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IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 23-09-2026

DATE OF DECISION : 28-10-2026

CORAM

THE HONOURABLE MR.JUSTICE P.VELMURUGAN
AND
THE HONOURABLE MR.JUSTICE GK.MUTHUKUMAAR

OSA No. 151 of 2022

CNR:{HCMA011042692021}

and

CMP No. 9223 of 2022

1. The Indian Overseas Bank
   Rep.by its Chairman and Managing Director
   No.763, Anna Salai, Chennai - 600 002

2. The Branch Manager
   Indian Overseas Bank
   Koyambedu Branch
   No.57, Kaliamman Koil Street, Sai Nagar,
   Virugambakkam, Chennai - 600 092

Appellants

Vs

Sree Gokulam Chit and Finance
Company (Private) Limited
Rep. by its Director (Operations) Mr.V.C.Praveen
having their Corporate office at
Sree Gokulam Towers
No.66, Arcot Road, Kodambakkam
Chennai - 600 024

Respondent

Memorandum of Grounds of Original Side Appeal under Order XXXVI, Rule 1 of the Original Side Rules read with Clause 15 of the Letters Patent, against the Judgment and Decree dated 15.10.2020 passed in C.S.No.698 of 2014.

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For Appellants: Mr.AR.L.Sundaresan
Senior Counsel for Mr.D.Saikumarran

For Respondent: Mr.B.Arvind Srevatsa

JUDGMENT

P.Velmurugan J.

This original side appeal, at the instance of the defendants in the suit, is directed against the judgment and decree passed by the learned single Judge in C.S.No.698 of 2014 dated 15.10.2020.

2. The respondent/plaintiff filed the suit in C.S.No.698 of 2014 seeking to direct the appellants/defendants to jointly and severally pay to the plaintiff a sum of Rs.4,94,15,400/- together with interest at 24% per annum on Rs.3,28,72,751/- from the date of the plaint till the date of realisation and for costs, claiming that it is a company registered under the provisions of the Indian Companies Act, 1956 and primarily carries on business in Chit Funds in accordance with the provisions of the Central Chit Funds Act. The respondent has fixed deposits in various bank branches all over India. While so, the respondent had issued three crossed account payee cheques in favour of the second appellant, the Branch Manager, IOB, Koyambedu Branch, Chennai for issuing fixed deposit receipts in favour of the respondent, as detailed below:

Chq. No.	Date	Amount Rs.	Favouring
198688 Drawn on Catholic	22.08.2011	1,00,00,000/-	Indian Overseas Bank,

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Syrian Bank, Kodambakkam Branch, Chennai			Koyambedu for FDR Favouring Sree Gokulam Chit & Finance Co. Pvt. Ltd.,
200872 Drawn on Catholic Syrian Bank, Kodambakkam Branch, Chennai	28.09.2011	2,00,00,000/-	Indian Overseas Bank, Koyambedu for FDR Favouring Sree Gokulam Chit & Finance Co. Pvt. Ltd.,
201082 Drawn on Catholic Syrian Bank, Kodambakkam Branch, Chennai	07.10.2011	3,00,00,000/-	Indian Overseas Bank, Koyambedu for FDR Favouring Sree Gokulam Chit & Finance Co. Pvt. Ltd.,

3. The cheques were sent to the second appellant through one Venkatesh, the previous partner of Gokulam Cards. The three cheques were encashed by the second appellant by debiting the current account of the respondent with Catholic Syrian Bank Limited, Kodambakkam, Chennai 600 024. The debit of the three cheques from the account of the respondent is evident from the bank statement issued by the Catholic Syrian Bank, Kodambakkam Branch, Chennai. Thereafter, the second appellant issued three fixed deposit receipts in favour of the respondent, as detailed below:-

Date	Fixed Deposit Receipt no.	Amount, Rs.
22.09.2011	2011/NDRJ 306537 166504501100636	1,00,00,000/-
03.10.2011	2011/NDRJ 306556	2,00,00,000/-

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	166504501100655		
18.10.2011	2011/NDRJ 166504501100689	306595	3,00,00,000/-

4. The second fixed deposit receipt mentioned as 'joint' instead of 'self'. This was sought to be corrected by the respondent and accordingly corrected by the second appellant. In the third fixed deposit receipt, the interest rate, which was shown as 9.25%, was subsequently improved to 9.60% by the second appellant. On 03.11.2011, when the respondent contacted the second appellant, they were informed that loans had been availed as against the first and second fixed deposit receipts. The respondent went to the second appellant branch, who claimed that as against the first and second fixed deposit receipts totalling to Rs.3,00,00,000/-, the second appellant had advanced a loan of Rs.2.70 crores to third persons. The respondent claimed that they had never authorised anyone to avail such loan. It was also stated that the third fixed deposit was also about to get discharged with a fake seal of the respondent's company and timely intervention prevented loan being advanced as against the same also.

