2026 INSC 936

Non-Reportable

IN THE SUPREME COURT OF INDIA
CRIMINAL APPELLATE JURISDICTION

Criminal Appeal No. 2460 of 2026

V. Balakrishnan

...Appellant(s)

Versus

State Rep by the Deputy Superintendent of Police

...Respondent(s)

J U D G M E N T

K.VINOD CHANDRAN, J.

The sole accused, A1, convicted among the five arrayed by the prosecution, is before us challenging his conviction and the sentence imposed. A2 and A4 died before the charges were framed and A3 was bedridden, in which circumstance the trial against him was split up. He is said to have expired now. The trial was conducted against A1 and A5, of which, the latter was acquitted.

2. Heard Sri S. Nagamuthu, learned Senior Counsel for the appellant and Sri Davinder Pal Singh, learned Additional Solicitor General for the respondent.

3. The charges against A1 were under Section 420 of the Indian Penal Code, 1860[1] read with Section 120B and Section 13(2) read with 13(1)(d) of the Prevention of Corruption Act, 1988.

4. A1 was working as a Branch Manager at the Indian Bank, Anna Nagar Branch, in the year 1991 and A2, an acquaintance, was a retired officer of the Indian Overseas Bank. The allegation is that with A2's connivance, A1 sanctioned loans in favour of A4 and A5, which in fact was appropriated by A2. A4 was a washerman, working in the house of A2, who had opened a current account in the branch, in which A1 was the Branch Manager. A1 recommended a loan of Rs.13,50,000/- for A4, styling A4 as a real estate businessman. A1 had also hurriedly sanctioned Rs.3,30,000/- to A4, even before the loan was sanctioned. The amount was disbursed to A2, who signed on the back of the cheque, confirming the receipt of cash.

5. Insofar as A5 is concerned, a loan of Rs.10,00,000/- was sanctioned for purchase of 21.39 acres of land. A3, a property

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[1] In short 'IPC'

appraiser of the Indian Bank issued a certificate showing enhanced value for the property which had led to the loan sanction. On A2's introduction, A1 also sanctioned another loan to A5, allegedly on the recommendation of an Income Tax Officer, communicated by the office of the Managing Director, Indian Bank. The loan sanctioned was also disbursed by way of a cheque to A2, who signed on the back of the cheque.

6. The Investigating Officer (I.O) found the bank having been cheated of the amounts disbursed as loan. It is an admitted fact that the loan amounts have been satisfied and there is no outstanding, insofar as the loan accounts are concerned.

7. The prosecution examined PW1-PW13 and marked Exhibits P1-P86 documents. There were no witnesses examined on behalf of the defence, who marked Exhibits D1-D12. The prosecution went to trial with the case that A1, while he was the Branch Manager of Anna Nagar Branch of Indian Bank, in collusion with A2, a retired officer of the Indian Overseas Bank, sanctioned loans to A4 and A5 who were domestic helps in the employment of A2. Though, the lands were mortgaged as against the loans availed, the valuation was grossly enhanced by A3, the property appraiser engaged by the Indian Bank.

8. PW1 was the person who issued the sanction to prosecute A1. He is a retired General Manager of the Indian Bank, who was working as a Scale VII Officer in the Head Office at Chennai between 1995-1998 and the Competent Authority, insofar as disciplinary actions are concerned, with respect to Scale III officers; which post A1 was holding. In cross-examination, PW1 has admitted that the loans in respect of A4 and A5 were both sanctioned by the Assistant General Manager of the Regional Office of Indian Bank, Madras North. The bank initiated recovery proceedings and with respect to A5's property, the same was auctioned and the bank received an amount of Rs.1,17,50,000/-, out of which, the arrears in the loan account at Rs.16,42,397/- was adjusted. With respect to the loan availed by A4, on auction of the mortagaged properties, Rs.2,42,00,000/- was received, out of which, Rs.5,35,550/- was appropriated towards the loan account. A further property of A5 was auctioned with Rs.34,50,000/- and the amount is said to have been appropriated towards the loan account. In fact, the specific statement in cross-examination, is that, Kumaradevan-A2 had abused his official position, while the sanction was granted as against V. Balakrishnan-A1.

9. PW2 and PW3 were officers working in the Indian Bank, the former, a Senior Manager, working in the Regional Office at Madras North; under which jurisdiction Anna Nagar Branch was functioning and the latter, an Assistant Manager who was working in Anna Nagar Branch along with A1 and designated with the job of a Loan Officer in the loan section of the branch. PW2 marked the various documents with respect to the sanction of the loans and also affirmed that there was sanction from the Regional Office. Insofar as A5 was concerned, Rs.10,00,000/- was sanctioned at two stages; Rs.8,00,000/- at the first stage and Rs.2,00,000/- at the second stage. The documents with respect to the sanction of loan and the disbursal were marked. PW3 deposed that she had not seen the loan application; which is irrelevant insofar as the Regional Office having sanctioned it.

10. Insofar as A4 is concerned, an overdraft limit was sanctioned to him, again, with due approval of the Regional Office, as is evident from the documents. The communications between the Anna Nagar Branch and the Regional Office were also produced.

