IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 02.07.2026

PRONOUNCED ON : 28.07.2026

CORAM:

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

Crl.R.C.Nos.212 to 215 of 2026 &
Crl.O.P.Nos.26180, 26220, 32215 & 32234 of 2025
and Crl.M.P.Nos.1473, 1477 to 1482, 1484 of 2026 &
17815, 17816, 17829, 17831, 22325, 22333, 22348, 22354 of 2025

Crl.R.C.No.212 of 2026 :-

Manav Goyal
S/o. Late Bharath Bhushan Goyal,
13/2, 4th Main Road, Kotturpuram,
Chennai – 600 085. ... Petitioner

Vs.

The State rep. by
The Additional Superintendent of Police,
Central Bureau of Investigating,
Anti-Corruption Branch,
Chennai. ... Respondent

PRAYER: Criminal Revision has been filed under Section 438 r/w. 442 of the Bharatiya Nagarik Suraksha Sanhita, 2023, praying to call for the records relating to the order dated 12.01.2026 in Crl.M.P.No.261 of 2025 in C.C.No.2800 of 2024 set aside the impugned order insofar as the revision petition/accused No.6 is concerned and allow this Crl.R.C.

For Petitioner : Mr.R.Srinivas, Senior Counsel
For Mr.M.Santhanaraman

For Respondent : Mr.K.Srinivasan, Senior Counsel
Special Public Prosecutor CBI

COMMON ORDER

All the Criminal Revision Cases have been filed challenging the common order dated 12.01.2026 passed by the learned Additional Chief Metropolitan Magistrate, Special Court for CBI Cases, Egmore, Chennai, in Crl.M.P.Nos.261, 260, 255 & 258 of 2025 in C.C.No.2800 of 2024 respectively, thereby dismissing the petitions to discharge the petitioners from all the charges.

2. The Criminal Original Petitions in Crl.O.P.Nos.26180 & 26220 of 2025 have been filed to quash the proceedings in C.C.No.15 of 2025 on the file of the learned XI Additional City Civil and Session Court, Special Court for CBI Cases, Chennai, thereby taken cognizance for the offences punishable under Sections 120B r/w. 420, 468, 471 of IPC as against the petitioners.

3. The Criminal Original Petitions in Crl.O.P.Nos.32215 & 32234 of 2025 have been filed to quash the proceedings in C.C.No.2905 of 2025 on the file of the learned Additional Chief Metropolitan Magistrate, Egmore, Chennai, thereby taken cognizance for the offences punishable under Sections 120B r/w. 420, 468, 471 of IPC as against the petitioners.

<u>Facts in the Criminal Revision Cases:-</u>

4. The petitioners in all the Criminal Revisions are arrayed as accused No.5 to 8 in C.C.No.2800 of 2024 on the file of the learned Additional Chief Metropolitan Magistrate, Egmore, Chennai. The case of the prosecution is that the State Bank of India, MRC Nagar, had sanctioned a housing term loan to the tune of Rs.5.19 crores for the Villa No.5 "the Palms" situated at Door No.4, Amarar Jeevarathinam Road, Nainarkuppam, Uthandi Village, Sholinganallur Taluk, Chennai, and also sanctioned Suraksha loan to the tune of Rs.11.17 lakhs to the first accused. The first accused applied for the said loan on 25.12.2018. Thereafter, the first accused entered into conspiracy with the builder, empanelled valuers and some unknown persons with the intention to defraud the bank and caused loss to the tune of Rs.5,96,99,913/- as on

08.03.2022. Thereafter, he committed default and the loan account was classified as non performing asset. Further the loan account was declared as as fraud account as per the Reserve Bank of India guideline. It is further alleged that at the time of sanction of loan, the valuation given by the two valuers at Rs.7.09 crores and Rs.6.96 crores respectively were found to be highly inflated.

5. Further the plan approval obtained for the building from the Greater Chennai Corporation was also invalid since the property located in Coastal Regulation Zone – III (hereinafter referred to as "CRZ-III"), for which the approval has to be obtained from the Chennai Metropolitan Development Authority (hereinafter referred to as "CMDA"). Out of the sanctioned loan amount of Rs.5.19 crores, a sum of Rs.2.25 crores was credited to the first accused and a sum of Rs.2.94 crores was credited to the real estate dealer viz., the fourth accused. In turn, the fourth accused transferred the defrauded housing loan amount of Rs.50 lakhs twice in favour of Madhu Skin Clinic jointly owned by the first accused and his wife. Further a sum of Rs.5 lakhs was transferred to the wife of the first accused's bank account lying with ICICI bank and a sum of Rs.50 lakhs was transferred to her account lying with Axis Bank. Thus, a total sum of

Rs.1.55 crores was transferred back to the borrower by the fourth accused viz., the real estate dealer.

