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IN THE HIGH COURT OF JUDICATURE OF MADRAS

Reserved on : 10.09.2026
Pronounced on : 30.10.2026

CORAM:

THE HON'BLE MR.JUSTICE M.NIRMAL KUMAR

CRL.A.No.850 of 2019

V.G.Krishnan ... Appellant / Accused

Vs.

Inspector of Police,
Central Bureau of Investigation,
CBI / ACB / Chennai ... Respondent / Complainant

PRAYER: Criminal Appeal is filed under Section 374(2) of the Code of Criminal Procedure, 1973, against the judgment dated 29.11.2019 passed in C.C.No.2 of 2009 on the file of the learned XI Additional Special Judge for CBI Cases (Relating to Banks and Financial Institutions), Chennai, convicting and sentencing the appellant.

For Appellant : Mr.A.Ramesh
Senior Counsel
For Mr.G.R.Hari

For Respondent : Mr.K.Srinivasan
Special Public Prosecutor
for CBI Cases.

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JUDGMENT

This appeal is directed against the Judgment, dated 29.11.2019, in C.C.No.2 of 2009, on the file of the learned XI Additional Special Judge for CBI Cases (Relating to Banks and Financial Institutions), Chennai ('the trial Court'), by which, the appellant, who figured as the second accused in the charge sheet in C.C.No.16 of 2008 and whose case was split up as C.C.No.2 of 2009, found guilty, convicted for the offences under Section 120-B r/w Sections 420, 467, 468 and 471 r/w 467 IPC and Section 13(2) r/w 13(1)(d) of the Prevention of Corruption Act, 1988 ('the Act'). He was sentenced to undergo three years' Rigorous Imprisonment and to pay a fine of Rs.5,000/-, in default to undergo six months' Simple Imprisonment, on each count, the substantive sentences ordered to run concurrently. He was further directed under Section 357(1) Cr.P.C. to pay a sum of Rs.20,00,000/- (Rs.15,00,000/- towards the loan amount and Rs.5,00,000/- towards interest and other loss) to Indian Bank, Royapuram Branch, within three months, failing which the Bank given liberty to proceed in accordance with law after the period of appeal.

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2.The case of the prosecution is as follows:-

(i). On source information gathered by the Bank, the Central Bureau of Investigation, Anti-Corruption Branch, Chennai, registered a case in R.C.No.55(A)/2005m on 28.10.2005 (Ex.P72, the FIR) against one N.K.Ravindran, who working as Branch Manager, Indian Bank, Royapuram Branch, Chennai, from September 2002 to March 2003, and five other persons, the proprietors of Firms alleged to be fictitious, on the allegation that open cash credit facilities of Rs.15 lakhs each sanctioned to those Firms on forged documents in pursuance of a conspiracy. At the conclusion of investigation, the Investigating Officer (PW11) formed the view that the five accounts were independent in nature and not part of a single conspiracy, and filed five separate charge sheets on 28.12.2007.

(ii). The charge sheet relevant to this appeal concerns M/s.R.S.V. Chemicals Corporation, said to be a proprietary concern of 'V.G.Krishnan', taken on file as C.C.No.16 of 2008, against (A1) N.K.Ravindran, Branch Manager; (A2) V.G.Krishnan alias V.Gopalakrishnan, the appellant herein, the alleged borrower; (A3) A.S.Suresh, the guarantor; and (A4) K.B.Sampath, the Bank's approved valuer. According to the prosecution, on 01.03.2003 the Firm applied to the Branch for a Trade Well Loan / Open Cash Credit of Rs.15 lakhs, furnishing forged and fabricated documents, namely Sale Deeds, Encumbrance Certificates, House Tax receipt, and

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TNGST and CST Registration Certificates, in respect of properties S.No.91/3B, Naravarikuppam (in the name of K.S.Purushothaman) and S.No.144/4A, Padianallur (in the name of Kuppusamy) offered as collateral. A1 abused his position, sanctioned and released the facility, A3 stood guarantor, A4 issued a false valuation report, the funds were diverted and the Bank suffered a loss of Rs.17,26,423/-.

iii. Summons could not be served on the appellant either during investigation or after cognizance. His case was therefore split up and numbered as C.C.No.2 of 2009 on 26.02.2009. In C.C.No.16 of 2008, A1 and A4 convicted by Judgment, dated 26.11.2013 and A3 died during trial. A non-bailable warrant issued on 08.05.2017, executed on 11.05.2017 at Alwarpet, Chennai, and the appellant produced before the trial Court on 12.05.2017, remanded and later released on bail by this Court. He deposited a sum of Rs.15,00,000/- in the trial Court on 31.05.2017 to demonstrate his bona fides.

