



W.A(MD)No.814 of 2023

WEB COPY BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 08.04.2025

CORAM:

**THE HONOURABLE MRS.JUSTICE J.NISHA BANU
and
THE HONOURABLE MRS.JUSTICE S.SRIMATHY**

**W.A(MD)No.814 of 2023
and
C.M.P(MD)Nos.6674 of 2023 & 6264 of 2025**

K.Vellaichamy

... Appellant/Writ Petitioner

Vs.

- 1.The Chairperson and Managing Director,
Tamil Nadu Small Industries Development
Corporation Limited,
SIDCO Corporate Office Buildings,
Thiruvika Industrial Estate,
Guindy,
Chennai-600 032.
- 2.The General Manager,
Tamil Nadu Small Industries Development
Corporation Limited,
SIDCO Corporate Office Building,
Thiruvika Industrial Estate,
Guindy,
Chennai-600 032.



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3.The Branch Manager,
Tamil Nadu Small Industries Development
Corporation Limited,
Thondi Road,
Sivagangai-630 561.

... Respondents/Respondents

Prayer: Writ Appeal filed under Clause 15 of the Letter Patent against the order dated 27.03.2023 made in W.P.(MD)No.23730 of 2022 on the file of this Court.

For Appellant : Mr.G.Prabhu Rajadurai

For Respondents : Mr.I.Murugesan

JUDGMENT

(Judgment of the Court was delivered by **S.SRIMATHY, J.**)

The present writ appeal is filed against the order dated 27.03.2023 passed in W.P.(MD)No.23730 of 2022.

2.The Writ Petition was filed challenging the proceedings of the second respondent dated 13.09.2022 and seeking a direction to the respondents to execute the sale deed in favour of the appellant/writ petitioner pursuant to the allotment order dated 30.09.2021.



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3.The writ Court, after considering the materials available on record, dismissed the Writ Petition on the ground that the writ petitioner has violated the terms of the allotment agreeing to sell/mortgage a portion of the property and plotting out the same, which is evident from the description of the property in the agreement of sale executed in favour of Vijayakumari. Furthermore, although the allotment was for setting up a fuel dispensing station, the writ petitioner has sought and obtained approval for constructing a hotel. Aggrieved by the same, the writ petitioner as appellant has preferred the present Writ Appeal.

4.The learned counsel appearing for the appellant/writ petitioner would submit that the writ petitioner had not entered into an agreement of sale with one Vijayakumari, rather, the said agreement was executed only as security for a loan. After repayment of the loan, the said sale agreement was also cancelled.

5.Heard Mr.G.Prabhu Rajadurai, learned counsel appearing for the appellant and Mr.I.Murugesan, learned counsel appearing for the respondents and perused the materials available on record.



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6. On perusal of the materials available on record, it is seen that the said sale agreement is not a registered document. This Court finds that the amount involved was Rs.6,00,000/- with an interest of Rs.1,00,000/-, totalling Rs.7,00,000/-. On 12.01.2022, a sum of Rs.1,00,000/- was repaid and the balance sum of Rs.6,00,000/- was repaid on 09.03.2022. It is thus clear that the transaction was merely a loan transaction and not an actual sale agreement. This Court also takes judicial notice of the fact that parties sometimes enter into agreements styled as “sale agreements” as a form of security for loans. Therefore, we are of the considered opinion that when such a transaction is shown to be a loan transaction, judicial intervention is warranted and appropriate relief ought to be granted. Hence, we find that the order passed by the writ Court is liable to be set aside and accordingly, it is hereby set aside. However, in the future, if the appellant executes any sale deed and the same comes to the knowledge of the respondents, they are at liberty to take appropriate action in accordance with law.



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7. Accordingly, this Writ Appeal is allowed. There shall be no order as to costs. Consequently, connected Miscellaneous Petitions are closed.

[J.N.B.,J.] & [S.S.Y.,J.]
08.04.2025

NCC : Yes / No
Index : Yes / No
ps

To

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J.NISHA BANU, J.
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ps

ORDER MADE IN
W.A(MD)No.814 of 2023

DATED : 08.04.2025