6. On the complaint lodged by the bank officials, the respondent registered a case in RC0322022A0019 on 17.11.2022. After completion of investigation the respondent filed final report and the same has been taken cognizance by the Trial Court in C.C.No.2800 of 2024. While the case is pending for trial, the accused persons filed petition to discharge them from all the charges and the Trial Court had dismissed all the petitions. Aggrieved by the same, the accused 5 to 8 preferred the present Criminal Revision Cases.

Facts in Crl.O.P.Nos.26180 & 26220 of 2025 :-

7. The petitioners in Crl.O.P.Nos.26180 & 26220 of 2025 are arrayed as accused 7 to 10 in C.C.No.15 of 2025 on the file of the learned XI Additional City Civil and Session Court, Special Court for CBI Cases, Chennai. The case of the prosecution is that the first accused approached the defacto complainant bank for availing housing term loan for the purchase of the property at Villa No.3, “the Palms” situated at Door No.4, Amarar Jeevarathinam Road, Nainarkuppam, Uthandi Village,

Sholinganallur Taluk, Chennai, to an extent of 5900 sq.ft., comprised in old survey No.1/3 new survey No.276/1 and 276/2A. The said loan proposal was sanctioned to the tune of Rs.5.14 crores and Suraksha loan to the tune of Rs.18.31 lakhs and in total a sum of Rs.5.31 crores was disbursed in favour of the accused. Thereafter, the borrower failed in repayment of the loan and as such, the loan account was declared as non performing asset and also declared as fraud account. The accused submitted inflated false valuation report in connivance with the other accused persons and diverted the funds for the purpose other than that for which it was sanctioned by the Bank thereby causing wrongful loss to the tune of Rs.5.31 crores.

8. Further alleged that the valuation of the aforesaid Villa had been hiked and inflated & exaggerated valuation report has been submitted by the valuers. The original value of the Villa is Rs.2.68 crores only, whereas the inflated and hiked valuation was obtained by the borrower in collusion and connivance with the other accused persons to the tune of Rs.7.09 crores. Further the Villa lies within 500 meters from the seashore of Uthandi beach which falls under the CRZ-III, which is no development zone. There is no building plan approval for the property.

Suppressing those facts, the borrower approached the bank and availed loan for the inflated value of the property. On the complaint lodged by the bank officials, the respondent registered a case in RC0322022A020 on 17.11.2022. After completion of investigation, the respondent filed final report and the same has been taken cognizance by the Trial Court in C.C.No.15 of 2025. To quash the said proceedings, the accused 7 to 10 preferred the present Criminal Original Petitions.

<u>Facts in Crl.O.P.Nos.32215 & 32234 of 2025 :-</u>

9. The petitioners in Crl.O.P.Nos.32215 & 32234 of 2025 are arrayed as Accused 6 to 9 in C.C.No.2905 of 2025 on the file of the learned Additional Chief Metropolitan Magistrate, Egmore, Chennai. The case of the prosecution is that during the period from 2019 to 2022, the accused 1 & 2 approached the SBI, Luz branch, Mylapore for availing housing term loan for the purchase of the property at Villa No.1, "the Palms" situated at Door No.4, Amarar Jeevarathinam Road, Nainarkuppam, Uthandi Village, Sholinganallur Taluk, Chennai, to an extent of 5900 sq.ft., in old survey No.1/3 new survey No.276/1 and 276/2A. The loan proposal was forwarded and processed by the Retail Assets Central Processing Centre and sanctioned housing term loan to the

tune of Rs.5.25 crores and Suraksha loan to the tune of Rs.7.87 lakhs and disbursed the same in favour of the accused. Thereafter, the borrower failed in repayment of the loan and as such the loan account was declared as non performing asset and also declared as fraud account. The accused submitted inflated false valuation report in connivance with the other accused persons and diverted the funds for the purpose other than that for which it was sanctioned by the Bank thereby causing wrongful loss to the tune of Rs.5.25 crores.

