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Arb.O.P.(Comm.Div.) No.476 of 2022

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: **09.11.2022**

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THE HONOURABLE **MR.JUSTICE SETHILKUMAR RAMAMOORTHY**

Arb.O.P.(Comm.Div.) No.476 of 2022

M/s.Shriram City Union Finance Limited,
Regd. Office at No.123, Angappa Naicken St,
Chennai and branch office at
No.13, 3rd Floor, Meenakshi Towers,
Opp. Ramakrishnan School Ground,
G.N.Chetty Road, Rajamannar Street,
T.Nagar, Chennai – 600 017.
Rep. by its Senior Manager
Mr.Mathew Arun

... Petitioner

VS.

1.Ravindra R
2.Jyothi Ratolikar

... Respondents

PRAYER: Arbitration Original Petition filed under Section 11(6) of the Arbitration and Conciliation Act, 1996, pleased to appoint a sole arbitrator to adjudicate upon the differences and disputes between the parties under the said agreement dated 29.12.2018 in respect of contract bearing No.RSHMYTF1812290002.

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For Petitioner : Mr.M.Arunachalam

For Respondents : Mr.R.Naveen Srinivasan
for M/s.J.Ravikumar

ORDER

By relying upon Clause 18 of the Loan Agreement dated 26.12.2018, the petitioner seeks the constitution of an arbitral tribunal to resolve the dispute between the petitioner and the respondents herein.

2. The petitioner states that credit facilities were extended to the respondents and that the respondents defaulted in discharging obligations arising therefrom. Therefore, a loan recall notice dated 06.05.2021 was issued, and this was followed by a notice under Section 21 dated 12.10.2021. Upon the constitution of an arbitral tribunal pursuant to such notice, the respondent raised objections with regard to the unilateral constitution of the arbitral tribunal. Therefore, learned arbitrator recused. The present petition is filed in those facts and circumstances.



3. Learned counsel for the respondents states that certain clauses in the Loan Agreement are contrary to public policy. Without prejudice to the right to refute the monetary claim, including on the ground that certain clauses in the Loan Agreement are unenforceable, it is stated that the respondents are agreeable to the constitution of an arbitral tribunal.

4. The parties agree that the Loan Agreement contains an arbitration clause. Schedule - I of the Loan Agreement specifies the place of arbitration as Chennai and records that the parties agree to the exercise of jurisdiction by courts in Chennai.

5. It is needless to say that the respondents are entitled to raise objections with regard to the tenability of the claim or even the enforceability of specific clauses of the loan agreement before the arbitral tribunal. Subject to the aforesaid, the petitioner is entitled to succeed.

6. Accordingly, Arb.O.P.(Comm.Div.)No.476 of 2022 is allowed by appointing Mr.Pawan Jhabak, Advocate, 115, Luz Church Road, First Floor,



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Mylapore, Chennai – 600 007, Mobile No.98841 10509, as the sole arbitrator. The sole arbitrator is called upon to enter upon reference and adjudicate the dispute. The fees and expenses in relation to the arbitral proceedings may be fixed by the arbitral tribunal in consultation with the parties.

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SENTHILKUMAR RAMAMOORTHY,J

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