3. The charges framed on 22.02.2018. The appellant denied the charges. The prosecution examined PW1 to PW12 and marked Exs.P1 to P79. No witness examined on the side of the defence; Exs.D1 to D6 marked through the prosecution witnesses. They are: Ex.D1 series, copies of PAN card, driving licence, family card and B.A. degree certificate in the name of V.Gopalakrishnan; Ex.D2, departmental enquiry report against A1; Ex.D3, charges framed by

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the trial Court; Ex.D4, medical certificate issued on arrest; Ex.D5, non-bailable warrant; and Ex.D6, remand application. When questioned under Section 313 Cr.P.C. on the incriminating circumstances, the appellant denied them.

4. The defence of the appellant, as recorded by the trial Court, is that his name is V.Gopalakrishnan, as found in his educational certificates, PAN card, Passport and other documents. He signs in short form as 'V.G.Krishnan'. In 1998, he joined the establishment of A3, A.S.Suresh, Thirumalai Enterprises, in which more than forty persons employed, and on joining, gave three passport size photographs and his residential address to A3. He left the job, when the establishment fell on bad days. He never visited Royapuram Branch of Indian Bank, never applied for any loan and never signed any loan document. A3, in collusion with A1, misused appellant photograph, forged the signature 'V.G.Krishnan' to cheat the Bank. He learnt of the case only when he was arrested at his residence in 2017.

5. The trial Court, after referring to the oral and documentary evidence, held that: (i) the appellant's real name is Gopalakrishnan, but the bank officials PW1 and PW2 identified him in Court as the Proprietor, who met the Branch Manager, PW12 traced and arrested him, which established that V.Gopalakrishnan and 'V.G.Krishnan' are

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one and the same person; (ii) the appellant gave no special reas why he signed as 'V.G.Krishnan' though his name is Gopalakrishnan; (iii) the evidence of PW3 to PW9 and the records produced showed that the collateral and statutory documents forged and that the firm was non-existent; (iv) A1 and A4 convicted in C.C.No.16 of 2008 and A3, who was the appellant's employer at the relevant time, died during trial; (v) the Bank suffered loss, as shown in Ex.P79; and (vi) the appellant evaded the process of the Court. The trial Court accordingly held all five charges proved and convicted the appellant.

6. Mr.A.Ramesh, learned Senior Counsel appearing for the appellant, submitted that the appeal has substantial merit. According to him, the only material against the appellant is that his photograph is found in the account opening form (Ex.P1). The Investigating Officer (PW11) admitted that no witness identified the appellant during investigation. PW1 and PW2 had no direct knowledge of the dealings with the appellant. The handwriting expert (PW10) not connected any questioned writing with the appellant. Ex.P79, statement of account, marked through the Investigating Officer without compliance with the Bankers' Books Evidence Act, 1891; there is no evidence of conspiracy; and the direction to pay Rs.20,00,000/- as compensation in addition to fine is contrary to Section 357 Cr.P.C.

