

C.R.P.(MD)No.3840 of 2025

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

WEB COPY

RESERVED ON : 02.02.2026

PRONOUNCED ON : .02.2026

CORAM

THE HONOURABLE MR.JUSTICE N.SENTHILKUMAR

C.R.P.(MD)No.3840 of 2025

and

C.M.P.(MD)No.20225 of 2025

1.Dr.Jaishith Jebakumar Manuel
2.Pon Manju Usha

... Petitioners

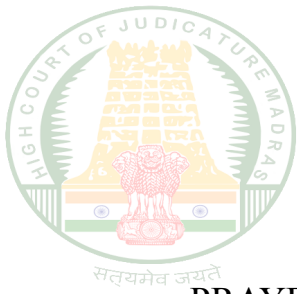
-VS.-

1.R.Srinath,
Senior Manager and Branch Head,
Federal Bank, Nagercoil Branch,
Nagercoil Village,
Agastheeswaram Taluk, Kanyakumari District.

2.Vasu Devan,
Deputy Vice President & Branch Head,
Federal Bank, LCRD Coimbatore Division,
21, 1st Floor, ML Lund Complex, V.H.Road,
Coimbatore - 641 001.

3.Vikram Dasan,
Senior Relationship Manager,
Federal Bank, LCRD Coimbatore Division,
21, 1st Floor, ML Lund Complex, V.H.Road,
Coimbatore - 641 001.

...Respondents



C.R.P.(MD)No.3840 of 2025

WEB COPY

PRAYER: Civil Revision Petition is filed under Article 227 of Constitution of India to call for the records pertaining to the impugned order passed by the Court of the learned Principal District Munsif, Nagercoil, Kanyakumari District, dated 05.12.2025 in I.A.No.2 of 2025 in O.S.No.118 of 2025 and set aside the same and allow the I.A.No.2 of 2025 in O.S.No.118 of 2025 by restraining the respondents from conducting sale of the plaint schedule properties in any manner whatsoever till the dispose of the suit.

For Petitioners :Mr.Isaac Mohanlal
Senior Counsel
for M/s.Isaac Chambers
For R1 and R2 :Mr.N.Dilip Kumar

ORDER

The present Civil Revision Petition has been filed to call for the records pertaining to the impugned order passed by the learned Principal District Munsif, Nagercoil, Kanyakumari District, dated 05.12.2025 in I.A.No.2 of 2025 in O.S.No.118 of 2025 and set aside the same and allow the application in I.A.No.2 of 2025 in O.S.No.118 of 2025 by restraining the respondents from conducting sale of the plaint schedule properties in any manner whatsoever till the disposal of the suit.



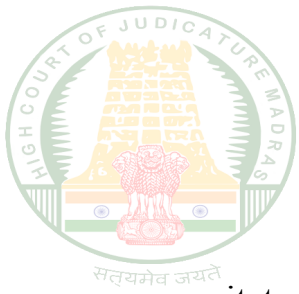
C.R.P.(MD)No.3840 of 2025

WEB COPY

2.Heard Mr.Isaac Mohanlal, learned Senior Counsel for the petitioners and Mr.N.Dilip Kumar, learned Counsel for the respondents 1 and 2.

3.The petitioners are the plaintiffs in the suit in O.S.No.118 of 2025 on the file of the Principal District Munsif Court, Nagercoil, Kanyakumari District. The respondents are the defendants in the suit. The suit was filed for declaration and for a further relief of the notice sent by the defendants, dated 13.05.2025, as sham, nominal, fictitious, fraudulent, null and void *ab initio* and for permanent injunction. During the pendency of the suit, the petitioners have preferred an interlocutory application in I.A.No.02 of 2025 for an interim injunction. However, the learned Principal District Munsif, Nagercoil, Kanyakumari District, had not considered the said application and had only adjourned the matter periodically. Hence, the present Civil Revision Petition has been filed with the above prayer.