11. The specific case of the prosecution was that, though, the loans were sanctioned in the name of A4 and A5, the disbursal of amounts by cheques were accepted by A2, which is evident from his signature on the back of such disbursal of cheques. However, in the chief examination, PW2 marked a number of cheques, two of which were identified as having been received by A4 and another, by one Venkatesan and P73 to P78, received by P. Kumaradevan, the deceased A2.

12. It is not clear as to how A2's signature was identified and there was no document produced to indicate his contemporaneous signature or at least the signature he affixed at the time he was an officer working in the Indian Overseas Bank in Chennai itself. More relevant is the fact that PW5 and PW6 were retired Officers of the Indian Overseas Bank who were working with A2. There was no attempt to confront the said witnesses with the signatures on the back side of the cheque to identify those as affixed by A2 himself.

13. In fact, PW5 and PW6 were examined to prove that they had not rented out a house respectively to A5 and A4. PW5 says that the brother of A2 was also working in the bank, who is also deceased. PW5 speaks of a lease of a building having been given to the brother of A2 and not to A5. PW6, another officer of the Indian Overseas Bank, also speaks of no lease having been made to A4.

14. We are unable to comprehend as to why such evidence was led and we presume that the addresses in the loan application given by A4 and A5, were related to such buildings, to rebut which PW5 and PW6 were proffered. However, PW2 and PW3, officers of the Indian Bank, one at the Regional Office and the other at the Anna Nagar Branch itself, have not spoken of the addresses in the loan application, as given by A4 and A5. There is also nothing produced as proof of ownership of the two premises, for PW5 and PW6 to speak on the lease of the said premises.

15. Now, we come to the other witnesses who were examined to prove the prosecution case of the loan to A4 and A5 having been obtained surreptitiously by A2 himself. PW7 is said to be a person engaged in furniture business, who speaks of A2, having introduced him to A1, who promised him a loan, which was never granted; absolutely irrelevant since it is not the character and conduct of A1 that is to be proved in trial. PW8 to PW11 speak of land transactions with A2 and deny having sold any such land to A4 or A5. Though, photocopies of sale deeds are produced and marked, there is no testimony as to in whose name, the sale deeds were executed, rather who the purchaser was. The deeds of properties mortgaged by A4 and A5 were also not produced in the trial.

16. In any event, the testimony of PW8 to PW11 would only indicate that A2 was indulging in real estate purchases, even on behalf of others, which does not, in any manner, inculpate A1. It is also pertinent that large extents of property, insofar as PW9, 1.22 acres, with respect to PW10, 37 cents and PW11, 54 cents, are said to have changed hands. Definitely, this could not have been purchased with the loan availed by A4 and A5 from the Indian Bank, Anna Nagar Branch. PW12 and PW13 are the Investigating Officers, who also do not speak anything incriminating to find culpability of A1 in the two loans sanctioned to A4 and A5. None of the title deeds, or their certified copies, pertaining to the transactions spoken of by PW8 to PW11 are produced, but only photocopies were produced. The title deeds or the certified copies of the mortgaged properties, we reiterate, were also not produced.

17. PW4 an Assistant Commissioner of the I.T. Department was examined to disprove the introduction noted in the Account Opening Form of one of the borrowers, who denied knowledge of the same. The introduction as noticed in the Account Opening Form came from the Office of the Managing Director of Indian Bank, who spoke of the applicant being known to PW4. The named person from the M.D's Office was not examined.

18. Admittedly, the properties were auctioned in 2010. The Trial Court and the High Court waxed eloquent about the value being enhanced in the valuation certificate, issued by A3. We see only one valuation certificate produced by the prosecution, as Ext.P22, furnished to the Bank by A4. No contemporaneous deeds or the market value fixed by the Government were produced to indicate the actual value of the properties mortgaged, when the loan was availed. The Trial Court and the High Court merely presumed on the basis of the value obtained after 20 years that it would have been far lower, when the loan was availed. The loan was availed in the year 1991-1992 and the property was auctioned in the year 2010. Admittedly, the auction of properties were completed and the entire amounts due to the Bank were received. More intriguing is the fact, as coming out from the testimony of the official witnesses, that the amounts received in auction, in excess of the appropriation to the loan accounts are still remaining with the bank. We are surprised that no attempt was made to find out the legal heirs and pass on the money.

19. We are clear in our minds that the prosecution case set up is fabricated and has no legs to stand. That A1 had sanctioned loans to A4 and A5, has been proved. It is also coming out from the testimonies of the official witnesses, PW1 and PW2 that the loans were sanctioned by the Regional Office itself. Properties mortgaged were proceeded against and sold in auction, the proceeds of which satisfied the loan availed and left much more with the bank. A2 is said to have purchased a number of properties or acted as a middleman, in the name of A4 and A5 or by himself, but that does not prove the prosecution case as against A1, nor can any case lie against A2, A4 and A5. There is also no incriminating circumstance brought out as against A3 too. Real estate business is not an illegal activity and there can be no charge even against A2 on such specious evidence led at the trial. The mere statements made by the witnesses as to A2 having purchased the properties, if contrary to the name of the purchasers revealed from the deeds, makes such testimony inconsequential and irrelevant. That, A4 & A5 were domestic helps of A2, that the loans sanctioned were in fact appropriated by A2, that the mortgaged properties were overvalued, that A1 sanctioned the loans illegally are all just figments of imagination. The CBI has failed miserably in not only proving its case but also in framing the case.

