loan amount settled and repaid. The witnesses PW1 to PW3 were working in the same Branch who state that there have been no deviation of procedures. Added to it, the loan exceeded financial limit of the Branch and hence, it was monitored by the Regional Office and thereafter by the Zonal Office. The witnesses from the Regional Office and Zonal Office admit that they were monitoring the loan and the Branch was regularly informing the stage of loan, all these witnesses confirm that loan processed and proceeded as per procedure and there was no deviation. On a specific question, the Investigating Officer admits that none of the witnesses stated that there was any benefit gained by the appellant. Further, in this case A7 is the successor to the appellant who was identically placed and charged, sanction for prosecution for A7 denied by the appointing authority and all the accused in this case including A7 were only



given a moral conviction till rising of the Court with fine. Since the appellant retired from service on 31.10.1993 and no sanction required, he was charged under Section 13(2) r/w. 13(1)(d) of Prevention of Corruption Act and minimum sentence of one year was imposed against the appellant. He would further submit that on the side of the defence, two documents marked to show that the then Chief Manager T.N.Nagarajan submitted recommendation/Ex.D1 to sanction loan facilities to A5 on 29.06.1991 and the Branch recommendation/Ex.D2 submitted by the Chief Manager T.N.Nagarajan. He further submitted that on going through the above materials, it is clear that there is no misconduct committed by the appellant in any manner and he only followed the rules of the Bank and loan amount was secured with insurance coverage and property. Now the entire loan amount repaid. The appellant retired from service on 31.10.1993, it is almost 33 years and he is one step into grave, he is aged about 90 years and prays for justice.

12.In support of his contentions, the learned counsel for the appellant relied upon the decision in the case of *Arvind Sethi vs. Union of India*



reported in **2024 SCC Online Bom 100** for the point that the petitioner is not benefited from the above transaction in any manner.

WEB COPY

13.The learned Special Public Prosecutor appearing for the respondent submitted that M/s.Corium Crafts Private Limited initially availed Packing Credit Facility to the tune of Rs.30 lakhs and Foreign Bills Purchase of Rs.25 lakhs, later it was enhanced from time to time to Rs.110 lakhs as Packing Credit and Foreign Bill Purchase facility to the tune of Rs.25 lakhs in regard to tobacco and beedi leaves and Rs.32.50 lakhs Packing Credit and Rs.20 lakhs by way of foreign bills purchase facility with regard to leather, totalling to Rs.187.50 lakhs. He further submitted that while availing Packing Credit facility A5 declared that tobacco stocks value of Rs.1 Crore was stored in various godowns at Gujarat and on the basis of the stock statement and stocks of tobacco at seven godowns in Gujarat in and around Anand and Baroda, Bank of Baroda, IFB Branch, Chennai, sanctioned Packing Credit Facility of Rs.70 lakhs to A5 Company.

14.He further submitted that the alleged stocks of tobacco in various godowns in Gujarat are not in existence and A5 represented by A2 gave a



false declaration by submitting a false stock statement in respect of tobacco and leather. He further submitted that A5 not purchased and stored tobacco in godowns at Gujarat and A5 defaulted in repayment of loan availed and the loan account became NPA. On the instructions by Zonal office, A1 inspected seven godowns in Gujarat and submitted a false report to Bank of Baroda, IFB Branch with fraudulent intention to cheat the Bank by submitting his report Ex.P95 and Ex.P96. He further submitted that during January 1994 on the instructions of higher officials A7, succeeding Manager to A1 went to Gujarat for inspecting various godowns in Gujarat and submitted a report Ex.P125. This report was also by suppression of real facts. A1 and A7, Bank Managers conspired with A2, A3 and A6 in order to cheat Bank of Baroda, IFB Branch for availing financial facility and caused wrongful loss to the bank. Further, all the accused colluded with other to obtain illegal gain from Bank of Baroda. Three current accounts opened in the name of three fictitious companies, namely, R.R.Enterprises, M/s.Amul Tobacco Company and M/s.Prasanth Traders by A2 through C.H.Ramakrishnan (deceased) in Bank of Baroda, thereby diverted the entire amount through these fictitious accounts. PW6/R.R.Sharma, Manager (Credit), Purasawalkam Branch was directed to inspect the godowns of A5 at



