

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORDINARY ORIGINAL CIVIL JURISDICTION**

**COMM. ARBITRATION APPLICATION NO.250 OF 2025**

Telstar Constructions Pvt. Ltd. .. Applicant  
Vs.  
Abhyudaya Co-operative Bank Ltd. .. Respondent

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Mr. Cherag Balsara a/w Ms. Vrushali L. Maindad, Advocates for the Applicant.

Mr. Rajeev Kumar Pandey a/w Mr. Madhur Rai & Mr. Sachin Kanse i/by PRS Legal, Advocates for the Respondent.

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**CORAM : GAUTAM A. ANKHAD, J.**

**DATE : 3<sup>rd</sup> OCTOBER 2025.**

**P.C. :**

1. The Applicant has filed this Application under Section 11 of the Arbitration and Conciliation Act, 1996 seeking appointment of a Sole Arbitrator under the Agreement of Working Capital Term Loan dated 9<sup>th</sup> November 2011 ("**WCTL Agreement**") and Assignment Agreement dated 18<sup>th</sup> March 2019.

2. Mr. Balsara, learned counsel for the Applicant submits that the Respondent had sanctioned the loan facility under agreement dated 18<sup>th</sup> November 2011. Disputes arose between the parties. Meanwhile, the Respondent executed an Assignment Agreement with Edelweiss Asset Reconstruction Company Ltd. ("**Edelweiss**") on 18<sup>th</sup> March 2019. He relies upon:-

(i) Clause 23 of the loan agreement, which reads as under :-

"23. *The Borrower/s hereby appoint the Abhyudaya Co-op. Bank Ltd., its Assignor attorney in its name and on its behalf to demand, sue for, receive and recover and give effectual discharges for all or any of the book and*

*other debts hereby hypothecated and for that purpose to file suit and declare complaints, affidavits, to employ Solicitors and Advocates to compromise and refer to arbitration and to do all such acts and things as could have been done by the Borrower/s in the matter of recovery of the said debts.”*

- (ii) Arbitration agreement at clause 10.7 of the Assignment Agreement between the Respondent and Edelweiss.

He submits that a conjoint reading of these two clauses gives rise to an arbitration agreement between the parties herein and empowers this Court to appoint a Sole Arbitrator to adjudicate upon the disputes between the parties.

3. Mr. Rajeev Kumar, learned counsel for the Respondent opposes the Application and submits that there is no arbitration agreement between the parties. Clause 23 cannot be read as a arbitration agreement and seeks dismissal of the Application.

4. I have heard the learned counsels for the parties. Clause 23 of the WCTL Agreement is not an arbitration clause. It does not fulfill the requirements of an arbitration agreement under Section 7 of the Act. It is in the nature of authority or Power of Attorney that is granted by the Applicant to the Respondent to discharge certain duties on its behalf. This includes appointment of advocates to compromise or refer matters to arbitration on behalf of the Applicant. This clause, in my view, is not and cannot be read as an arbitration agreement. Mr. Balsara's reliance on clause 10.7 of the Assignment Agreement is also misplaced. The Assignment Agreement is between the Respondent and Edelweiss. It cannot be invoked by the Applicant, as it has no privity to the said Agreement.

In view thereof, there is no merit in this Application. Commercial Arbitration Application No.250 of 2025 is dismissed.

**[GAUTAM A. ANKHAD, J.]**