

OCD 11

ORDER SHEET
AP-COM/947/2025
IN THE HIGH COURT AT CALCUTTA
COMMERCIAL DIVISION
ORIGINAL SIDE

M/S UGRO CAPITAL LIMITED
VS
AXLE PAPER PRIVATE LIMITED AND ORS.

BEFORE:
The Hon'ble JUSTICE SHAMPA SARKAR
Date: 11th December, 2025.

Appearance:
Mr. Paritosh Sinha, Adv.
Mr. K.K. Pandey, Adv.
Ms. Mallika Bothra, Adv.
. . .for the petitioner.

The Court:

1. Affidavit of service filed in Court is taken on record.
2. Despite service, none appears on behalf of the respondents.
3. The petitioner seeks reference to arbitration on the strength of Clause 19 of the Facility Agreement which is reproduced below:-

“Subject to the arbitration clause below, this Agreement and other Financing Documents shall be governed by the Indian laws. Any dispute arising in relation to this Agreement shall be subject to the jurisdiction of the competent courts situated in Kolkata. However, this shall not limit the right of the

Lender to take proceedings in any other court of competent jurisdiction of its choice.

All claims, disputes, differences or questions of any nature arising between the Parties, whether during or after the termination of this Agreement, in relation to the construction, meaning, or interpretation of any term used or clause of this Agreement or as to the rights, duties, liabilities of the parties arising out of this Agreement, shall be resolved through arbitration, which shall be administered by an institution recognized by the Government of India for dispute resolution, such institution will appoint the arbitrator for conducting the arbitration proceedings in accordance with its rules for conduct of arbitration proceedings under the Arbitration and Conciliation Act, 1996 as may be amended from time to time. The arbitration proceedings shall be conducted preferably through online means or otherwise through conventional means in English language. The arbitral award shall be final and binding on the Parties. The seat and venue of arbitration (if conducted through conventional means) shall be at Kolkata.

The cost of the arbitration shall be borne by the Borrower.”

4. The Clause provides for settlement of disputes arising out of the facility agreement entered into between the parties, by arbitration. The seat and venue of arbitration has been agreed to be Kolkata. The petitioner alleges that the credit facility of around Rs.25,37,500/- had been

sanctioned in favour of the respondents and the facility agreement dated April 11, 2025 was entered into between the parties. On account of failure of the borrowers to repay the loan as per the repayment schedule, a loan recall notice was issued on October 10, 2025 and the agreement was terminated. As on that date, the outstanding dues was Rs.23,73,965/-. A notice under Section 21 of the Arbitration and Conciliation Act, 1996 was issued. The respondents replied to the said notice alleging that, the reference of the dispute to an online dispute redressal forum was contrary to the law laid down by the Hon'ble Apex Court. Unilateral appointment of an Arbitrator at the instance of the petitioner was not permissible and as such the respondent did not agree to the mechanism suggested by the petitioner in the notice invoking arbitration.

5. Admittedly, there is a facility agreement which contains an arbitration Clause. The Clause provides for resolution of dispute through arbitration. The petitioner who is the lender in this case invoked such clause and suggested the resolution of the dispute by an online forum. The respondents denied the choice of forum by the petitioner but did not dispute the existence of an Arbitration Clause. Thus, as the mechanism prescribed under the agreement has failed, the petitioner has approached this Court under Section 11(6) of the Arbitration and Conciliation Act, 1996 for appointment of an Arbitrator.
6. Under such circumstances, this Court refers the matter to arbitration by appointing Mr. Sankarsan Sarkar, learned Advocate [Mobile No.

9830060937] as the sole arbitrator, to arbitrate upon the disputes between the parties. The learned Arbitrator shall comply with the provisions of Section 12 of the Arbitration and Conciliation Act, 1996.

7. The learned Arbitrator shall be at liberty to fix his remuneration as per the schedule of Arbitration and Conciliation Act, 1996.
8. AP-COM 947 of 2025 is disposed of accordingly.

(SHAMPA SARKAR, J.)