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7. The learned Senior Counsel further submitted that, in the present case, 11 witnesses viz., PW1 to PW79 had been examined and documentary evidence Ex.P1 to P79 and Ex.D1 to D6 had been marked. P.W.1 was the Assistant Manager of Indian Bank, Royapuram Branch, through whom documents relating to the bank transactions, namely, Exs.P.1 to P.51, were marked. PW2 / V.Kanagaraj was a Clerk attached to the same branch. He stated that the signatures of the borrower and the guarantor obtained by the Branch Manager, N.K. Ravindran (A1 in the parent case). These were the two witnesses examined from the Bank. The inspection report prepared by K.Lakshmanan, Senior Manager, Indian Bank, which led to initiation of the case and formed the basis of the prosecution, was marked through the Investigating Officer and not through its author. No reason had been assigned for not examining the officer, who prepared the report. The other witnesses including P.W.4, the Sub-Registrar, Red Hills; P.W.5, the Commercial Tax Officer; P.W6, the Sub-Registrar, Ambattur; and PW8, the Sub-Registrar, Ponneri. Their evidence related to the registration of documents and the business transactions concerning M/s. R.S.V. Chemicals Corporation. P.W.3 was the son of Kattan, while P.W.7 was a vendor to Kattan. P.W7 purchased the property from Purushothaman and subsequently sold it to Kattan. P.W.9 was the son of Rehmat Beevi and spoke about the properties purchased by his parents. P.W.10 was the Scientific Officer attached to the CFSL, Chennai. He examined the questioned

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documents along with the specimen writings and signatures of N. Ravindran(A1), A.S.Suresh(A4), K.B.Sampath(A3) and K.S.Purushothaman, who were connected with the parent case in C.C.No.16 of 2008, as well as the writings and signatures attributed to the appellant.

8. The learned Senior Counsel further submitted that, except for the appellant's photograph appearing in the account-opening form, no other document shown to have been signed or filled in by the appellant. Nor had it been established that he undertaken any transaction in connection with obtaining the loan of Rs.15 lakh or diverting or misappropriating the loan amount. On the contrary, according to the learned Senior Counsel, the witnesses admitted that they had not seen the appellant before the trial and had identified him for the first time in Court. P.W.10. The Scientific Officer, not concluded that the appellant created or forged any document. The learned Senior Counsel also relied on the evidence of PW11, the Investigating Officer, in this regard. When specifically questioned about whether the appellant's photograph in the account-opening form had been shown to the witnesses during the investigation for the purpose of identification, P.W.11 admitted that no such exercise undertaken. The learned Senior Counsel further submitted that the appellant had furnished his photograph when he joined Thirumalai Enterprises and that the photograph subsequently misused by A.S.Suresh. According to the defence, the handwriting expert's

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report indicated that the questioned signature appearing in t appellant's name corresponded with the specimen signatures of Suresh. Therefore, the learned Senior Counsel contended that the charges of forgery, using forged documents as genuine, cheating and misappropriation had not been established against the appellant. It was further contended that the trial Court failed to consider these aspects and overlooked material evidence on record. Further, the said A.S.Suresh / A3 died during the trial in the parent case.

9. Without prejudice to his submissions on the merits of the case, the learned Senior Counsel submitted that the appellant aged 77 years, with age related heath ailments. His son and daughter, both well educated and settled abroad, who have come forward to make good the loss allegedly sustained by the bank. He further submitted that, following his arrest at trial stage, the appellant deposited a total sum of Rs.15,00,000/- (Rs.7,00,000/- + Rs.8,00,000/-) before the XI Additional CBI Court, Chennai, by way of Demand Drafts, bearing Nos.982768496 and 982768489, respectively, on 31.03.2017, well before the charges framed on 22.02.2018. The learned Senior Counsel also relied on the fact that the proceedings had remained pending for a considerable period and submitted that the appellant's age, the amount already deposited and the circumstances of the case warranted appropriate relief. The dispute between the appellant and the Bank arose essentially out of a financial transaction of a

