

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO.5094 OF 2019
(Arising out of SLP(C)No.13554/2019)

MAXIMUS ARC LIMITED

... APPELLANT(S)

VS.

M/S. SRI DEVI KARUMARIAMMAN EDUCATIONAL
TRUST & ANR.

... RESPONDENT(S)

O R D E R

1. Leave granted.

2. The 1st respondent, which is an educational trust running a medical college and an engineering college, had availed loans from the Central Bank of India and Bank of India. It had mortgaged certain properties as security for repayment of the loans received. As far as the Bank of India is concerned, it assigned the debt owed to it to the appellant herein. The appellant invoked the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, and prayed that since the Trust had failed to discharge its duties, it be restrained from admitting students for the academic year 2019-2020, because that would affect the value of the property and also delay the sale of the property. It was

also contended that the future of the students itself would be in jeopardy if they are admitted and later on the properties (colleges) were ordered to be sold.

3. The Single Judge vide order dated 10.05.2019, passed an order of interim injunction restraining the 1st respondent from admitting students from the academic year 2019-2020 and also directed the University, i.e., Respondent No.2 herein, to initiate steps for disaffiliation of the two colleges. Aggrieved by the said order, the 1st respondent filed Letters Patent Appeal (LPA), which has been allowed, the interim order has been set aside and the matter has been remitted to the Single Judge for deciding the writ petition on merits.

4. True it is, that the ad-interim order was passed without having the reply of the Trust on record but the fact remains that the Trust has placed its view by filing the LPA and all it wanted to say has been said in the LPA. Be that as it may, we are clearly of the view that the Division Bench erred in permitting the Trust to admit the students to the colleges. We cannot lose sight of the fact that if in the near future the colleges are ordered to be sold, then the entire future of the students would be put in jeopardy and they will have nowhere to go. These are private colleges and obviously they may be charging high fees from the students. There is no way that the amount paid by the students/their parents could be refunded to

them when the colleges are said to owe huge amounts to the secured creditors. In this view of the matter, we are clearly of the view that Respondent No.1-Trust should not have been permitted to admit students for the academic year 2019-2020 till the final decision is taken by the Learned Single Judge on the writ petition. However, as far as the direction given to the University to initiate steps for disaffiliation of the colleges concerned, that may await the result of the writ petition.

5. The appeal is allowed in the aforesaid terms. Keeping in view the urgency of the matter, we request the Learned Single Judge hearing the matter to dispose of the matter as early as possible and not later than one month from today.

6. Pending application, if any, shall stand disposed of.

.....J.
[DEEPAK GUPTA]

.....J.
[SURYA KANT]

New Delhi;
18th June, 2019.

ITEM NO.2

COURT NO.4

SECTION XII

S U P R E M E C O U R T O F I N D I A
R E C O R D O F P R O C E E D I N G S

Petition(s) for Special Leave to Appeal (C) No(s).13554/2019

(Arising out of impugned final judgment and order dated 22-05-2019 in WA No.1737/2019 passed by the High Court Of Judicature At Madras)

MAXIMUS ARC LIMITED

Petitioner(s)

VERSUS

M/S. SRI DEVI KARUMARIAMMAN EDUCATIONAL TRUST & ANR.Respondent(s)
[With appln.(s) for permission to file addl. documents/facts/
annexures and vacating stay)

Date : 18-06-2019 This matter was called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE DEEPAK GUPTA
HON'BLE MR. JUSTICE SURYA KANT
(Vacation Bench)

For Petitioner(s) Mr. S. Ganesh, Sr. Adv.
 Mr. Shivam Singh, Adv.
 Mr. Nithyaesh Natraj, Adv.
 Mr. Vaibhav R. Venkatesh, Adv.
 Mr. Srikanth S., Adv.
 Mr. Gopal Singh, AOR

For Respondent(s) Mr. Sanjay Hegde, Sr. Adv.
 Mr. Prasanna S., Adv.
 Mr. Shantanu Singh, Adv.
 Mr. Harsha Raj, Adv.
 Mr. Goutham Shiv Shankar, AOR

UPON hearing the counsel the Court made the following
O R D E R

Leave granted.

The appeal is allowed in terms of the signed order.

(Saroj Kumari Gaur)
Branch Officer

(Sarita Purohit)
AR-cum-PS

(Signed order is placed on the file)