4.The learned Senior Counsel for the petitioners submitted that the Trial Court has no jurisdiction to deal with issues under SARFAESI Act, 2002, where the jurisdiction of the civil Court is usurped and that it is just to be



C.R.P.(MD)No.3840 of 2025

agitated only before the Debts Recovery Tribunal as per Sections 17 r/w 34 of the SARFAESI Act, 2002. An application was filed before the Chief Judicial Magistrate for taking possession of the suit scheduled property. According to the learned Senior Counsel, the initiation of proceedings before the Chief Judicial Magistrate itself is without jurisdiction and without approaching the Debts Recovery Tribunal, the petition was entertained and based on that, an order of attachment has been passed.

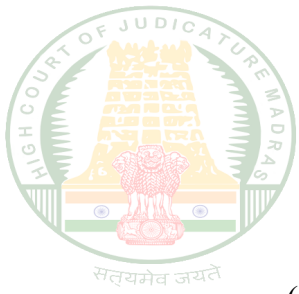
5.The learned Senior Counsel further pointed out that an Advocate Commissioner was appointed by the Chief Judicial Magistrate in Cr.M.P.No. 2957 of 2025. He further pointed out that earlier, a loan facility was availed by the revision petitioners and an Emergency Credit Loan Guaranteed Scheme was sanctioned to the petitioners to manufacture oxygen, which was brought in at the time of COVID to save the lives of the people who were suffering from COVID. The petitioners have availed the same for a loan of Rs.2,00,00,000/- (Rupees Two Crores only), but only Rs.9,00,000/- was released. The rest of the amount was not sanctioned to the petitioner, however, the same was adjusted to earlier loan outstanding.



C.R.P.(MD)No.3840 of 2025

WEB COPY

6.He further pointed out that this loan amount was sanctioned based on the plaintiff's claim that they stand under the MSME Act, 2006. The primary contention of the learned Senior Counsel for the petitioners is that initiation of SARFAESI proceeding is not maintainable and that only a civil suit will lie, as the petitioners have protected under the MSME Act. It is their further contention that the petitioners have availed the loan under UDHAYAM scheme and that the respondent Bank has no jurisdiction to initiate action against the petitioners. He has also pointed out that the Bank has to form a Rehabilitation Committee to facilitate the revival of units facing financial distress, focusing on accounts with loans and in this case, the respondent bank has not constituted the Rehabilitation Committee. He also submitted that the trial Court has not considered the application filed by the petitioners and has only adjourned matter periodically, which will cause serious injustice to the petitioners and will made the suit as infructuous and that this Court may direct the trial Court to dispose of the application in I.A.No.2 of 2025 as expeditiously as possible. To strengthen his case, he relied upon the following judgments:



C.R.P.(MD)No.3840 of 2025

WEB COPY

(1)The judgment of Hon'ble Supreme Court in the case of Bank of Rajasthan Limited vs VCK Shares and Stock Broking Services Limited, reported in (2023) 1 SCC 1, wherein, the Hon'ble Supreme Court held as follows:

“56. In view of the discussion aforesaid, the questions framed above are to be answered as under:

(c) Is the jurisdiction of a civil court to try a suit filed by a borrower against a bank or financial institution ousted by virtue of the scheme of the RDB Act in relation to the proceedings for recovery of debt by a bank or financial institution?

The aforesaid question ought to be answered first and is answered in the negative.

(a) Whether an independent suit filed by a borrower against a bank or financial institution, which has applied for recovery of its loan against the plaintiff under the RDB Act, is liable to be transferred and tried along with the application under the RDB Act by DRT?

In the absence of any such power existing in the civil court, an independent suit filed by the borrower against the Bank or financial institution cannot be transferred to be tried along with application under the RDB Act, as it is a matter of option of the defendant in the claim under the RDB Act. However, the proceedings under the RDB Act will not be impeded in any manner by filing of a separate suit before the civil court.

(b) If the answer is in the affirmative, can such transfer be ordered by a court only with the consent of the plaintiff?

Since there is no such power with the civil court, there is no question of transfer of the suit whether by consent or otherwise.

57.....

