

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
ARBITRATION PETITION NO. 450 OF 2015

L & T Finance Limited

.....Petitioner

Versus

M/s. Shree Samarth Mahalaxmi Stone
Metal Co. & Anr.

....Respondents

Mr. Sandesh Godse, i/by M/s.Vivek Patil & Associates., for Petitioner.

None for Respondents.

CORAM: S.J.KATHAWALLA, J.

DATE: 17th March, 2016

P.C.

1. This Petition is filed by the Petitioner under Section 9 of the Arbitration and Conciliation Act, 1996 seeking reliefs as prayed against the Respondents. By order dated 12.08.2015, the Petitioner was allowed for substituted service to the Respondents. The Petitioner published the notice on 27.10.2015 in daily News Papers namely Free Press Journal (Pune Edition) and Nav Bharat (Pune Edition) and an affidavit proving service by publication dated 16.11.2015 is on record.

2. The Petition is today taken up for final hearing. None appear for the Respondents.

3. By an Agreement dated 30th August 2013, the Petitioner had provided a loan of Rs. 3,00,00,000/ to the Respondent No.1 for purchase of Asset/Equipment being Refinance 200 TPH Crusher bearing Serial No. AVC220-S No 22/AVJ 811-S.No.12/SW 10-S.No1003 AVGF 1142, S.No:1009/AW1200 - S.No 1106, MVS1845-4 Deck -S.No.1016/MVS 1850-3 Deck-S.No.1015/MVS, 1845-4 Deck-S.No.1016/MVS 1850-3, Deck-S.No.1015, Cone Crusher AVC 220, Jaw Crusher AVI 811, Sand Washer SW1 (“Said Commercial Equipment”). By the Loan-cum-Hypothecation Agreement dated 30.8.2013 the said commercial Equipment was hypothecated with the petitioner by the Respondent No. 1.

4. The Loan amount of Rs. 3,00,00,000/- was repayable by the Respondents to the petitioner with interest @ 9.27% per annum in monthly installments commencing from 10.12.2013 and ending on 10.07.2017. Therefore, the aggregate amount payable by the Respondents to the petitioner under the loan agreement was Rs. 4,11,20,000/-.

5. Clause 12 of the agreement provides for the events of default; and Clause 17 provides for arbitration. There has been a default on the part of the

Respondents. In view thereof both the Respondents became liable to pay to the Petitioner a sum of Rs. 3,22,10,781/- as on 08.01.2014. The Petitioner therefore invoked the arbitration clause in the Agreement dated 30.08.2013.

6. In the present Petition, the Petitioner has sought appointment of the Court Receiver, High Court Bombay as Receiver of the said commercial Equipment more particularly described in Exhibit – F to the Petition. In absence of any defense or contest by the Respondents, the averments contained in Petition have remained uncontroverted. I see no reason why the statement/submissions made by the Petitioner in the Petition should not be accepted. Section 9 empowers the Court to pass an interim measure of protection. Since Respondents have defaulted in repayment of the outstanding dues, it is necessary to safeguard the interest of the Petitioner by appointing the Court Receiver as Receiver of the said commercial Equipment. The appointment of the Receiver is necessary in order to ensure that the said commercial Equipment is not wasted or alienated, thereby defeating the rights of the Petitioner. Hence the following order:

(i) Pending the hearing and final disposal of the arbitration proceedings, the Court Receiver is appointed as Receiver in respect of said Asset/Equipment being Refinance 200 TPH Crusher bearing Serial No. AVC220-S No 22/AVJ 811-S.No.12/SW 10-S.No1003 AVGF 1142, S.No:1009/AW1200 - S.No 1106,

MVS1845-4 Deck -S.No.1016/MVS 1850-3 Deck-S.No.1015/MVS, 1845-4 Deck-S.No.1016/MVS 1850-3, Deck-S.No.1015, Cone Crusher AVC 220, Jaw Crusher AVI 811, Sand Washer SW1 more particularly described in Exhibit - F to the Petition, with direction to take possession of the same with police assistance, if required, and without any prior notice to the Respondents;

(ii) The Court Receiver shall within a period of two weeks after taking possession, give an option to the Respondent in writing to act as agents of the Receiver in respect of the said commercial Equipment described in Exhibit-F to the Petition. The respondents shall be given two weeks time by the Court Receiver from the date of receipt of the Court Receiver's communication/letter to exercise such option. In the event of the respondent/s being desirous of acting as agents of the Receiver, they shall be appointed as agents of the Receiver, subject to security and royalty. The Receiver shall determine the quantum of security and royalty having regard to the terms and conditions contained in the Loan -cum-Hypothecation Agreement (Exhibit A to the Petition);

(iii) In the event that the Respondents fails to communicate their willingness to the Receiver to act as agents of the Court Receiver within a period of two weeks from the date of receipt of the communication from the Court Receiver, it would be open to the Petitioner to apply to the Court for further orders including sale of the said commercial Equipment more particularly described in Exhibit-F to the Petition by private treaty;

(iv) There shall be an interim injunction restraining the Respondents from alienating, encumbering, parting with possession or creating any third party rights in respect of the said Asset/Equipment being Refinance 200 TPH Crusher bearing Serial No. AVC220-S No 22/AVJ 811- S.No.12/SW 10-S.No1003 AVGF 1142, S.No:1009/AW1200 - S.No 1106, MVS1845-4 Deck -S.No.1016/MVS 1850-3 Deck-S.No.1015/MVS, 1845-4 Deck-S.No.1016/MVS 1850-3, Deck-S.No.1015, Cone Crusher AVC 220, Jaw Crusher AVI 811, Sand Washer SW1 more particularly described in Exhibit F to the Petition.

7. A copy of this order shall be forthwith served on the Respondents by hand delivery and also by Speed Post A.D.

8. The Arbitration Petition is accordingly, disposed off.

(S.J.KATHAWALLA, J.)