various places in Gujarat and as per the instructions of Regional Office,

PW6 collected stock statement from the Branch and conducted inspection from 24.11.1994 to 30.11.1994 and submitted his report Ex.P178 which disclose that address referred by A5 Company in Ex.P126 to Ex.P131 were not available and found to be fictitious. He further reported that there was no stocks at the given address and Rs.70 lakhs availed by A5 by way of Packing Credit Facility was credited in three fictitious accounts in the name of C.H.Ramakrishnan. By submitting a false declaration to the Bank and without procuring any leather and tobacco, not stocked any goods in the godowns at Gujarat and Tamil Nadu, A2 to A6 in conspiracy with A1 and A7 committed misconduct, misappropriation and cheating. The Chief Vigilance Officer lodged a complaint Ex.P198, based on which FIR/Ex.P197 came to be registered and thereafter, investigation carried out after collecting documents and recording statement of witnesses and submitting documents including Handwriting expert opinion and charge sheet filed. During trial, PW1 to PW33 examined and Ex.P1 to Ex.P200 marked on the side of the prosecution and on the side of defence, no witness examined and documents Ex.D1 and Ex.D2 marked.



WEB COPY

15.Considering the submissions made and on perusal of the materials, it is seen that the undisputed fact is that the appellant joined as Chief Manager, Bank of Baroda, IFB Branch during November 1991 and he served in the Branch till he attained superannuation on 31.10.1993. The application for loan facility was on 15.04.1991 and loan was sanctioned on 06.07.1991 i.e., well before the appellant joined the Branch. It is seen from Ex.D1 and Ex.D2, loan proposal recommendation and project approval all given by one T.N.Nagarajan who was the previous Chief Manager but he was neither shown as an accused nor as witness in this case. The Bank of Baroda witnesses are PW1/L.Chandrasekaran, Credit Manager, Industrial Finance Branch, PW2/Ganapathi Subramaniam, Senior Manager, IFB Branch, PW3/Guruvayurappan, Branch Manager, Credit facilities of IFB, PW11/M.Rajendraprasath, Chief Manager, Chief Manager, Credit, Zonal Office, PW13/K.Ramalingam, Chief Manager Credit, Zonal Office, PW15/T.R.Sankaran, Senior Manager (Credit), PW18/B.V.Deendhayalu, Deputy General Manager, South Zone, PW19/G.A.Nayak, General Manager, South Zone, PW24/Rajeshwari, Credit Officer, Zonal Office and PW30/S.Swaminathan, Deputy General Manager, Zonal Office. Apart from



it, the other witnesses of Bank of Baroda are PW4 and PW29 from SIET College Branch, PW15 and PW31 from MRC Nagar Branch.

WEB COPY

16.Now, looking at the evidence of PW1 to PW3 from IFB Branch, their evidence is clear that loan facility was sanctioned by the previous Chief Manager to A5 and not by the appellant, after sanction of loans, it was credited to A5 account. PW1 as Credit Officer admits that his duty is to receive application pertaining to credit facilities, process the application, seek clarification, put up notes to the immediate superior and thereafter it will be verified and subsequently put up to the Chief Manager/appellant herein for appropriate decision. When A5 opened a current account and sought for export credit facilities, after collecting all details submitted the proposal to the Zonal Office which is Ex.P5. Since the Syndicate Bank, Overseas Branch the existing bank for A1, letter seeking opinion from Syndicate Bank was obtained. The proposal was submitted to the Zonal Office on 29.06.1991 and 06.07.1991, the Zonal Office sanctioned the limit. The Sanction Order Ex.P9 confirms the same. The mortgage of the property was created by a memorandum of deposit of title deeds on 18.07.1991, which is Ex.P16. Further, PW1 along with one Venkataraman inspected the



godown of A5 on 16.07.1991 prior to disbursement of loan. The inspection report for disbursement of Packing Credit and note was prepared by PW1 on 18.07.1991. Thereafter, additional amount sought for during October 1991 by Ex.P21 and Ex.P24. Thus, it is clear that request for grant of loan enhancement and additional facilities though submitted to IFB Branch, it was sent to the Zonal Office and it was only the Zonal Office where all documents scrutinized, processed and approved the same, admittedly during this period appellant not posted as Chief Manager of the Branch. The officials of Zonal Office, namely PW11, PW13, PW15, PW18, PW19 and PW24 confirmed in their evidence that A5 account was processed and followed up by Zonal Office and IFB Branch was taking prior instructions from the Zonal Office and thereafter loan disbursed. Earlier the appellant not satisfied with the business account he refused to release overdraft and the appellant observed that on the oral instructions of Zonal Manager, amount released.