58. Now coming to the factual scenario of the case. The fact is that the proceedings under the RDB Act in any case have reached a culmination with satisfaction of the claim and, thus, no proceedings instituted by the appellant are pending before DRT. As for the suit, there is no question of a counterclaim or a transfer or any other



C.R.P.(MD)No.3840 of 2025

WEB COPY

manner other than trial of the suit instituted by the respondent. In fact, some part of the claim of the Bank was not even allowed and some adjustments were directed to be made. Even thereafter so far as any other claims of the respondent are concerned, DRT in terms of the order dated 19-5-2003 permitted the respondent to pursue the remedy in accordance with law, which can only mean the civil proceedings. Thus, the suit is liable to proceed accordingly.”

(2)The judgment of the Hon'ble Division Bench of this Court in the case of A.K.Karthikeyan vs The Authorized Officer, Canara Bank and another, reported in 2025-2-Writ L.R.34, wherein, the Hon'ble Division Bench has held as follows:

“10.The primary contention raised by the petitioner is that the petitioner being MSME unit is entitled to “The frame work for revival and rehabilitation of Micro, Small and Medium Enterprises as per the MSME Act, 2006”. But the contention of the respondent is that when the section 13(2) notice was issued the petitioner did not bring it to the knowledge that the petitioner is MSME and entitled to benefits of notification dated 29.05.2015. The contention of the bank cannot be accepted, since at the time of processing the loan documents itself it would have declared the unit comes under MSME. It is pertinent to state when the MSME certificate is issued to the unit from the Central Government, in the column “Bank Name” it is mentioned as Canara Bank. Further at this digital era, when there is inter linking of data, such an argument from the bank cannot be entertained. Infact the petitioners had produced additional typed set wherein the sanction letters were produced, in the said sanction letter it has been specifically stated in serial number 7 under column “Classification” – “priority -SME – Small Enterprise -Mfg.”. Under serial 15 column “Credit Risk Rating” – SME 3 Normal Risk Grade IV (ABS 2013)”. Therefore the contention of the bank is absolute



WEB COPY

false.

11. Infact when a specific question was raised by the Bench, whether the Canara Bank has formed any committee which is mandated under Clause 2 of “The Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises” dated 29.05.2015, it was submitted no such committee was formed. The relevant portion of the clause is extracted hereunder:

2. Committees for Stressed Micro Small and Medium Enterprises: –

(1) Subject to any regulations prescribed by the Reserve Bank of India for this Framework, all banks shall constitute one or more Committees at such locations as may be considered necessary by the board of directors of such bank to provide reasonable access to all eligible Micro Small and Medium Enterprises which have availed of credit facilities from such bank.

(2) Subject to inclusion in categories referred to in paragraph 1, stressed Micro Small and Medium Enterprises shall have access to the Committee for stressed Micro Small and Medium Enterprises for deciding on a corrective action plan and determining the terms thereof in accordance with regulations prescribed in this Framework.

Provided that where the Committee decides that recovery is to be made as part of the corrective action plan, the manner and method of recovery shall be in accordance with the existing policies approved by the Board of Directors of the bank which has extended credit facilities to the enterprise, subject to any regulations prescribed by the Reserve Bank of India

The above clause specifically states that the bank shall constitute one or more committees, but the bank failed to constitute such committee.

12. Further in the above clause 2 sub clause (ii) it is specifically stated that the “stressed Micro Small and Medium Enterprises shall have access to the Committee”. When no such committee was formed, then the stressed MSMEs like that of the petitioners were deprived of any such opportunity to approach the committee. The bank is contending that the petitioner has not raised the issue of benefits under MSME scheme at the earliest point of



C.R.P.(MD)No.3840 of 2025

WEB COPY

time. When there is no committee then such plea of the bank cannot be entertained. On this ground itself the petitioners are entitled to relief.

.....

23. For the reasons stated supra, this Court is of the considered opinion that the petitioner is entitled to relief, hence the writ petitions are allowed accordingly and the sale notices are set aside. The respondent bank is directed to formulate the revival and rehabilitation scheme to the petitioner's units under Notification, 2015 and as revised from time to time and the same shall be carried out as the per said Notification, 2015 and revised from time to time."