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predominantly civil nature. The appellant is a private individual; t Bank Manager (A1) and the valuer (A4) had already been tried and convicted in C.C. No. 16 of 2008, by Judgment, dated 26.11.2013; the guarantor (A3) had since died. He further pointed out that the transaction related to the year 2003, FIR registered in October 2005, and the appellant's appeal pending since December 2019. In these circumstances, learned Senior Counsel submitted that the proceedings could be brought to an end on appropriate terms, relying upon the approach adopted by the Hon'ble Supreme Court and High Courts in the following decisions. *M.W. Mohiuddin v. State of Maharashtra*, [1995] 2 S.C.R (Dated: 21.03.1995): *B.S. Joshi v. State of Haryana*, (2003) 4 SCC 675: *Nikhil Merchant v. CBI*, (2008) 9 SCC 677: *Manoj Sharma v. State*, (2008) 16 SCC 1: *Bechaarbhai S. Prajapati v. State of Gujarat*, [2008] 3 S.C.R. 634 (Dated: 29.02.2008): *Gian Singh v. State of Punjab*, (2012) 10 SCC 303: *CBI v. Narendra Lal Jain*, (2014) 5 SCC 364: *Vinayak Narayan Deosthali v. Central Bureau of Investigation*, (Dated: 02.12.2014): *Naresh Chaubey v. CBI*, 2017 INSC 1121 (Dated: 16.11.2017): *Kothari Polymers Ltd. v. SIU(X)/SPE/CBI*, 2022 SCC OnLine SC 2078: *S.P. Damodaran v. The State*, Crl.A. No. 5587/2024 (Dated: 20.12.2024): *K. Bharathi Devi v. State of Telangana*, (2024) 10 SCC 384: *Tarina Sen v. Union of India*, 2024 SCC OnLine SC 2696: *K. Pounammal v. State*, 2025 INSC 1014 (Dated: 21.08.2025); *Ram Lal Dogra v. State (CBI)*, 2001 SCC OnLine Del 869 (Delhi High Court — Dated: 17.08.2001): *Sucha Singh v. State of Punjab*, MANU/PH/0088/2007 (Punjab and Haryana High

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Court — Dated: 03.02.2007): *Krishna Bihari Singh v. State Jharkhand*, 2006 SCC OnLine Jhar 653 (Jharkhand High Court — Dated: 01.09.2006): *Rajinder Kumar and Ors v. State of Punjab*, MANU/PH/4409/2010 (Punjab and Haryana High Court — Dated: 04.07.2010): *Som Lal v. State of Punjab*, 2010 SCC OnLine P&H 12629 (Punjab and Haryana High Court — Dated: 03.12.2010): *Rajendra Sharma v. State of Jharkhand through CBI*, 2011 2 JKJR 434 (Jharkhand High Court — Dated: 28.03.2011): *P. Devarajan v. State of Kerala*, 2011:KER:18123 (Kerala High Court — Dated: 30.05.2011): *Gangadhar Dubey v. State of Jharkhand*, 2012 SCC OnLine Jhar 1269 (Jharkhand High Court — Dated: 23.08.2012): *Yashpal and Ors v. State of Punjab*, 2012 SCC OnLine P&H 12497 (Punjab and Haryana High Court — Dated: 03.07.2012): *Vijay Kumar Tiwari v. State of Bihar*; Criminal Appeal (SJ) No. 297 of 2001 (Patna High Court — Dated: 07.08.2014): *Yogiraj v. The State of Maharashtra*, Criminal Appeal No. 436 of 2000 (Bombay High Court — Dated: 18.04.2016): *Diwakar Pandey v. State of U.P.*, Criminal Appeal No. 1370 of 2016 (Allahabad High Court — Dated: 15.12.2022): *S.V. Singh v. State of Madhya Pradesh*, 2025:CGHC:30264 (Chhattisgarh High Court — Dated: 03.07.2025)

10. Mr.K.Srinivasan, learned Special Public Prosecutor for CBI Cases, opposed the prayer. He submitted that the appellant stands convicted after a full trial of offences including those under Section

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13(2) r/w 13(1)(d) of the Prevention of Corruption Act, 1988, a under Sections 467, 468 and 471 IPC, which are not compoundable; as held in ***Gian Singh case***, a settlement cannot be the basis for quashing proceedings involving offences under special statutes like the Prevention of Corruption Act, and in ***State of Maharashtra v. Vikram Anantrai Doshi, (2014) 15 SCC 29***, the Hon'ble Supreme Court cautioned that where a bank is defrauded by a cleverly conceived contrivance, the matter cannot be treated as one of predominantly civil character in which accused can pay the amount and walk away. The sum deposited represents only the principal amount and not the interest and the other loss caused to the Bank. The Bank not issued any no-dues certificate and this Court, in ***N.S.Krishnakumar v. Inspector of Police, SPE CBI ACB, Chennai (Crl.O.P.No.25855 of 2024, order dated 15.04.2025)*** and in ***M.P.Balaji Prakasam v. State (Crl.O.P.Nos.11671, 11677, 12862 & 12867 of 2025, order dated 28.04.2025)***, declined to quash the proceedings at an advanced stage even though the dues had been settled.