17.It is to be seen that PW1 admits that at the request of A5, he put a recommendatory note for release of Rs.2 lakhs. This request was declined by the appellant. He further confirms that, so long PW1 was in the branch,



WEB COPY

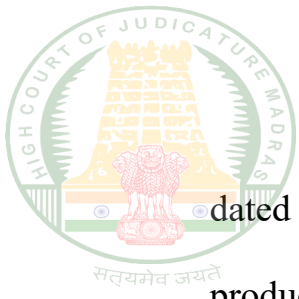
funds were released only after following the Banking procedure by the customer and the Manager acted on the notes made by the second-level officers the appellant not forced the second-level officers to write any note as per his directions. PW2 submits that loan transaction in this case, during his period, was sanctioned by the Zonal Office and scrutiny was done by two or three officers. It is PW2 who prepared the note, based on which the appellant sanctioned the amount. Further, referring to the letter of DGM dated 03.12.1992, sanction of Rs.10 lakhs for Packing Credit was released. He submits that all instruments in this case passed in normal course of business. The house property is valued at Rs.1,36,09,000/- and after getting oral orders from DGM, Rs.10 lakhs released to export beedi leaves. He also confirms that the Branch was insisting, sending letters to A5 ensuring regular and prompt payment. PW3/Guruvayurappan deposed primarily against A7 and he confirms that loan was processed in the normal course.

18.The witnesses from Zonal Office admits that along with Ex.P95 and Ex.P96 six letters in Gujarati language obtained from the respective godowns annexed to the report. The stock was valued at around Rs.1,35,00,000/- and the parties were maintaining records and registers



tallying with actual stocks. It is further submitted that the collateral security documents addressed to PW18/Deputy General Manager. The evidence of PW15/Senior Manager Credit, Zonal Office is that he inspected Chennai godown of A5 at Ekkatuthangal and found the stocks to be unsatisfactory, but the Zonal Office insisted on continuing the business with A5. PW18/Deputy General Manager confirms that one Mr.Prasad, Chief Manager of Zonal Office was handling the account of A5. He submitted a report to him and thereafter on the note put up to him, directed for inspection of the godown and A1 was deputed for inspection. Initially, A1 requested to have the inspection conducted by a counter part from Bank of Baroda, Gujarat since they expressed inability to spare and depute officials for inspection, thereafter only A1 went for inspection. The inspection report submitted by A1 is a detailed one giving details with annexures. For almost 22 months there was no doubt with regard to the report and periodical monthly statements received from A5 exporter. When the loan become NPA, doubts raised and PW6/R.R.Sharma was directed to conduct fresh inspection by PW19 and submitted his report Ex.P178.

19.The discrepancy between Ex.P95, Ex.P96 and Ex.P178 forms the crux of the case. The appellant conducted inspection and submitted report



dated 25.02.1993, 22 months thereafter second report dated 05.12.1994

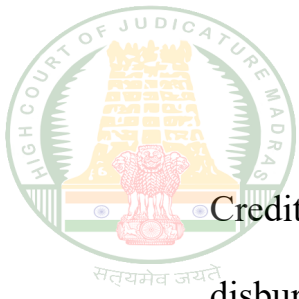
produced. It is to be seen that in between A7 submitted a report Ex.P75.