(3)The judgment of Hon'ble Division Bench of this Court in the case of ***M/s.Parthas Textiles vs the The Reserve Bank of India and others***, in ***W.P. (MD)No.14439 of 2025***, dated 21.05.2025, wherein, the Hon'ble Division Bench has held as follows:

"6.Even though the MSME Act came into effect from 2006 onwards and even though the revival scheme was formulated in the year 2015, the banks were taking a stand that the provisions of Sarfaesi Act is having overriding effect and the revival scheme is only directory, hence forming of committee is only optional. However, the said issue was settled by the Hon'ble Supreme Court in M/s. Pro Knits v. the Board of Directors of Canara Bank and others reported in (2024) 10 SCC 292 wherein it is held that the Notification, 2015 and as revised from time to time is having statutory force and the relevant portion is extracted hereunder:

"18. In that view of the matter, we are of the opinion that the findings recorded by the High Court in the impugned order that the Banks are not obliged to adopt the restructuring process on its own or that the Framework contained in the Notification dated



C.R.P.(MD)No.3840 of 2025

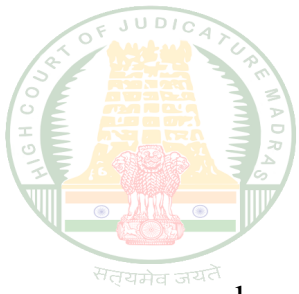
WEB COPY

29.05.2015, as revised from time to time could not be said to be mandatory in nature, are highly erroneous and cannot be countenanced. The Instructions/ Directions issued by the Central Government under Section 9 of the MSMED Act and by the RBI under Section 21 and Section 35A have statutory force and are binding to all the Banking companies.”

The above judgment of Hon'ble Supreme Court also held unless the third party right is created, the banks are bound to form committee. Therefore, by citing sale notice, the respondents cannot evade from forming committee and by referring the issue to committee. It is pertinent to note that the Proviso to Clause (2) of the said Notification, 2015 provides for corrective action plan along with repayment of loan. When the bank can also formulate a scheme for recovery loan, then the banks will not be prejudiced by formulating a scheme for the survival of the MSME units. On the other hand, if no scheme is formulated then the MSME units would be seriously prejudiced. Therefore, this Court is of the considered opinion without exhausting the statutory duty under Notification 2015, the bank cannot proceed under Sarfaesi Act.”

7. *Per contra*, Mr.N.Dilip Kumar, learned Counsel for the respondents 1 and 2 primarily objected that the Revision Petition itself is not maintainable, as the respondents were made as parties in their individual capacity and not as a Bank. The learned Counsel for the respondents 1 and 2 made the following submissions:

7.1) On 15.09.2022, the petitioners have created an equitable mortgage

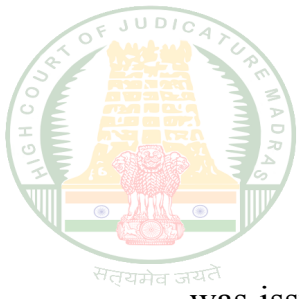


C.R.P.(MD)No.3840 of 2025

WEB COPY

and a memorandum of deposit of title deed was made in favour of the respondent Bank. As there was no repayment of the loan amount, the loan account was classified as Non-Performing Assets (NPA) on 05.05.2023 and a demand notice under Section 13(2) of the SARFAESI Act was issued on 30.06.2023, for which, the revision petitioners have not chosen to give a reply and thereafter, the respondent bank has taken symbolic possession as contemplated under Section 13(4) of the SARFAESI Act on 23.01.2024. In the meanwhile, the petitioners have filed a suit in O.S.No.666 of 2024 seeking for a permanent injunction restraining the respondent bank/its men under loan accounts from any manner recovering from the petitioners' Hospital and House except due process of law.