11. The learned Special Public Prosecutor for CBI Cases would further submit that the prosecution examined P.Ws.1 to 11 and marked Exs.P.1 to P.79. According to the prosecution, P.Ws.1 and 2 spoken about the loan transaction. It was contended that the appellant appeared before Indian Bank, Royapuram Branch, executed

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the loan documents and furnished his personal particulars, pursua to which the loan had been processed. The loan transaction facilitated in collusion with the Branch Manager, N.K. Ravindran (A1 in the parent case). Documents had allegedly been created to represent that a business concern in the name of M/s. R.S.V. Chemicals Corporation as though existed. During investigation it was found no such copy existed which is proved before the trial Court. It was therefore contended that the offences of forgery and cheating committed by creating and using forged documents as genuine to obtain the loan.

12. This Court carefully heard the submissions made by the learned Senior Counsel for the appellant and the learned Special Public Prosecutor for the respondent, and perused the judgment of the trial Court and the records.

13. The questions that arise for consideration are:-

i. Whether the payment made by the appellant, in the circumstances of this case, can be given effect to by bringing the criminal proceedings to an end, notwithstanding that some of the offences are not compoundable under Section 320 Cr.P.C.?

ii. Whether the view taken by this Court in Crl.O.P.No.25855 of 2024 and Crl.O.P.Nos.11671, 11677, 12862 & 12867 of

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2025 stands in the way of such a course?

iii. If not, on what terms the appeal is to be disposed of?

14. Having considered the submissions made on either side and perused the materials on record, it is seen that 11 witnesses were examined in the present case. Their evidence may broadly be categorised as follows:-

(i) PW1 / M.Maruthan / Assistant Manager, Indian Bank, Royapuram Branch deposed regarding his duties in the loan section, processing loan applications under the instructions of Branch Manager N.K.Ravindran, obtaining signatures from the borrower and guarantors, and identifying various loan application documents, account opening forms demand promissory notes, guarantees, and financial statements; PW2 / Mr. V.Kanagaraj / Clerk, Indian Bank, Royapuram Branch, spoke about filling out several trade finance loan documents for M/s. R.S.V. Chemicals Corporation under the instructions of Branch Manager N.K.Ravindran, and noted that company seals and customer signatures were obtained by the manager; PW3 / Mr. K.Jothi / deposed hat neither he, his brothers, his sister, nor his late father ever mortgaged their property at Naravarikuppam with Indian Bank, Royapuram, and confirmed they have no connection with M/s. R.S.V. Chemicals Corporation.

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(ii). PW7 / Mr. R.Thanikachalam deposed that in 1983, purchased a plot in Naravarikuppam (Survey No. 91/3A) from K.S. Purushothaman and sold it the same year to A.Kattan, handing over all original documents to Kattan, and affirmed he never mortgaged the property to Indian Bank. PW9 / A.S. Amaan, Son of Late Abdul Salam and Rahmith Beevi deposed that his father purchased a plot in Padianallur (Survey No. 144) from Kuppusamy in his mother's name, where they lived until 1994 before selling it to Bukhari, and identified his late mother's signatures on documents. PW4 / Mr. K.Vijayakar / Sub-Registrar, Redhills deposed regarding his tenure at the Redhills SRO, clarified records concerning Padianallur village, and explained various encumbrance certificates and document entries. PW6 /G. Dakshina Murthy / Sub-Registrar, Ambattur deposed the maintenance of official registration books (Book 1 to Book 5) at the SRO and produced certified copies of foundational sale deeds (Exs.P56 to P59) and Encumbrance Certificates (Exs.P60, P61) relating to Survey No. 91/3B. PW8 / M.Pandiarajan / Retired Sub-Registrar / Spl. Superintendent spoke about records from the Ponneri SRO, producing true copies of sale deeds and mortgage deeds / Exs.P62 to P66, pertaining to Survey No. 144/4A; PW5 / K. Lakshmi Kantha / Commercial Tax Officer deposed regarding the registration procedures under the TNGST and CST Acts at the Vallalar Nagar Commercial Tax Office, and stated that office registers contained no records of the registration numbers claimed by M/s. R.S.V. Chemicals Corporation (Ex.P55);

