



Arb.OP.(Com.div.) No.680 of 2022

Arb.O.P.(Com..Div.) No.680 of 2022  
and A.No.5858 of 2022

WEB COMP **ABDUL QUDDHOSE, J.**

1. M.Valavanthal  
and others

... Petitioners

Vs.

M/s.Shriram City Union Finance Limited,  
No.123, Angappannaickan street,  
Chennai- 01.

... Respondent

This petition has been filed under Section 34 of the Arbitration and Conciliation Act, 1996, challenging the impugned arbitral award dated 15.06.2022 passed in ACP(EF) No.56 of 2022.

2. The ground for challenge in this Section 34 application is that the respondent unilaterally has appointed an arbitrator and therefore, it is in violation of the decision rendered by the Hon'ble Supreme Court in the case of *Perkins Eastman Architects DPC vs. HSCC (India) Limited [(2020) 20 SCC 760]*, wherein it is held that a party to a dispute cannot unilaterally appoint an arbitrator.

3. In the instant case, as seen from the impugned arbitral award dated



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15.06.2022, the respondent has unilaterally appointed an arbitrator based on the arbitration clause contained in the loan contract. The petitioner had borrowed money from the respondent/financial institution and had entered into loan contract on 31.07.2017.

4. There seems to be a dispute between the parties. Based upon the arbitration clause contained in the loan contract, the respondent had unilaterally appointed an arbitrator, which had culminated in the passing of the impugned arbitral award dated 15.06.2022. Under the impugned arbitral award, the petitioners have been directed to pay certain sums of money to the respondent for the default committed by them under the loan contract.

5. Since an arbitrator was unilaterally appointed by the respondent, who is a party to the dispute and is interested in the same, the arbitral award dated 15.06.2022, which is challenged in this petition, has to be necessarily set aside by this Court in view of the decision rendered by the Hon'ble Supreme Court in *Perkins's case* (cited supra). In the said judgment, it has been made clear that a person interested in a dispute cannot unilaterally



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appoint an arbitrator.

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6. For the forgoing reasons, the impugned arbitral award dated 15.06.2022 passed in ACP(EF)No.CAR 56/2022 is hereby set aside and this petition is allowed as prayed for. Consequently, Application No.5858 of 2022 is closed. After pronouncement of this order, both the counsels, on instructions, would submit that they are willing for appointment of an arbitrator by this Court. They have also made an endorsement to that effect in the Court bundle. Accordingly, this Court appoints Mr.Gautam S.Raman, Advocate, having office at No.89, Kasturi Avenue, MRC Nagar, R.A.Puram, Chennai – 28, as the sole arbitrator to decide the dispute between the parties. The Sole Arbitrator appointed by this Court shall be paid remuneration as per the Fourth Schedule of the Arbitration and Conciliation Act, 1996. The Arbitrator shall adhere to the provisions of Arbitration and Conciliation Act, 1996. The Arbitrator shall also pass the arbitral award within the stipulated period as prescribed under the Arbitration and Conciliation Act, 1996.

**20.07.2023**

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20.07.2023