7.2)Thereafter, the respondent bank has filed an application on 09.12.2025 in O.A.No.23 of 2025 for recovery of money to the tune of Rs.16,52,395.89/-, which is pending. Thereafter, in the month of February 2025, the respondent bank has filed an application under Section 14 of the SARFAESI Act before the Chief Judicial Magistrate, Nagercoil for taking physical possession of the property in CrI.M.P.No.2957 of 2025. A sale notice

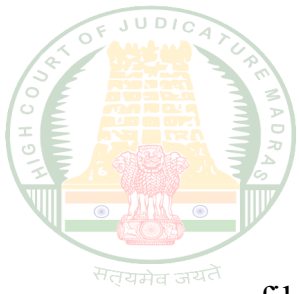


C.R.P.(MD)No.3840 of 2025

WEB COPY

was issued on 07.03.2025 fixing the auction date as 24.04.2025. The revision petitioners have challenged the said sale notice in S.A.No.277 of 2025 before the Debts Recovery Tribunal, Madurai. The Debts Recovery Tribunal, Madurai, had passed a conditional order of stay directing the revision petitioners to deposit 20% of the loan amount ie., a sum of Rs.17,42,49,453.91/- in four equal installments in which, each installment was fixed as Rs.87,13,000/-.

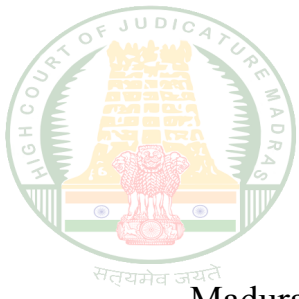
7.3)The revision petitioners after getting a conditional order of interim stay before the Debts Recovery Tribunal, Madurai, to pay 20% on 11.04.2025, have not complied with the conditional order passed by the Debts Recovery Tribunal, Madurai. On 24.04.2025, the date on which the auction was scheduled, was failed, due to want of bidders and thereafter, a second sale notice was issued on 13.05.2025 fixing the auction date as 20.06.2025. The same was also failed due to lack of bidders on 20.06.2025. The revision petitioners without stopping there and have filed a suit in O.S.No.118 of 2025 before the Principal District Munsif Court, Nagercoil, challenging the second sale notice, dated 13.05.2025 and an interim application in I.A.No.2 of 2025



C.R.P.(MD)No.3840 of 2025

was filed and the said application was adjourned periodically from 29.07.2025 till 06.01.2026.

7.4)In the meanwhile, the learned Chief Judicial Magistrate, Nagercoil, had appointed an Advocate Commissioner in the application filed by the Bank in CrI.M.P.No.2957 of 2025 on 19.11.2025 and the Advocate Commissioner had issued a notice for taking physical possession to the revision petitioners on 28.11.2025. Challenging the order passed in CrI.M.P.No.2957 of 2025, the revision petitioners have filed an application in S.A.No.1050 of 2025 on 07.12.2025, before the Debts Recovery Tribunal, Madurai. The Debts Recovery Tribunal, Madurai, had granted a conditional order of stay directing the revision petitioners to pay the entire suit amount in four equal installments. The total outstanding amount was Rs.16,52,49,395.89/- and each installments was fixed as Rs.4,13,13,000/-. Though this order was passed on 11.12.2025 and the installment dates was fixed as 12.01.2026, 12.02.2026, 12.03.2026 and 13.04.2026, the revision petitioners have not complied with the conditional order, as scheduled by the Debts Recovery Tribunal, Madurai, showing their *bona fide* on the conditional order passed by the Debts Recovery Tribunal,



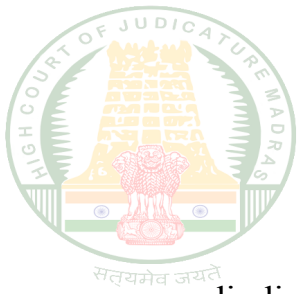
C.R.P.(MD)No.3840 of 2025

Madurai on 11.12.2025. The Advocate Commissioner could not take possession, since the interim stay was granted by this Court in the present Civil Revision Petition on 18.12.2025. The revision petitioners are chronic defaulters, who have not even paid a single installment after availing the loan amount as well as the order passed by the Debts Recovery Tribunal, Madurai.

8.The learned Counsel for the respondent pointed out Section 34 of the SARFAESI Act, where, the jurisdiction of the civil Court is ousted. The said provision is extracted hereunder:

“34.Civil court not to have jurisdiction.—No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which a Debts Recovery Tribunal or the Appellate Tribunal is empowered by or under this Act to determine and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act or under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (51 of 1993).”