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(iii) PW10 / N.Ravi / Principal Scientific Officer, CFSL testified as a handwriting expert regarding the scientific examination of questioned documents and signatures (Q-series) against specimen handwriting/signatures (S-series), detailing his findings and conclusions in his expert report (Ex.P71); PW11 / Sebastian V.D. Devasia / Inspector of Police, CBI/ACB / primary Investigating Officer who spoke the registration of the FIR (Ex.P72), conducted searches (Exs.P73 to P77), collected bank inspection reports and statements, and filed separate charge sheets after concluding the companies utilized forged documents. PW12 (Thiru K.Madhusudhanan / Inspector of Police, CBI/ACB) deposed regarding tracing and executing the Non-Bailable Warrant (NBW) against the absconding accused V.G. Krishnan (V. Gopalakrishnan) and producing him before the court.

15. On the side of the prosecution, P.Ws.1 to 12 witnesses were examined and Exs.P.1 to P.79 were marked. Exs.D.1 to D.6 were marked on the side of the defence through the prosecution witnesses. According to the FIR, six persons had initially arrayed as accused. Upon completion of the investigation, the charge sheet filed against four persons in the parent case, C.C.No.16 of 2008. The respective roles of the persons named in the FIR, including Dinesh Kumar Mishra, S.T.Andrew Thamba, S.Thiagarajan and V.Gopalakrishnan.

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The principal contention of the appellant is that, other than h photograph appearing in the account-opening form, no other document bearing his signature or handwriting was proved to have been executed by him in connection with the loan transaction. The appellant relied on the evidence of P.W.10, the Scientific Officer, and the expert report, Ex.P.71, in support of this contention. The evidentiary effect of the expert's opinion must be assessed with reference to the precise findings in Ex.P.71 and the testimony of P.W.10. The report conclusively exonerate the appellant.

16. Further, P.W.11, the Investigating Officer, admit that no specimen signatures or writings collected from the appellant. The appellant relied on this admission, along with the evidence of the Scientific Officer, contending that the prosecution not established appellant created any forged document or submitted such forged document knowingly to the bank with the intention of committing forgery, misappropriation and cheating. P.W.2 confirm that the bank officials filled up the documents, on the particulars furnished to them and on the directions of the Branch Manager, N.K. Ravindran. According to the defence, both Bank official witnesses PW1 & PW2 admit that they had not seen the appellant before and identified appellant for the first time in the dox. The fact that the appellant is the sole accused in the dock in the present split up case cannot, by itself, establish that he was the person involved in the alleged

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transaction. The evidence identifying the appellant must therefore be assessed in its entirety, in accordance with the applicable principles governing identification evidence.

17. The appellant identified in Court after a considerable lapse of time. In this context, the depositions of the witnesses in the parent case, C.C.No.16 of 2008, can be compared with their testimony in the present proceedings. If any material particulars concerning the appellant's alleged acts were omitted from their earlier testimony but introduced later, the nature and effect of those omissions and additions must be carefully examined to determine whether they amount to material improvements or exaggerations. The appellant contends that the prosecution has not established his involvement in the alleged forgery, use of forged documents as genuine, cheating or conspiracy. He also disputes the allegation that the evidence establishes appellant, conspired in commission of an offence under the Prevention of Corruption Act, 1988. These contentions must be considered in the light of the entire evidence on record and the findings recorded by the trial Court. The appellant without prejudice to his contention on merits made alternate suggestion and expressed his willingness to make good the loss sustained by the bank, over and above on the deposit of Rs.15 lakh already made. The loan transaction involved public money advanced by a Nationalised Bank. The prosecution relied on Ex.P.79 in support of the amount due to the bank.

