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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION**

ARBITRATION APPLICATION NO.53 OF 2019

Sustainable Agro-commercial Finance Limited ..Applicant
Vs.
Vishvnath Pandurang Pharate & Anr. ..Respondents

Mr.Yashpal Thakur for Applicant.

CORAM : G.S. KULKARNI, J.

DATE : 2nd APRIL, 2019

P.C.:

1. Heard learned Counsel for the applicant.

2. An affidavit of service is placed on record on behalf of the applicant. It records that personal service is effected on the respondents. Despite service, the respondents have failed to appear in this case. Accordingly, the application is taken up for hearing.

3. This is an application under Section 11 of the Arbitration and Conciliation Act, 1996 (for short, "the ACA") whereby the applicant has prayed for appointment of an arbitral tribunal for adjudication of the disputes which are stated to have arisen between the parties under the

loan cum hypothecation agreement dated 13 November 2014. Clause 28 of the said agreement is the arbitration agreement between the parties which reads thus:-

“28. Dispute Resolution: In the event of any dispute or controversy that may arise from or relating to the remittance, operations or from the interpretation or implementation of this Agreement, the parties hereto undertake to first endeavour to resolve such dispute or controversy amicably through conciliation, within thirty (30) days from the date when such dispute or controversy arises. Unresolved disputes arising out of or relating to this agreement or the arrangement agreed to herein shall be referred to arbitration of a Sole Arbitrator jointly appointed by both the parties. The place of arbitration proceedings shall be at Mumbai and proceedings to be conducted in English. The proceedings shall be conducted in accordance with the Indian Arbitration and Conciliation Act, 1996 as amended from time to time. The Award of the Arbitrator shall be final and binding on both the parties. Parties to bear the respective cost and cost of the arbitration proceedings shall be shared.”

4. The case of the applicant is that a term loan facility in the sum of Rs.7,96,000/- was disbursed to the respondents as set out in more detail in the body of the application. The respondents consistently defaulted in making payment of the installments of the said financial facility as made available by the applicant. The applicant accordingly issued a notice dated 28 September 2018 invoking the arbitration agreement and called upon the respondents to appoint a sole arbitrator to adjudicate the disputes between the parties. This notice was received by the respondents on or about 31 October 2018, however the respondents did not confirm and/or concur in the appointment of the Sole Arbitrator.

Accordingly, the present application has been filed by the applicant praying for appointment of an arbitral tribunal.

5. Having heard learned Counsel for the applicant and having perused the record, it is quite clear that the respondents were beneficiaries of the loan facility made available by the applicant. Under clause 28 of the said agreement, the parties have agreed for disputes being referred to an arbitral tribunal under the said agreement. It is also on record that the applicant by the notice dated 28 September 2018 invoked the arbitration agreement and sought reference of the disputes. All the averments which are made in the petition are required to be treated as admitted as they are not controverted by the respondents.

6. In the above circumstances, the application is required to be allowed. Hence, the following order:-

ORDER

- (i) Mr. Anil Mehta, Advocate of this Court, is appointed as a sole Arbitrator to arbitrate the disputes and differences between the parties under the loan cum hypothecation agreement dated 13 November 2014;
- (ii) The learned sole prospective arbitrator, fifteen days before entering the arbitration reference, shall forward a statement of disclosure as per the requirement of Section 11(8) read with Section

12(1) of the Arbitration and Conciliation Act, 1996, to the Prothonotary & Senior Master of this Court, to be placed on record of this application with a copy to be forwarded to both the parties;

(iii) At the first instance, the parties shall appear before the prospective arbitrator within 10 days from today on a date which may be mutually fixed by the prospective sole arbitrator;

(iv) All contentions of the parties on merits of the matter are expressly kept open;

(v) The application is disposed of in the above terms. No costs.

(vi) Office to forward a copy of this order to the learned Arbitrator on the following address:

address: Prakash Chamber, Chamber No.1, Mezanine Floor,
77, Nagindas Master Road, Fort, Mumbai – 400 023.

Contact No. 9820166852 / 022-66353112.

[G.S. KULKARNI, J.]