10. Further alleged that the Villa comprises of ground floor, first floor and headroom in the second floor. The property lies within 500 meters from the seashore of Uthandi beach which falls under CRZ-III, which is no development zone. There is no building plan approval for the property. In fact, in the year 2016 itself, stop work notices were issued by the Greater Chennai Corporation prior to the sale of Villas. They were also issued with demolition notice for the unauthorized construction of the property. Suppressing those facts, the borrower approached the bank and availed loan for the inflated value of the property. On the complaint lodged by the bank officials, the respondent registered a case in RC0322022A002 on 27.12.2022. After completion of investigation, the

respondent filed final report and the same has been taken cognizance by the Trial Court in C.C.No.2905 of 2025. To quash the said proceedings, the accused 6 to 9 preferred the present Criminal Original Petitions.

11. Heard the learned counsel appearing on either side and perused the materials placed before this Court.

12. There are totally three cases in respect of the purchase of three villas by availing loans from the defacto complainant bank by inflating value of the property and thereafter committed default. All the three loan accounts were classified as non performing assets. While pending the cases for framing of charges, the petitioners in all the Criminal Revision Cases filed the petitions to discharge them from all the charges in C.C.No.2800 of 2024 on the file of the Additional Chief Metropolitan Magistrate, Egmore, Chennai and the same were dismissed. Further the petitioners also filed petitions to quash the proceedings in C.C.Nos. 15 of 2025 & 2905 of 2025.

<u>Criminal Revision Cases:-</u>

13. On perusal of the records, it is revealed that one Gaurav Goyal(A5) and Manav Goyal (A6) owned the subject property and agreed to sell the land to a firm called "the Palms" by the agreement dated 06.04.2015 and the said land was agreed to be developed six independent villas in the name and style of "The Palms". The said firm is a partnership concern and M/s.Aura Space Developers Pvt. Ltd., and Mangal foundations LPP are the partners holding 50% shares each in the Palms. In the Aura Space Developers Pvt. Ltd., the said Gaurav Goyal and Manav Goyal, Rakesh Harlalka (A8) and Manish Marlecha Kumar are the Directors holding 25% shares each. M/s. Mangal Foundations LPP is a limited liability partnership firm consisting of Dinesh Sharma (A7) & Dinesh Kumar as its partners having 50% shares each.

14. In pursuant to the development agreement, six independent Villas were constructed and out of the six Villas, the Villa Nos.4 and 6 were sold on outright basis for a sum of Rs.2,27,35,840/- and Rs.2,29,87,293/- respectively. The Villa Nos.1, 2, 3 and 5 remained unsold. In the meantime, one Santhosh (A4), real estate dealer approached the developers and he was authorized to sell the unsold

Villas. Therefore, the unsold Villas were transferred in favour of the said Santhosh by raising tax invoice and on payment of applicable GST in order to negotiate for the sale. Subsequently, Villa No.5 was negotiated and sold out by the Said Santhosh in favour of one T.G.Raja Ramanan (A1), who independently applied for a housing loan from SBI and obtained housing loan of Rs.5.19 crores, despite the actual market value of the Villa is only Rs.2,25,00,000/-, based on the forged documents produced by the accused 1 to 4 & 9. On disbursal of the loan amount out of Rs.5.19 crores, a sum of Rs.2.25 crores was paid to the account of the Palms, which is the actual market value of the Villa No.5. Thereafter, it was transferred to its partners, as per their shares. The remaining loan amount was disbursed in favour of the first accused and his wife. Now the prosecution alleged that all the accused conspired together and created the fabricated unregistered sale agreement dated 28.12.2018 and fabricated bogus construction agreement thereby, inflated the built-up area and valuation.

15. Even according to the case of the prosecution, in the agreement dated 28.12.2018, the signature of the owners viz., the petitioners were forged and it was also confirmed by the Central Forensic

Science Laboratory. Further, the fabrication was done by the ninth accused. Further a sum of Rs.2.25 crores was transferred to the account of the Palm which is the actual market value of the Villa No.5. The remaining loan amount was diverted in favour of the first accused and his wife's accounts including another account in the name of Clinic.

