* IN THE HIGH COURT OF DELHI AT NEW DELHI

% **Judgment *reserved on: 1st June, 2016***
Judgment *pronounced on: 10th June, 2016*

\+ **O.M.P. No.246/2015, I.A. Nos.7543/2015 & 7545/2015**

RUDRAVARAM JHANSI RANI & ORS ..... Petitioners
Through Mr.Gurpreet Singh, Adv.

versus

RELIGARE FINVEST LIMITED ..... Respondent
Through Mr.Ajay Uppal, Adv.

CORAM:
HON'BLE MR.JUSTICE MANMOHAN SINGH

MANMOHAN SINGH, J.

1. The petitioners have filed the objection petition under Section 34 of Arbitration and Conciliation Act, 1996 (hereinafter referred to as the "Act") for setting aside the Arbitral Award dated 12th June, 2014 passed by the Arbitrator, whereby the claim petition filed by the respondent (claimant therein) was allowed directing the petitioners to pay a sum of Rs.74,87,060.84/- along with interest computable @ 18% per annum with effect from 8th August, 2011 till realization besides a sum of Rs.15,000/- as cost of the proceedings, to the respondent.

2. Brief facts of the case are that the petitioner No.1 had applied with M/s Citi Financial Consumer Finance India Ltd. (predecessor Company of the respondent) for availing loan facility. The loan was sanctioned and disbursed to the tune of Rs.74,75,000/- on 31st October, 2007. The petitioner No.1 signed and executed relevant

documents in this regard with the predecessor Company of the respondent. It is stated that the loan was to be repaid by the petitioner No.1 within 180 months along with interest @ 13% per annum. As per the petitioners, the loan installments of Rs.94,755/- per month were paid from 5th December, 2007 till 5th July, 2011.

3. It is further stated that in the month of August, 2011, the officials of the respondent-Company approached the petitioners and informed that they have purchased the account of the petitioners from M/s Citi Financial Consumer Finance India Ltd. and thus, now the tenure of the loan taken by the petitioners was 282 months along with interest @ 17.25%. The petitioners were not prepared to accept the said change in the terms and conditions of the loan agreement. It is stated that the petitioners in January, 2015 received a Court notice stating that there is an execution petition being E.P. No.175/2014 in A.C. No.536/2013 along with the copy of the impugned Award. Upon inquiry, they came to know about the passing of the impugned Arbitral Award dated 12th June, 2012 passed by the sole Arbitrator against them and in favour of the respondent.

4. It is alleged in the petition that since 2011, the petitioners had not received any such communication from the respondent, except a legal notice dated 30th September, 2014 which was duly replied by their counsel vide his reply notice dated 22nd October, 2014.

5. The petitioners have challenged the impugned Award on various grounds. It is stated by them that till January, 2015, they were totally unaware about the proceedings before the sole Arbitrator. The petitioners were not given any chance to defend their case before the

Arbitrator. Even the notice dated 30th September, 2014 did not find any mention of any such proceedings before the Arbitrator or the impugned Award.

6. When the matter was listed before Court on 18th February, 2016, the learned counsel for the respondent appeared. On that day, the petitioners had admitted the loan taken by them from the predecessor Company of the respondent, though they were disputing the interest rate charged by the respondent. Learned counsel for the respondent had also given the counter offer. The order passed on 18th February, 2016 is reproduced herein below:-

> "The petitioners have filed the present petition under Section 34 of the Arbitration and Conciliation Act, 1996 for setting-aside the impugned Award dated 12th June, 2014. The petitioners have admitted that the loan was sanctioned by M/s Citi Financial Consumer Finance India Ltd. on 31st October, 2007 disbursing a sum of Rs.74,75,000/-, bearing loan A/c No.13678633. The petitioners also admit that they have paid monthly installments of Rs.94,755/- from 5th December, 2007 till 5th July, 2011, i.e. approx. 31 months. Learned counsel for the petitioners states that thereafter, the petitioners stopped paying any installment, as the respondent was pressing the interest @ 17.25%. Counsel submits that as per the agreement, the rate of interest was 13%.
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> On the other hand, learned counsel for the respondent states that the loan was given by M/s Citi Financial Consumer Finance India Ltd. and the respondent is the assignee of the loan. Therefore, as per Rules, he is charging the rate of interest @ 17.25% per annum. However, upon instructions, he says that in case the petitioners will pay the arrears of installments along with interest @ 13% per annum as per the original agreement executed between the petitioners and M/s Citi Financial Consumer Finance India Ltd. and also give an undertaking to pay the remaining installments on time, the present petition can be disposed of. Counsel also states that this

> statement is made without prejudice and in case the petitioners are not agreeable, the present petition filed by the petitioners be decided on merits.
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> Let an affidavit in this regard be filed by the petitioners within two weeks.
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> List on 10th March, 2016."

7. Thereafter, the petitioners did not appear either in person or through counsel and the petition was dismissed in default by order dated 21st April, 2016. The application for restoration was filed by the petitioners, which was not opposed by the respondent and the same was allowed by order dated 1st June, 2016. On that date, the learned counsel for the petitioners made the statement that the petitioners are not agreeable to the suggestion made by the respondent as recorded in the order dated 18th February, 2016. Thus, the arguments were heard and the order was reserved.

8. Having heard the learned counsel for the parties and having gone through the impugned Award passed by the sole Arbitrator, I am of the view that there is no infirmity in the impugned Award. The offer given by the respondent is reasonable. The petitioners, on one hand, are admitting their liability for repayment of the loan that was taken by them from the respondent and on the other hand, they are not accepting the offer given by the respondent to repay the arrears of installments along with interest @ 13% per annum as per the original agreement executed between the petitioners and M/s Citi Financial Consumer Finance India Ltd., the predecessor Company of the respondent. There is no merit in the present petition. The objections are accordingly dismissed.

9. The pending applications are accordingly disposed of.

(MANMOHAN SINGH)
JUDGE

JUNE 10, 2016