9.The learned Counsel also submitted that the revision petitioners have registered themselves before the UDHAYAM scheme under the MSME Act. Its registration was done on 15.12.2020 and had availed the loan. The revision petitioners had not chosen to state all these facts, which has now been



C.R.P.(MD)No.3840 of 2025

adjudicated before this Court by way of a reply in a notice issued under Section 13(2) of the SARFAESI Act and now, making a plea that they could be protected under the MSME Act. He also submitted that the bank has already constituted the rehabilitation committee. Apart from that, the impugned order is nothing but a proceeding of adjudication, dated 05.12.2025, which is extracted hereunder for useful reference:

“I.A.2/25 is pending. Issue Fresh Summon to D3 through Court and Post. Batta within 3 days. Call on 06.01.2026. I.A.2/25- Petitioner present. R1 present. Issue Fresh Notice to R3 through Court and Post. Batta within 3days. At request of Petitioner, Call on 06.01.2026. Private notice to R3 is permitted.”

10.The learned Counsel for the respondents 1 and 2 relied upon the following judgments:

(1)The judgment of Hon'ble Supreme Court in the case of ***Electrosteel Castings Limited vs UV Asset Reconstruction Company Limited and others***, reported in ***(2022) 2 SCC 573***, wherein, it has been held as follows:

“7.....

7.2.However, it is required to be noted that except the words used “fraud”/“fraudulent” there are no specific particulars pleaded with respect to the “fraud”. It appears that by a clever drafting and using the words “fraud”/“fraudulent” without any specific particulars with respect to the “fraud”, the plaintiff-appellant herein intends to get out of the bar under Section 34 of the SARFAESI Act and wants the suit to be maintainable. As per the settled proposition of



C.R.P.(MD)No.3840 of 2025

WEB COPY

law mere mentioning and using the word “fraud”/“fraudulent” is not sufficient to satisfy the test of “fraud”. As per the settled proposition of law such a pleading/using the word “fraud”/“fraudulent” without any material particulars would not tantamount to pleading of “fraud”.

.....

10. The aforesaid cannot be accepted. By that itself the assignment deed cannot be said to be “fraudulent”. In any case, whether there shall be legally enforceable debt so far as the plaintiff-appellant herein is concerned even after the approved resolution plan against the corporate debtor still there shall be the liability of the plaintiff and/or the assignee can be said to be secured creditor and/or whether any amount is due and payable by the plaintiff, are all questions which are required to be dealt with and considered by the DRT in the proceedings initiated under the SARFAESI Act.

11. It is required to be noted that as such in the present case the assignee has already initiated the proceedings under Section 13 which can be challenged by the plaintiff-appellant herein by way of application under Section 17 of the SARFAESI Act before the DRT on whatever the legally available defences which may be available to it. We are of the firm opinion that the suit filed by the plaintiff-appellant herein was absolutely not maintainable in view of the bar contained under Section 34 of the SARFAESI Act. Therefore, as such the courts below have not committed any error in rejecting the plaint/dismissing the suit in view of the bar under Section 34 of the SARFAESI Act.”

(2) The judgment of Hon'ble Supreme Court in the case of ***Pro Knits vs Board of Directors of Canara Bank and others***, reported in ***(2024) 10 SCC 292***, wherein, the Hon'ble Supreme Court has held as follows:

“20. Therefore, the stage of identification of incipient stress in the loan account of MSMEs and categorisation under the Special



C.R.P.(MD)No.3840 of 2025

WEB COPY

Mention Account category, before the loan account of MSME turns into NPA is a very crucial stage, and therefore it would be incumbent on the part of the MSME concerned also to produce authenticated and verifiable documents/material for substantiating its claim of being MSME, before its account is classified as NPA. If that is not done, and once the account is classified as NPA, the banks i.e. secured creditors would be entitled to take the recourse to Chapter III of the SARFAESI Act for the enforcement of the security interest.