5. The respondent, apart from lodging a complaint on 05.11.2011 to the Commissioner of Police, Egmore, Chennai, also sent a letter dated 05.11.2011 to the Senior Manager, Indian Overseas Bank, Koyambedu Branch, calling upon them to restore the fixed deposit receipts. There was no reply for the said letter.

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The complaint given to the Commissioner of Police was transferred to the Economic Offences Wing of Central Bureau of Investigation (CBI), and thereafter, on completion of investigation, the CBI had filed a final report. This was taken cognizance by the XI Additional Special Judge for CBI cases, Chennai. It was stated that the first fixed deposit dated 22.09.2011 matured for payment on 22.09.2012. The second fixed deposit dated 03.10.2011 matured for payment on 03.10.2012. The respondent received the maturity value only for the third fixed deposit receipt. The respondent claimed that various third persons had committed a fraud by impersonation and had obtained loan on the strength of the first and second fixed deposits standing in the name of the respondent. It was stated that since the cheques issued by the respondent had been encashed by the second appellant, the second appellant was obligated to return back the amounts on maturity of the fixed deposit. The respondent issued a legal notice dated 23.12.2013, for which a reply was sent by the second appellant on 01.02.2014. Therefore, the respondent laid the suit concerning the first and second fixed deposit of Rs.1,00,00,000/- and Rs.2,00,00,000/- together with accrued interest and future interest.

6. A written statement was filed by the second appellant stating that the loans were sought by one Yuvarajan impersonating as Sabarish and S.Zeenath impersonating as S.Priya. It was stated that the second defendant had no reason

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to doubt the identity of the two individuals, as the said two individuals deposited the cheques and thereafter again visited the bank and collected the original fixed deposit receipts. Bogus FDRs were received by the respondent from two further individuals, Martin and Prem. It was stated that the fraudsters availed loan against the first and second fixed deposit receipts.

7. In this regard, the bank had also given a complaint to CBI. Since specific loans had been availed over the two fixed deposit receipts and the trial was also pending before the XI Additional Special Judge for CBI cases and the matter was subjudice, the appellant was not able to repay the amount which had matured on the two fixed deposit receipts. However, a fraud had been committed on the second appellant and as a matter of fact, the second appellant was a victim of the fraud. Hence the suit was liable to be dismissed owing to the negligence of the respondent and also for the act of assisting the fraudsters by handing over the cheques to them.

8. A reply statement was filed on behalf of the respondent stating that it was the bank which has been negligent and the bank had no right to give the original fixed deposit receipts to any person without due verification. It was stated that for obtaining loan on the fixed deposit receipts, there was a procedure prescribed and the second appellant had not followed the said

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procedure. The loan was processed even without any enquiry with the respondent. Even thereafter, the respondent had deposited further amounts under fixed deposit with the second appellant and the second appellant should have realised that the respondent had no reason to avail loan. The pendency of a criminal case cannot be a ground for denying repayment of the proceeds of fixed deposits on maturity to the respondent and hence the suit should be decreed as prayed for.

9. Based on the above pleadings, the following issues were framed:-

> "(i) Whether the plaintiff is entitled to a judgment and decree as prayed for, de hors pendency of the case in C.C.No.7 of 2013, on the file of the XI Additional City Civil Court, Chennai (Special Court for Trial of CBI Cases);
>
> (ii) Whether the defendants, who had received Rs.3 crores from the plaintiff by way of crossed account payee cheques for issuing the Fixed Deposit Receipts in favour of the plaintiff, is bound to return the said amount along with interest, as they have encashed the said cheques?;
>
> (iii) To what other reliefs, the plaintiff is entitled to?"

10. In order to substantiate their case, the plaintiff examined their Director (Operation), Mr.V.C.Praveen as PW1 and marked Exs.P1 to P36. On the side of the defendants, the Branch Manager of the second appellant

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Mrs.Anuradha Ransingh was examined as DW.1 and three documents Exs.D1 to D3 were marked.

11. On consideration of the oral and documentary evidence adduced by the parties, the learned single Judge decreed the suit with costs, against which the appellants have filed the present appeal before this Court.