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18. Thus, from the above, it is clear that the offences of conspiracy, creation of forged documents, and using forged documents as genuine are not sustainable. Hence, the conviction of the appellant for these offences is hereby set aside. Now, insofar as the offence under Section 420 is concerned, the appellant had already deposited a total sum of Rs.15,00,000/- (Rs.7,00,000/- + Rs.8,00,000/-) before the XI Additional CBI Court, Chennai, by way of Demand Drafts bearing Nos. 982768496 and 982768489, respectively, on 31.03.2017, even before the charges were framed on 22.02.2018. Thus, the amount of Rs.15,00,000/-, which is alleged to have been cheated, had already been deposited. The offence under Section 420 is a compoundable offence. Hence, in view of the above, this Court is inclined to consider the appellant's plea that the amount of Rs.15,00,000/- already deposited, together with the accrued interest, if any, shall be handed over to the Bank for appropriation towards the loan account. Over and above this amount, he is also willing to deposit a further sum of Rs.15,00,000/-.

19. The Hon’ble Supreme Court has repeatedly held that, in cases arising out of commercial or financial transactions and having an overwhelmingly and predominantly civil character, the High Court may, in appropriate circumstances, quash criminal proceedings where the parties have settled their dispute, the possibility of

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conviction is remote and bleak, and continuation of the proceedin would cause oppression and prejudice to the accused ***(B.S. Joshi v. State of Haryana, (2003) 4 SCC 675; Nikhil Merchant v. CBI, (2008) 9 SCC 677; Manoj Sharma v. State, (2008) 16 SCC 1; CBI v. Narendra Lal Jain, (2014) 5 SCC 364)***.

20. In ***Kothari Polymers***, the Hon'ble Supreme Court dealing with a case in which a loan facility was secured by an equitable mortgage of a property that had been mortgaged twice at different places on two sets of sale deeds. The FIR was registered in 2001 under Section 120-B r/w 420 IPC and Section 13(2) r/w 13(1)(d) of the Act, claiming a loss of Rs.5.50 crores to the Bank. The permission to prosecute the Bank Manager not granted, and the accused tried under Sections 420 and 120-B IPC. The trial reached the stage of examination of the accused under Section 313 Cr.P.C. when the accused settled the dues of the Banks, paying Rs.5.75 crores and obtaining no-dues certificates. The Hon'ble Supreme Court accepted that economic offences have a larger impact on society and that there could be little doubt about the role of the appellants in the light of the contours of Section 420 IPC. It nevertheless took note of the passage of eighteen years from the registration of the FIR, the settlement of the financial liability, and the fact that the conspiracy element could hardly stand without the Bank officers being prosecuted. The Court closed the proceedings,

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but on the condition that the accused pay costs of Rs.25 lakhs, to be divided between the prosecuting agency, for the time and money spent, and the Mediation and Conciliation Project Committee of the Supreme Court, for the wastage of judicial time. The Court observed that in such cases, the accused, who seek indulgence must pay both the agency and the system, and what was being accepted is, in substance, the principle of plea bargaining under Chapter XXI-A of the Code, in a manner that may bring long-pending trials in economic offences to an end in suitable cases.

21**.** As regards the stage of the proceedings, ***Narinder Singh*** **and** ***K. Bharathi Devi*** indicate that the High Court should ordinarily exercise caution in quashing criminal proceedings once the evidence has been completed. However, they do not lay down an absolute bar against granting such relief at that stage. In ***Kothari Polymers***, the Hon'ble Supreme Court brought the proceedings to an end after completion of the prosecution evidence, when the case reached the stage of examination of the accused under Section 313 Cr.P.C., subject to the payment of costs. This Court considers it appropriate to apply the principle underlying that decision, subject to the facts and circumstances of the present case.

