



Arb.O.P (Com.Div.)No. 327 of 2024

C.V.KARTHIKEYAN, J.

A memorandum of understanding dated 01.03.2024 had been entered into by the petitioner on the one hand and the respondent on the other hand primarily with respect to agreeing to provide financial assistance to the petitioner herein to enhance the business operations.

2. The petitioner had an agreement with Microsoft but had no funds to proceed further in their business venture. The respondent herein had advanced a sum of Rs.1.20 Crores. It was understood that it would be returned at the rate of Rs.10,00,000/- (Rupees Ten Lakhs only) every month, apart from sharing profits by the petitioner to the respondent. Electronic mails have been exchanged between the parties with the petitioner expressing difficulty in moving forward with the agreement. There appears to be default in the re-payments.

3. Initially, at the time of entering into the Memorandum of



understanding, the petitioner had given as security two cheques to the respondent. The petitioner had re-paid a sum of Rs.50/- lakhs and pending these proceedings, another sum of Rs.10/- lakhs had been re-paid. The respondent had presented one of the cheques drawn for Rs.60/- lakhs for payment. It was naturally returned dishonoured. This had given an additional leverage to the respondent to initiate proceedings under Section 138 of the Negotiable Instrument Act which the respondent had done. The matter is now pending before the jurisdictional Magistrate Court.

4. The notice under Section 21 of the Arbitration and Conciliation Act 1996 had been issued by the petitioner questioning termination of the agreement. But however, it is evident that neither party wants to terminate the agreement but seek to re-adjust the schedule of payment. The petitioner requests small adjustments and leniency in demand by the respondent for payment of Rs.10/- lakhs every month. That cannot be a dispute but rather a non meeting of the minds on that particular aspect. It would only be to the advantage of both the parties if the business venture would be to continue, since the petitioner can technically move forward.



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5. At this stage, let me not permit invocation of clause of Arbitration, it could be invoked if there is a dispute. Apart from the non payment of monies received by the petitioner to the respondent, there is no other specific dispute between the parties.

6. I will give liberty to either one of the two parties to take a fresh relook at their relationships. At the outset, it would be a win-win situation since the petitioner has the know how and the respondent has the financial capacity to invest in the business venture of the petitioner. The issue relating to re-payment could also be examined before the jurisdictional Magistrate Court. At this stage, this petition stand dismissed but however, if the disputes persist, then either party are at liberty to approach the Court again.

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