16. The prosecution further alleged that the subject property is situated falls in CRZ-III where no construction is permitted and the plan approval is fabricated one. Even according to the case of the prosecution, the developer did not prepared the said fabricated plan approval and even till today, the prosecution did not find the person who fabricated the approved plan. It was drafted by one Shahul Hammed, engaged for liaison work. After coming to the knowledge about the fabrication of planning approval, the owners of the property and the developers had approached the CMDA and the approval was granted by confirming that the construction was otherwise permissible. Therefore, there is no material to attract the charge under Section 120B of IPC. In order to attract the offence under Section 120B of IPC, there must be a prior agreement and conscious participation.

17. Further, the petitioners are arrayed as A5 to A8 in C.C.No. 2800 of 2024 and there is absolutely no material against them and no one has spoken about their participation in the crime. Admittedly, the petitioners viz., A5 to A8 are the owners and developers of the property. Even according to the case of the prosecution, there is no allegation that the petitioners created or fabricated any document for any purpose. In fact, the petitioners never applied for any loan. The purchaser of the property applied loan with the defacto complainant bank by inflating value of the Villa and availed loan. Out of the said loan amount, the actual value of the property was transferred in the name of the developers and the remaining amounts were transferred to the purchaser viz., the first accused. Therefore, no charge is made out as against the petitioners.

<u>Criminal Original Petitions:-</u>

18. Insofar as the quash petitions are concerned, the first accused in both the cases in C.C.Nos.2095 of 2025 & 15 of 2025 borrowed loan for purchase of Villa Nos. 1 and 3, by inflating value of the Villas and availed loan to the tune of Rs.5.25 crores & Rs.5.31 crores respectively, for which, a sum of Rs.2.25 crores each, were transferred to the petitioner's account as owners and developers of the Villas and the

remaining amount was transferred to the borrower accounts. The first accused applied loan by obtaining inflated valuation report from the other accused persons who are being the valuers and real estate dealer and had facilitated this by forging the signatures of the developers in the construction agreement and applied loan.

19. Even according to the case of the prosecution, the petitioners had absolutely no knowledge about the availing of loan. After entering into the construction agreement, they were paid a sum of Rs.2.25 crores as the original cost for the respective Villas. They were not aware of the crime perpetuated by the other accused persons. According to the prosecution case, the petitioners are the owners and developers of the subject property and received actual value of the Villa viz., a sum of Rs.2.25 crores for each Villas.

20. In respect of the location of the Villas in question viz., Uthandi Village is concerned, the prosecution case is that the property is situated in CRZ-III, which is a no development zone and the petitioners did not adhere to the rules applicable to that area. However, the Greater Chennai Corporation has subsequently granted approval for construction. Accordingly, the said property was developed by the developers.

21. The defacto complainant has alleged in the complaint that the petitioners have committed offences under Sections 406 and 420 of IPC. It would thus be necessary to examine the ingredients of the above offences and whether the allegations made in the complaint, read on their face, attract those offences under the Indian Penal Code. Section 405 of Penal Code reads thus:-

> *405. Criminal breach of trust — Whoever, being in any manner entrusted with property, or with any dominion over property, dishonestly misappropriates or converts to his own use that property, or dishonestly uses or disposes of that property in violation of any direction of law prescribing the mode in which such trust is to be discharged, or of any legal contract, express or implied, which he has made touching the discharge of such trust, or wilfully suffers any other person so to do, commits "criminal breach of trust".*

A careful reading of Section 405 of IPC shows that the ingredients of a criminal breach of trust are as follows:-

> (i) A person should have been entrusted with property, or entrusted with dominion over property;
>
> (ii) That person should dishonestly misappropriate or convert to their own use that property, or dishonestly use or dispose of that property or willfully suffer any other person to do so; and

(iii) That such misappropriation, conversion, use or disposal should be in violation of any direction of law prescribing the mode in which such trust is to be discharged, or of any legal contract which the person has made, touching the discharge of such trust.

Thus it is clear that "entrustment" is an essential ingredient to attract the above offence. A person who dishonestly misappropriates property entrusted to them contrary to the terms of an obligation imposed is liable for a criminal breach of trust and is punished under Section 406 of the Penal Code.

22. It is relevant to extract the provisions under Section 420 of the Penal Code as follows :-

420. Cheating and dishonestly inducing delivery of property — Whoever cheats and thereby dishonestly induces the person deceived to deliver any property to any person, or to make, alter or destroy the whole or any part of a valuable security, or anything which is signed or sealed, and which is capable of being converted into a valuable security, shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine.