12. The learned Senior Counsel appearing for the appellants would submit that the learned Judge decreed the suit without adverting to and considering the crucial points involved in the present case, because the entire sums were swindled by certain third parties who are not arrayed as parties in the above suit. The plaint did not reflect the true facts of the case and the pleadings are contrary to the final report filed by CBI, EOW and as such, the plaintiff, having come to the Court with unclean hands, is not eligible for any equitable relief from this Court. The learned Judge completely accepted the version of the plaintiff that the cheques were deposited by one Mr.Venkatesh, the previous employee of Gokulam Chit Funds, but as per the final report filed by CBI, EOW, the cheques were originally handed over by one Mr.Yuvarajan impersonating as Sabarish and another lady Zeenath impersonating as S.Priya, who happens to be the deceased son and daughter-in-law of the founder A.M.Gopalan of Gokulam Chit Funds. The claim of the plaintiff that the

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cheques were handed over by the erstwhile partner Mr.Venkatesh is false, as there is no answer from the plaintiff till date how the cheques went into the possession of Mr.Yuvaraj who impersonated as Sabarish and Zeenath who impersonated as S.Priya. The learned Senior Counsel would further submit that it was the second appellant who has originally complained before the CBI about the alleged fraud, which unearthed the scam and identified the actual fraudsters. However, it is still a mystery as to why the plaintiff failed to array the actual fraudsters who took over the plaintiff's money by way of a well schemed scam. The public money of the bank is at stake and for the negligence on the part of the plaintiff, the appellants cannot be made as scapegoats. It was also pointed out that the fraudsters alone carried the cheques and also opened current account with the bank and the loan was disbursed on the strength of the FDR, which itself is a reliable security document. The learned Judge decreed the suit believing Exs.P3, P5 & P7, namely, the 3 letters submitted by the plaintiff, in which it was stated "do not create any lien or security on the deposit', but failed to note the final report submitted by CBI, which clearly reads that the 2 letters have never reached the bank and it is only the impersonators who brought the plaintiff's cheques for getting the FDRs and as such the plaintiff is guilty of creating self styled fraudulent documents for the purpose of the case. In any event, the bank cannot be held liable, because so far as the original FDRs are concerned, after encashing the cheques, the original FDRs were handed over to

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the impersonators who also opened current account in the name of the plaintiff company and loan has been availed by the impersonators. The obligation on the part of the bank got exhausted because FDRs have been handed over to the impersonators for the very reason they carried the original cheques of the plaintiff company and there is no reason to disbelieve them. The plaintiff has to blame themselves for the poor management and for handling the cheques in such a bad manner for which the bank cannot be made a scapegoat and the public money cannot be swindled, as it is the conspiracy of third parties and also the officials of the plaintiff themselves. Therefore, the learned Senior Counsel sought for interference with the impugned judgment and decree.

13. Per contra, the learned counsel appearing for the respondent would submit that when the plaintiff had never authorised anyone to obtain loan on behalf of the plaintiff company, the version of the appellants that two persons claiming to be Sabarish and Priya, being the son and daughter-in-law of Gokulam Gopalan, brought the original cheques and availed the loan, is totally false. He also pointed out that Sabarish, the son of Gokulam Gopalan had died in a car accident even in the year 2008. The Branch Manager had been convicted by the CBI Court with respect to fraud in the said transaction after a full trial. Having encashed the cheques, the bank is obligated to pay back the amounts on maturity and they cannot shirk their responsibility. The learned

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counsel also would submit that the final report of CBI clearly shows that the loan application form was practically blank and did not contain the details regarding PAN number, date, name and other important details. Obviously, in the absence of these crucial details, the loan had been sanctioned. Therefore, the learned counsel contended that the judgment and decree require no interference at the hands of this Court.

14. We have considered the rival contentions and perused the materials available on record.

15. The specific case of the appellants is that when a loan of Rs.2.70 crores had been availed for and on behalf of the respondent company against the maturity value of the two fixed deposit receipts, the appellants are not liable to repay the proceeds to the respondent, as a fraud has been committed on the Bank owing to the negligence of the respondent.

16. The specific case of the respondent is that when the three cheques issued by the respondent were encashed by the second appellant Bank by debiting the current account of the respondent with Catholic Syrian Bank Limited, Kodambakkam, Chennai, which is evident from the bank statement issued by the Catholic Syrian Bank and the second appellant had also issued the

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three Fixed Deposit Receipts for the value of Rs.6,00,00,000/- and subsequently, when the respondent received the proceeds for the third fixed deposit, the appellants cannot deny the proceeds of the first and second fixed deposits to the respondent on the premise that loan had been availed, since the respondent had not authorised anyone to avail the loan against the said two fixed deposit receipts.