21. It is also pertinent to note that sufficient safeguards have been provided under the said Chapter for safeguarding the interest of the defaulters-borrowers for giving them opportunities to discharge their debt. However, if at the stage of classification of the loan account of the borrower as NPA, the borrower does not bring to the notice of the bank/creditor concerned that it is a Micro, Small or Medium Enterprise under the MSME Act and if such an Enterprise allows the entire process for enforcement of security interest under the SARFAESI Act to be over, or it having challenged such action of the bank/creditor concerned in the court of law/tribunal and having failed, such an Enterprise could not be permitted to misuse the process of law for thwarting the actions taken under the SARFAESI Act by raising the plea of being an MSME at a belated stage. Suffice it to say, when it is mandatory or obligatory on the part of the Banks to follow the Instructions/Directions issued by the Central Government and the Reserve Bank of India with regard to the Framework for Revival and Rehabilitation of MSMEs, it would be equally incumbent on the part of the MSMEs concerned to be vigilant enough to follow the process laid down under the said Framework, and bring to the notice of the Banks concerned, by producing authenticated and verifiable documents/material to show its eligibility to get the benefit of the said Framework.”

(3)The judgment of Hon'ble Supreme Court in the case of ***Shri Shri Swami Samarth Construction and Finance Solution and another vs Board***



C.R.P.(MD)No.3840 of 2025

of Directors of NKGSB Co-Op Bank Limited and others, reported in (2025)

WEB COPY

SCC OnLine SC 1566, wherein, the Hon'ble Supreme Court has held as follows:

“6.The way Mr. Nedumpara urges us to read the notification and the terms of the framework, if accepted, would lead to the conclusion that every lending bank/secured creditor under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, would be obliged to find out in every event of continuing default, likely to give rise to classification of the relevant account as non-performing asset, whether the borrower is an micro, small and medium enterprise to which the framework applies, whether its business has failed or whether it is suffering from any disability to pay its debts; and upon receiving a response, to apply the terms thereof by, inter alia, including the account in the special mention account for the claim for a corrective action plan to be considered by the Committee for stressed micro, small and medium enterprises. This could not have been the intention behind introduction of the framework to aid the micro, small and medium enterprises which, for reasons personal to them, is unable to clear its debt and require revival and rehabilitation that the framework envisages. If indeed it is only the obligation of the lending bank/secured creditor to identify incipient stress in the account, subparagraphs 2 and 3 of paragraph 1 would be rendered redundant. A micro, small and medium enterprise, despite finding that its business is failing or that it is unable to pay its debts or accumulation of losses equals to half or more of its entire net worth and classification of its account as non-performing asset is imminent, it would rest on its oars believing that it has no responsibility and that its account will not be classified as non-performing asset because it is the entire obligation of the lending bank/secured creditor to do what the framework requires. We would read and interpret the seemingly confusing terms of the Framework harmoniously to ensure that a right under the Micro, Small and Medium Enterprise Act is not destroyed by the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, or vice versa. In our



C.R.P.(MD)No.3840 of 2025

WEB COPY

reading, the terms of the framework do not prohibit the lending bank/secured creditor (assuming that it has no conscious knowledge that the defaulting borrower is a micro, small and medium enterprise) to classify the account of the defaulting micro, small and medium enterprise as non-performing asset and to even issue the demand notice under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, without such identification of incipient stress in the account of the defaulting borrower (MSME); however, upon receipt of the demand notice, if such borrower in its response under section 13(3A) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act asserts that it is a micro, small and medium enterprise and claims the benefit of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, citing reasons supported by an affidavit, the lending bank/secured creditor would then be mandatorily bound to look into such claim keeping further action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act in abeyance; and should the claim be found to be worthy of acceptance within the framework of the framework, to act in terms thereof for securing revival and rehabilitation of the defaulting borrower.

7.As has been noted above, the petitioning enterprise does not seem to have ever claimed the benefit of the terms of the framework after the demand notice under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act was issued. It is at the stage of compliance with an order passed by the relevant Magistrate under section 14 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act that this writ petition has been presented before this court claiming benefits of the framework to restrain respondent No. 2 and its officers from proceeding further under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act and other enactments except in the manner contemplated under the said notification. We find the bona fides of the petitioning enterprise to be suspect.”



C.R.P.(MD)No.3840 of 2025

WEB COPY

11.This Court considered the submissions made on either side and perused the materials available on record.