20. We find absolutely no reason to sustain the conviction of the accused and set aside both the orders of the Trial Court and the High Court. The accused, if in custody, shall be released forthwith, if not required in any other case and if the accused is already released on bail, the bail bonds shall stand cancelled.

21. We make it clear that we have granted a clean acquittal to A1 from the allegations set up by the prosecution.

22. Before we leave the matter, we are concerned as to how the Indian Bank kept the excess money in auction received by them, without disbursal to the legal heirs, even if the predecessors-in-interest were arrayed as accused in this case.

23. Having found the case to be fully fabricated, we call for a report from the Branch Manager, Indian Bank, Anna Nagar Branch, who is impleaded herein as a respondent with regard to the loan accounts which are the subject matter of this case booked by the CBI and the satisfaction of the same as also utilisation of the money received on auction sale of the mortgaged properties. The title deeds of the properties mortgaged shall also be produced before us. The Branch

Manager, Indian Bank, Annanagar Branch shall be issued a copy of this judgment by the Registry of this Court and directed to comply with the directions herein.

24. The case, though, disposed of, shall be posted only for the purpose of ascertaining the status of the excess money received on auction and to ensure the due disbursal of the same. We direct the Registry of this Court not to return the records of the case until further orders.

25. The appeal is allowed.

26. The case shall be posted on 05.10.2026, only for the purpose of perusing the report and issuing further directions.

27. Pending application(s), if any, shall stand disposed of.

.. J.
(J. B. PARDIWALA)

.. J.
(K. VINOD CHANDRAN)

NEW DELHI;
SEPTEMBER 01, 2026.

ITEM NO.1502 COURT NO.6 SECTION II-C

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Criminal Appeal No.2460/2026

V. BALAKRISHNAN Appellant(s)

VERSUS

STATE REP BY THE DEPUTY SUPERINTENDENT OF POLICE Respondent(s)

[HEARD BY : HON. J.B. PARDIWALA AND HON. K. VINOD CHANDRAN, JJ.]
IA No. 227641/2025 - PERMISSION TO FILE ADDITIONAL DOCUMENTS/FACTS/ANNEXURES

Date : 01-09-2026 This matter was called on for pronouncement of judgment today.

For Appellant(s) : Mr. M.P. Parthiban, AOR

For Respondent(s) :Mr. Davinder Pal Singh, A.S.G.
Mr. Shreekant Neelappa Terdal, AOR
Mr. Khushal Kolwar, Adv.
Mr. Shubham Prakash Mishra, Adv.
Mr. Abhinav Singh, Adv.
Mr. Jagdish Chandra, Adv.

1. HON’BLE MR. JUSTICE K. VINOD CHANDRAN pronounced the judgment of the Bench comprising HON'BLE MR. JUSTICE J.B. PARDIWALA and His Lordship.

2. The appeal is allowed in terms of the signed non reportable judgment.

3. The relevant part of the signed non reportable judgment is as under:-

> ***"20. We find absolutely no reason to sustain the conviction of the accused and set aside both the orders of the Trial Court and the High Court. The accused, if in custody, shall be released forthwith, if not required in any other case and if the accused is already released on bail, the bail bonds shall stand cancelled.***
>
> ***21. We make it clear that we have granted a clean acquittal to A1 from the allegations set up by the prosecution.***
>
> ***22. Before we leave the matter, we are concerned as to how the Indian Bank kept the excess money in auction received by them, without disbursal to the legal heirs, even if the predecessors-in-interest were arrayed as accused in this case.***
>
> ***23. Having found the case to be fully fabricated, we call for a report from the Branch Manager, Indian Bank, Anna Nagar Branch, who is impleaded herein as a respondent with regard to the loan accounts which are the subject matter of this case booked by the CBI and the satisfaction of the same as also utilisation of the money received on auction sale of the mortgaged properties. The title deeds of the properties mortgaged shall also be produced before us. The Branch Manager, Indian Bank, Annanagar Branch shall be issued a copy of this judgment by the Registry of this Court and directed to comply with the directions herein.***
>
> ***24. The case, though, disposed of, shall be posted only for the purpose of ascertaining the status of the excess money received on auction and to ensure the due disbursal of the same. We direct the Registry of this Court not to return the records of the case until further orders.***
>
> ***25. The appeal is allowed.***
>
> ***26. The case shall be posted on 05.10.2026, only***

for the purpose of perusing the report and issuing further directions."

4. Pending application(s), if any, stands disposed of.

(CHANDRESH)
ASTT. REGISTRAR-cum-PS

(POOJA SHARMA)
COURT MASTER (NSH)

(Original signed non reportable judgment is placed on the file)