17. The point for consideration in this appeal is whether the respondent is entitled to the suit claim concerning the first and second fixed deposits and whether the judgment and decree passed by the learned single Judge are liable to be interfered with?

18. A perusal of the records would show that admittedly, the respondent has fixed deposits in various bank branches all over India and while so, the respondent had issued three crossed account payee cheques, namely, Cheque No.198688 dated 22.08.2011 for Rs.1,00,00,000/-, Cheque No.200872 dated 28.09.2011 for Rs.2,00,00,000/- and Cheque No.201082 dated 07.10.2011 for Rs.3,00,00,000/- all drawn on Catholic Syrian Bank, Kodambakkam Branch in favour of the second appellant, the Branch Manager, Indian Overseas Bank, Koyambedu Branch for issuing fixed deposit receipts in favour of the respondent. The cheques were sent to the second appellant through one

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Venkatesh, the previous partner of Gokulam Cards and the three cheques were encashed by the second appellant by debiting the current account of the respondent with Catholic Syrian Bank Limited, Kodambakkam Branch. The debit of the three cheques from the account of the respondent is also evident from the bank statement issued by Catholic Syrian Bank, Kodambakkam Branch. Thereafter, the second appellant also issued the three fixed deposit receipts in favour of the respondent, namely, FDR No.306537 dated 22.09.2011 for Rs.1,00,00,000/-, FDR No.306556 dated 03.10.2011 for Rs.2,00,00,000/- and FDR No.306595 dated 18.10.2011 for Rs.3,00,00,000/-. On 03.11.2011, when the respondent contacted the second appellant, they were informed that loans had been availed as against the first and second fixed deposit receipts. Immediately the respondent went to the second appellant branch, who claimed that as against the first and second fixed deposit receipts totalling to Rs.3,00,00,000/-, the second appellant had advanced a loan of Rs.2.70 crores to third persons. The claim of the respondent is that they never authorised anyone to avail such loans and further the third fixed deposit was also about to get discharged with the fake seal of the respondent company and that timely intervention prevented loan being advanced as against the same also. Immediately the respondent lodged a complaint on 05.11.2011 to the Commissioner of Police, Egmore, Chennai and also sent the letter dated 05.11.2011 to the Senior Manager, Indian Overseas Bank, Koyambedu Branch

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calling upon them to restore the fixed deposit receipts. There was no reply. The investigation into the criminal complaint also revealed that various third persons had committed fraud and impersonation and had obtained loans on the strength of the first and second fixed deposits standing in the name of the respondent. It is to be noted that when the cheques issued by the respondent had been encashed by the second appellant, the second appellant was obligated to repay the amounts on maturity of the fixed deposits. Therefore, the respondent was constrained to issue the legal notice dated 23.12.2013, for which the second appellant only sent a reply on 01.02.2014 without repaying the proceeds, thereby necessitating the respondent to file the suit for recovery of the amount covered in the first and second fixed deposits totalling to Rs.3,00,00,000/- along with accrued interest thereon.

19. When the respondent proved and established their case that they made the first and second fixed deposits with the second appellant for Rs.3,00,00,000/- with documentary evidence, it is for the second appellant to prove the contrary that the respondent obtained the loan for Rs.2.70 crores against the first and second fixed deposits through authorised persons and therefore they are not obligated to return the proceeds for non-payment of the loan. It is also to be noted that even the loan document is not in order and subsequently the investigation into the criminal complaint proceeded and the

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official of the second appellant was admittedly convicted for the charged offence. Once the respondent proved the foundational fact that they made the fixed deposits and the proceeds on maturity were not paid to the respondent by the second appellant, having discharged their initial burden, the onus has been shifted on the appellants to prove that the respondent obtained loan on the fixed deposits and subsequently failed to repay the same. The learned single Judge had dealt with the case and from the oral and documentary evidence found that the respondent is entitled for a decree representing the suit claim. This Court, as an appellate Court, while re-appreciating the pleadings and oral and documentary evidence, finds that the respondent has proved their claim and the appellants have failed to discharge their onus.

20. For the aforementioned reasons, finding no merits whatsoever to interfere with the impugned judgment and decree, the original side appeal stands dismissed. Consequently, the connected civil miscellaneous petition is closed. Considering the facts and circumstances of the case, there shall be no order as to costs.

(P.VELMURUGAN J.) (GK.MUTHUKUMAAR J.)
28-10-2026

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To

1. The Sub Assistant Registrar (O.S.)
   High Court, Madras

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P.VELMURUGAN J.
AND
GK.MUTHUKUMAAR J.

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Judgment in OSA No.

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