



WEB COPY



C.R.P.No.119 of 2022

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 14.03.2024

CORAM:

THE HONOURABLE Mrs.JUSTICE J.NISHA BANU

C.R.P.No.119 of 2022

The Manager,
M/s Hinduja Leyland Finance Limited,
No.1, Sardar Patel Road, Guindy,
Chennai 600 032

.... Petitioner

vs.

T.Suresh

... Respondent

PRAYER: Civil Revision Petition filed under Article 227 of Constitution of India, against the order and decretal order dated 08.02.2021 made in I.A.No.2 of 2019 in O.S.No.680 of 2019 on the file of the Learned XVI Assistant City Civil Judge, Chennai.

For Petitioner : Mr.K.B.Vivekanandhan

For Respondent : No Appearance

ORDER

Heard Mr.K.B.Vivekanandhan, learned counsel for the petitioner.

Though notice has been served on the respondent and the name printed in the cause list, none appeared on his behalf.

2. The rejection of the petitioner's application under Section 8 of the



C.R.P.No.119 of 2022

Arbitration and Conciliation Act is under challenge in the present revision.

WEB COPY

3. According to the learned counsel for the petitioner, the suit itself is barred in view of Section 8 of the Arbitration and Conciliation Act and as such, he submitted that the trial Court was not justified in rejecting the application seeking to refer the matter for arbitration.

4. The trial Court had rejected the petitioner's application on the ground that the cause of action in the plaint is not a dispute covered under arbitration agreement and since the suit has not been filed for any dispute on the loan amount, it may not amount to dispute arising under the arbitration agreement. I am unable to agree with the reasoning given by the Court below.

5. According to the learned counsel for the petitioner, the Clause 22.1 of the Loan Agreements executed between the petitioner and the respondent entitles that all disputes, differences, and /or claims arising out of or in connection with the Loan Agreement shall be settled by arbitration. Moreover Section 5 of the Arbitration and Conciliation Act, 1996 mandates



C.R.P.No.119 of 2022

that no judicial authority shall intervene in matters covered under the arbitration. As such, the reasoning of the Court below in rejecting the petitioner's application, may not be proper.

6. The respondent herein / plaintiff has filed a suit apprehending that the petitioner herein may seize the vehicle. When there is a default clause in the loan agreement that the petitioner herein is entitled to seize the vehicle in the event of any default of the monthly installments, it can only be said that the cause of action pleaded in the plaint arises only out of dispute arising out of the Arbitration agreement. The plaintiff has clearly alleged that the petitioner herein is attempting to seize the vehicle. Since such a dispute is covered under the arbitration agreement, the suit itself may not be maintainable.

7. Section 8 of the Arbitration and Conciliation Act, 1996, empowers the Civil Court to refer the parties to arbitration, when there is an arbitration agreement.

8. In the result, the order passed by the Learned XVI Assistant City Civil Judge, Chennai dated 08.02.2021 made in I.A.No.2 of 2019 in O.S.No.680 of 2019, is set aside and the matter is remanded back to the learned XVI Assistant City Civil Judge, Chennai for passing appropriate



C.R.P.No.119 of 2022

orders by referring the parties to arbitration. Such an exercise shall be completed, within a period of 10 days from the date of receipt of copy of this order.

9. Accordingly, the Civil Revision Petition stands allowed. No costs.

14.03.2024

Index: Yes/No Internet: Yes/No

sts

To:
The Learned XVI Assistant City Civil Judge,
Chennai.



WEB COPY



C.R.P.No.119 of 2022

J.NISHA BANU,J.

sts

Order made in
C.R.P.No.119 of 2022

Dated:
14.03.2024