22. The facts of the present case are, in several respects, comparable to those in ***Kothari Polymers***. The transaction relates to

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a bank loan of ₹15 lakhs sanctioned in 2003. The FIR registered October 2005 and charge sheet filed in December 2007. The appellant, who could not be traced for approximately nine years because the address available in the Bank's records found to be invalid, arrested in May 2017. The appeal against his conviction, recorded in November 2019, has been pending since December 2019. The appellant is 77 years old when the appeal was filed. The principal amount of the loan deposited before the Trial Court. The Bank Manager and the valuer convicted in C.C. No. 16 of 2008. The Bank, as the aggrieved institution, has thus received the principal amount, and no loss in respect of the principal remains outstanding.

23. Having regard to the above, this Court is of the view that this is a fit case in which the proceedings may be brought to an end, taking cue from the discussion of the Hon'ble Supreme Court in ***Kothari Polymers.*** This Court finds the appellant must, however, pay costs for the wastage of the time and resources of the prosecuting agency and the judicial system, and also to mark the seriousness of the offences alleged, which involve public money. Keeping in mind the amount of the loan, the loss to the Bank beyond the principal, as quantified by the trial Court at Rs.5,00,000/-, and the fact that the trial Court directed the appellant to pay a total sum of Rs.20,00,000/-, the appellant has already deposited Rs.15,00,000/-, as recorded above. It is, in a way, the cost of redeeming himself, as the Hon'ble Supreme Court put it.

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24. In view of the above, though this Court finds that t conviction under Section 420 IPC is sustainable, having regard to the peculiar facts and circumstances of the case and the judgments and guidelines laid down by the Apex Court in similar circumstances, this Court is inclined to compound the offence. The offence under Section 420 IPC is a compoundable offence and hence compounds the case, subject to the condition that the amount of Rs.15,00,000/- already deposited, together with the accrued interest, if any, shall be transferred/handed over to Indian Bank, Royapuram Branch, Chennai, towards the loan account, along with Rs.5,00,000/- presently deposited.

25. The appellant shall deposit a further sum of Rs.15,00,000/- within a period of four weeks from the date of receipt of a copy of this order, in the manner set out below.

26. In the result:

(i) This Criminal Appeal is allowed on the following terms and conditions:

(ii) The appellant shall, within four weeks from the date of receipt of a copy of this judgment, deposit a further sum of Rs.15,00,000/- (Rupees Fifteen Lakhs only), apportioned as follows:

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(a) A sum of Rs.5,00,000/- (Rupees Five Lakhs only) shall be deposited to the credit of C.C. No.2 of 2009 before the trial Court.

(b) A sum of Rs.5,00,000/- (Rupees Five Lakhs only) shall be deposited to the credit of the Superintendent of Police, Central Bureau of Investigation, Anti-Corruption, Chennai, in SB Account No.484062602.

(c) A sum of Rs.5,00,000/- (Rupees Five Lakhs only) shall be deposited to the credit of the Madras Advocate Co-operative Society Limited, Madras, in Account No.484022647 maintained with Indian Bank, Madras High Court Branch, Madras.

(iii) Upon compliance with the directions contained in clause (ii) above, the conviction and sentence imposed on the appellant by the judgment dated 29.11.2019 in C.C. No.2 of 2009, on the file of the XI Additional Special Judge for CBI Cases (Relating to Banks and Financial Institutions), Chennai, is compounded and is set aside. The appellant shall stand discharged from the charges.

(iv) The bail bonds, if any, executed by the appellant and his sureties shall stand cancelled.

(v) The appeal shall be listed before this Court on 01.12.2026 for reporting compliance.

30.**10.2026**

Index : Yes/No
Internet : Yes / No
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To

1. The XI Additional Special Judge for CBI Cases
   (Relating to Banks and Financial Institutions),
   Chennai.
2. The Inspector of Police,
   Central Bureau of Investigation,
   CBI / ACB / Chennai.
3. The Indian Bank,
   Royapuram Branch,
   Chennai;
4. The Madras Advocate Co-operative Society Limited,
   Madras.
5. The Special Public Prosecutor for CBI Cases,
   High Court, Madras.
6. The Public Prosecutor, High Court, Madras.

Note: Issue Order Copy on 03.11.2026.

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M.NIRMAL KUMAR, J.

VV2

Pre-Delivery Judgment made in
CRL.A.No.850 of 2019

30.10.2026

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