The ingredients to constitute an offence under Section 420 of IPC are as follows :-

(i) A person must commit the offence of cheating under Section 415 and

(ii) The person cheated must be dishonestly induced to (a) deliver property to any person or (b) make, alter or destroy valuable security or anything signed or sealed and capable of being converted into valuable security.

Therefore, cheating is an essential ingredient for an act to constitute an offence under Section 420.

23. It is relevant to rely upon the judgment made by the Honourable Supreme Court of India in the case of ***M/s. Indian Oil Corporation Vs. NEPC India Limited and others*** reported in (***2006) 6 SCC 736***, held that the civil liability cannot be converted into criminal liability and it is necessary to take notice of a growing tendency in business circle to convert purely civil dispute in criminal case. This is obviously on account of prevalent impression that civil law remedies are time consuming and do not adequately protect the interest of lender/creditors. Such a tendency is seen in several family disputes also, leading to irretrievable breakdown of marriages/families. There is also an impression that if a person could somehow be entangled in a criminal prosecution, there is a likelihood of imminent settlement. Any effort to settle civil disputes and claim which do not involve any criminal offence

by applying pressure through criminal prosecution should be deprecated and dishonoured.

24. In the case of ***G.Sagar Suri Vs. State of Uttar Pradesh*** reported in ***2000 (2) SCC 636***, the Honourable Supreme Court of India held as follows:-

> *"It is to be seen if a matter, which is essentially of civil nature, has been given a cloak of criminal offence, criminal proceedings are not a short cut of other remedies available in law. Before issuing process a criminal Court has to exercise a great deal of caution. For the accused it is a serious matter. This Court has laid certain principles on the basis of which High Court is to exercise its jurisdiction under Section 482 of the Code. Jurisdiction under this Section has to be exercised to prevent abuse of the process of any Court or otherwise to secure the ends of justice."*

25. Even according to the case of the prosecution, the developers' signature has been fabricated by the borrower and also inflated the value of the Villas and applied for loan. Further, the loan account is now classified as non performing asset and the bank also initiated proceedings to recover the loan under the SARFAESI Act.

Therefore, no charge is made out as against the petitioners and the entire proceedings cannot be sustained and are liable to be quashed as against the petitioners alone.

Conclusion :-

26. In view of the above discussions, the common order dated 12.01.2026 passed by the learned Additional Chief Metropolitan Magistrate, Special Court for CBI Cases, Egmore, Chennai, in Crl.M.P.Nos.261, 260, 255 & 258 of 2025 in C.C.No.2800 of 2024 is hereby set aside and all the petitioners are discharged from all the charges in C.C.No.2800 of 2024. Further, the proceedings in C.C.No.15 of 2025 on the file of the learned XI Additional City Civil and Session Court, Special Court for CBI Cases, Chennai, and the proceedings in C.C.No.2905 of 2025 on the file of the learned Additional Chief Metropolitan Magistrate, Egmore, Chennai, are hereby quashed insofar as the petitioners alone. The Trial Courts are directed to proceed with the trial in C.C.No.2800 of 2024, C.C.No.15 of 2025 and C.C.No.2905 of 2025 as against other accused persons in accordance with law.

27. Accordingly, all the Criminal Revision Cases and the Criminal Original Petitions stand allowed. Consequently, connected miscellaneous petitions are closed.

28.07.2026

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

Note:- Registry is directed to
incorporate cause title for all
the cases and issue order copy.
rts

To

1. The Additional Chief Metropolitan Magistrate,
Special Court for CBI Cases, Egmore, Chennai.

2. XI Additional City Civil and Session Court,
Special Court for CBI Cases, Chennai.

3. The Additional Superintendent of Police,
Central Bureau of Investigating,
Anti-Corruption Branch,
Chennai.

4. The Public Prosecutor,
Madras High Court,
Chennai.

G.K.ILANTHIRAIYAN. J,

rts

Common Order in
Crl.R.C.Nos.212 to 215 of 2026 &
Crl.O.P.Nos.26180, 26220, 32215 & 32234 of 2025
and Crl.M.P.Nos.1473, 1477 to 1482, 1484 of 2026 &
17815, 17816, 17829, 17831, 22325, 22333, 22348, 22354 of 2025

28.07.2026