12.The petitioners have running a hospital in the name and style of “M/s.Manuel Orthopaedic Hospital” to serve the society in alleviating the sufferings from the deceases. It is claimed that the revision petitioners were unable to pay the loan obtained by them, only because of the intervention of COVID and thereafter, they have availed the loan to the tune of Rs.2 crores from UDHAYAM scheme under the MSMED Act. When the revision petitioners have obtained the conditional order of stay before the Debts Recovery Tribunal, Madurai, on two occasions, in S.A.No.277 of 2025 challenging the sale notice as well as in S.A.No.1050 of 2025 challenging the appointment of Advocate Commissioner to take physical possession. Even in both cases, when the conditional order was passed, the revision petitioners have not complied the said conditions and had filed the present Civil Revision Petition taking the adjudication in the civil matter, which itself has no jurisdiction in view of Section 34 of the SARFAESI Act. Hence, the claim made by the revision petitioners is hereby rejected.

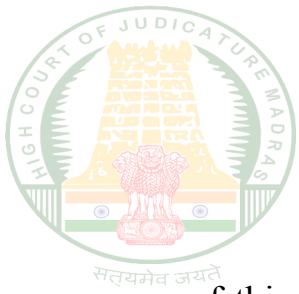


C.R.P.(MD)No.3840 of 2025

WEB COPY

13.The next contention of the revision petitioners with regard to availing of loan under the MSMED Act, it is not in dispute that MSME is the scheme is only to help in reviving any interest, which is reigning under the financial crisis. Availment of loan under the UDHAYAM scheme under the MSME Act, will not absolve the loan amount obtained from the respondent Bank under the SARFAESI Act. This position has been clarified by the Hon'ble Supreme Court in the above two judgments relied upon by the learned Counsel for the respondents 1 and 2. The Hon'ble Supreme Court had reiterated that when there is a statutory bar under Section 34 of the SARFAESI Act, no Courts below can entertain a suit. The Hon'ble Supreme Court also made it clear that the MSME will not protect, when a Bank initiated a proceeding under the SARFAESI Act and therefore, this submission made by the learned Senior Counsel for the revision petitioner is negated.

14.With regard to the third submission of constitution of rehabilitation Committee, as the learned Counsel for the respondents 1 and 2 submitted that the Bank has already constituted the rehabilitation committee and therefore, this plea is negative. Further, in a similar situation, when the Division Bench



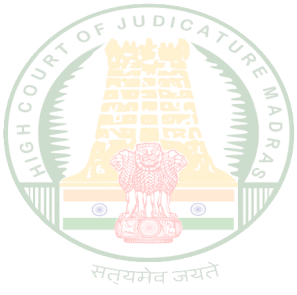
C.R.P.(MD)No.3840 of 2025

WEB COPY

of this Court had quashed the proceedings, since no rehabilitation committee was constituted by Bank, the Hon'ble Supreme Court has granted an order of interim stay. Hence, it is left open to the petitioners to adjudicate at the appropriate stage.

15.In view of above, this Court is of the view that the petitioners cannot be shown any indulgence, when the petitioners have not shown any respect to the orders passed by the Courts/Tribunals, even though the Courts/Tribunals have granted an order of interim stay on the request made by the petitioners and further, in view of the statutory bar under the SARFAESI Act, the suit itself is not maintainable.

16.Though the challenge before this Court is only an adjudication, which only reflects that injunction application in I.A.No.2 of 2025 in O.S.No. 118 of 2025 is pending for a long time, it is to be taken into consideration that when there is a specific bar under Section 34 of the SARFAESI Act, the question of passing of appropriate order in the said injunction application does not arise.



C.R.P.(MD)No.3840 of 2025

WEB COPY

17.In result, the Civil Revision Petition is dismissed on merits and on maintainability. No costs. Consequently, connected miscellaneous petition is closed.

.02.2026

NCC :Yes/No
Index :Yes/No
cmr

To

The Principal District Munsif, Nagercoil, Kanyakumari District.



WEB COPY



C.R.P.(MD)No.3840 of 2025

N.SENTHILKUMAR, J.

cmr

Pre-delivery order made in
C.R.P.(MD)No.3840 of 2025

.02.2026