Nowhere in the report it is stated that godowns not existed or stocks unavailable, on the contrary, interaction with godown operators and physical verification of stock recorded. It is to be seen that for the stocks held in the six godowns on behalf of A5, stocks insured and insurance coverage amount paid. The insurance officials conduct physical verification, assess the value and thereafter determine the cover of insurance. In this case, the entire stocks on the date of inspection was covered by insurance. Hence, for the goods available at that point of time insurance paid. From the report of PW6, it is seen that the agriculturist confirmed that in that region growth of tobacco is predominant and there was heavy flood, due to which tobacco stocks moved out. In this case, flooding was devastating, causing wide spread property and infrastructure destruction and the entire topography changed. The report of PW6 though mentions taking assistance from Agricultural Officers and others, but report not with any statement or supporting materials. It is to be seen that since the loan became NPA, this inspection was ordered and report collected. It is quite natural that bank officials to absolve themselves from their liability and to shred the



responsibilities try to shift the blame on others. In this case, though feeble attempt made by the prosecution to show that six godowns shown in the report Ex.P95 is not available, to confirm the same examined PW22/Branch Post Master, Batpura Post, Anand, Gujarat, merely by examining the Post Master is not sufficient. It is the Public Relation Officer (PRO) in Postal Department who is authorized to conduct enquiry to verify address and availability of person in the said address. They also maintain a register showing the door number and the person residing there. It is the PRO who have to visit the place, conduct enquiry, record statement and thereafter submit a report. In this case, no such procedure followed and no report from PRO collected, on the other hand examined PW22, shown Ex.P102 and Ex.P130, Stock Position Statement of M/s.Ambika Tobacco Company and based on which, he states no such Company exists which is not proper. Further PW22 admits for the first time in the Court Ex.P102 is seen by him. Hence by examining this witness coming to a conclusion that no such address exists and address shown in Ex.P95 and Ex.P96 are fictitious is not proper.

20.In this case, it is the appellant who took steps to inform Export



Credit Guarantee Corporation and insurance cover obtained for the loans disbursed. One Maruthavanan who accompanied appellant during stock verification in Gujarat not examined. The Investigating Officer admitted that the appellant is not benefited in any manner and not involved in the transaction of the other accused. Further he re-confirms that all the Packing Credit facility and other facilities sanctioned only by Zonal Office on the recommendation of Branch office. Thus the appellant followed the procedure after informing the Zonal office and after getting approval and directions, loans have been disbursed periodically. PW30 is the Deputy General Manager, Bank of Baroda who put in 40 years of services in the Bank deposed with regard to the Packing Credit facilities and Foreign Bills purchase facilities. He elaborated with regard to the documents which have to be collected and how the loans are disbursed and submission of periodical stock statement by the exporter, progress and use of funds by the exporter for shipment to be examined. The rest of the witnesses are not concerned or connected to the overt act of the appellant. In this case, the entire loan amount repaid.

21.Thus, from the above merely based on discrepancy in the



Crl.A.No.124 of 2015

inspection report given by the appellant and the inspection report given by PW6 after 22 months cannot be a sole basis for conviction, more so for non-availability of address and persons not verified and proved in the manner known to law. Further, the appellant is now aged about more than 90 years. In this case, the prosecution failed to prove the case beyond all reasonable doubt. Hence, this Court finds the conviction of the appellant not sustainable, thereby the conviction is set aside and the appellant is acquitted from all charged.

22. Accordingly, the judgment in C.C.No.61 of 2000 dated 16.02.2015 passed by the learned XI Additional City Civil and Sessions Judge (CBI Cases relating to Banks and Financial Institutions), Chennai is set aside and the appellant is acquitted from all charges.

23. In the result, the Criminal Appeal stands allowed.

09.06.2026

Index : Yes/No
Speaking Order/Non Speaking Order
Neutral Citation: Yes/No
cse



CrI.A.No.124 of 2015

WEB COPY

To

- 1.The Deputy Superintendent of Police,
CBI, BF & FC / Bangalore
3rd Floor, Kareem Towers,
Bangalore.
- 2.The XI Additional City Civil and Sessions Judge
(CBI Cases relating to Banks and Financial Institutions),
Chennai.
- 3.The Special Public Prosecutor (CBI Cases),
High Court, Madras.



WEB COPY



CrI.A.No.124 of 2015

M.NIRMAL KUMAR, J.

cse

Pre-delivery judgment made in

CrI.A.No.124 of 2015

09.06.2026