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W.P.No.17015 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 15.07.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

W.P.No.17015 of 2026
and WMP Nos.18332 and 18333 of 2026

1. J.Guganathan
S/o Late Jaganathan,
residing at No 77, Saraswathi Street,
Bharath Nagar, Adambakkam,
Chennai - 600 088.
2. Dhanalakshmi
W/o Jeevangan, D/o Late Jaganathan,
residing at No 77, Saraswathi Street,
Bharath Nagar, Adambakkam,
Chennai - 600 088.

Petitioner(s)

Vs

1. Orix Leasing and Financial Service India Ltd
SP4 SIDCO, Thiru-vi-ka Industrial Estate,
behind Olympia Technology Park, Guindy,
Chennai - 600 032,
Rep by its Authroised Officer, D.Gopinath
2. A. Murugan
S/o Ayyadurai,
No.3/171, Govindasamy Nagar, 2nd Street,
Madipakkam, Chennai - 600 091.

Respondent(s)



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PRAYER: Petition filed under Article 226 of the Constitution of India seeking issuance of a writ of certiorarified mandamus calling for the records of the Debt Recovery Appellate Tribunal, at Chennai order made in I.A.No.300 of 2026 in AI.R (SA) No.362 of 2026 dated 26.03.2026 and quash the same and to direct the DRAT at Chennai to take up the appeal filed by the petitioner without insisting on the mandatory deposit in terms of Section 18 (1) of SARFAESI Act and to decide the case on merits in accordance with law.

For Petitioner(s): Mr. S.P.Srinivasan
for Mr. J.Arun Prasad

For Respondent(s): Mr.S.K.Mariyappan
for R1

ORDER

(Order of the Court was made by the Hon'ble Chief Justice)

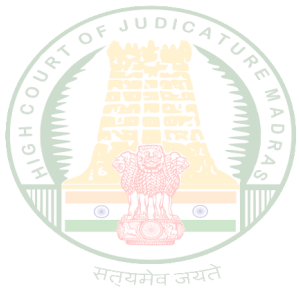
The petitioners have approached this court seeking a writ of certiorarified mandamus to call for and quash the order dated 26.03.2026 passed by the Debt Recovery Appellate Tribunal (DRAT), Chennai, in I.A.No.300 of 2026 in A.I.R. (SA) No.362 of 2026, whereby the DRAT directed a pre-deposit of 25% of the claimed debt as a mandatory statutory condition to entertain their appeal.



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2. It is stated that the property at Plot No.77, Saraswathi Street, Adambakkam, Chennai, was owned by Late R.Jaganathan. After his demise on 28.05.2017, his legal heirs, including the petitioners, inherited the property. The second respondent approached the petitioners as a financier. According to the petitioners, a sale deed was executed on 22.06.2017 in favor of the second respondent, intended purely as a security for a loan. However, the second respondent, armed with this registered title deed secured a massive commercial loan of Rs.1.72 Crore from the first respondent/financial institution by depositing the title deeds. When the second respondent defaulted, the financial institution set the machinery of the SARFAESI Act, 2002 into motion to take physical possession of the property.

3. Faced with eviction, the petitioners filed a comprehensive civil suit before the Principal District Court, Chengalpattu, seeking a declaration that they are the absolute owners of the property and that the sale deed executed in favor of the second respondent is null, void and fraudulent.

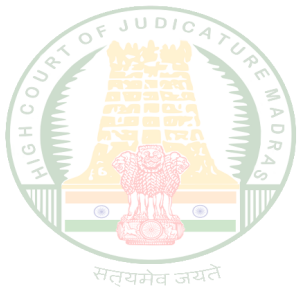


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4. Simultaneously, the petitioners challenged the measures under the SARFAESI Act before the Debts Recovery Tribunal-III, Chennai, in TSA No.497 of 2023. During those proceedings, pursuant to an interim direction, the petitioners deposited Rs.60,00,000/- to save their physical possession. However, the DRT eventually dismissed their application on 20.01.2026.

5. Aggrieved, the petitioners preferred an appeal before the DRAT, Chennai, along with an application for waiver of the pre-deposit. The DRAT, by the impugned order, directed them to deposit 25% of the outstanding claim. Hence, the present writ petition.

6. Learned counsel for the petitioners submits that the petitioners are third parties to the financial transaction. They are neither borrowers nor guarantors, but victims of a fraud perpetrated by the second respondent. It is contended that requiring them to deposit such an onerous sum to protect their family hearth, especially when they have already deposited Rs.60,00,000/- before the DRT, is a travesty of justice and violates the principles of natural justice.



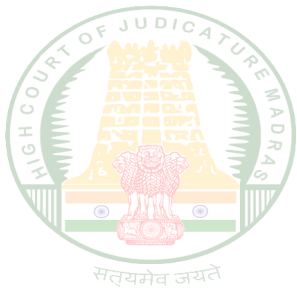
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7. The main grievance aired by the petitioners is that the registered sale deed dated 22.06.2017 is a fraudulent document. The issue whether a registered sale deed was sham and nominal cannot be decided by a writ court based on affidavits. It requires detailed oral evidence, cross-examination and a thorough analysis of financial trails.

8. The petitioners have already filed a suit to invalidate the sale deed and the same is pending. Since the petitioners have invoked the jurisdiction of the Civil Court to decide the question of title and fraud, seeking parallel intervention in writ proceedings is an abuse of judicial time.

9. Furthermore, the statutory pre-deposit under Section 18(1) of the SARFAESI Act is a mandatory legislative command. The DRAT, by reducing the pre-deposit requirement to 25%, has already exercised its statutory discretion. The fact that the petitioners have deposited some amounts before the DRT does not automatically wipe out the statutory prerequisites of the appellate stage.



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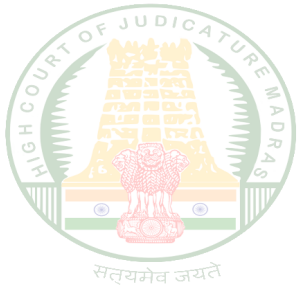
10. The petitioners express concern over the fate of the Rs.60,00,000/- currently lying deposited before the DRT. This Court clarifies that this dismissal will not act as a barrier to their financial recovery. With regard to the refund of the amount deposited by the petitioners before the DRT, it is for the petitioners to file an application before the DRT seeking refund of the deposited sum and such application shall be considered on its own merits in accordance with law.

With the aforesaid observations, the writ petition is dismissed. No costs. WMP No.18332 of 2026 filed to permit the petitioners to file a single writ petition is allowed, in as much as separate court fee has been paid. Other connected interim application stands closed.

(SUSHRUT ARVIND DHARMADHIKARI,CJ) (G.ARUL MURUGAN,J)

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Index : Yes/No
Neutral Citation : Yes/No
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THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN,J.

(sasi)

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