



WEB COPY

W.P.No.4421 of 2025



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 21.03.2025

CORAM

THE HONOURABLE MR JUSTICE J.SATHYA NARAYANA PRASAD

W.P.No.4421 of 2025

M/s.Auto Coats,
Represented by its Partner,
Ms.R.Chandra,
13/47C, Sitra Kaalapatti Road,
Civil Aerodrome Post,
Coimbatore - 641 014.

... Petitioner

Vs.

1. The Micro and Small Enterprises Facilitation Council,
Coimbatore Region,
Represented by its Chairperson,
Tmt.Sigy Thomas Vaidhyan
2, Raja Street, Coimbatore - 641 001.

2. M/s.Unitech Couplers India Pvt Limited,
128/1, Vembadiyan Kovil Road,
Arasur, Coimbatore - 641 407.

...Respondents

Prayer:- Writ petition filed under Article 226 of the Constitution of India praying for issuance of a writ of Mandamus, directing the first respondent herein to refer the petitioner's application bearing reference No.UDYAM-TN-03-004239/S/0001 dated 02.07.2021 to arbitration as per Section 18(3) of the Micro, Small and Medium Enterprises Development Act 2006 within a time limit fixed by this Court.



WEB COPY

W.P.No.4421 of 2025

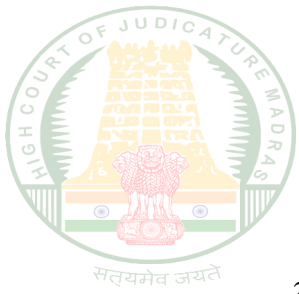


For Petitioner : M/s.S.P.Sri Harini
For R1 : Mr.N.Naveen Kumar,
Government Advocate
For R2 : M/s.M.V.Saranya

ORDER

This Writ Petition has been filed seeking a direction to the first respondent to refer the petitioner's application, bearing reference No. UDYAM-TN-03-004239/S/0001, dated 02.07.2021, to arbitration as per Section 18(3) of the Micro, Small and Medium Enterprises Development Act, 2006, within a time frame fixed by this Court.

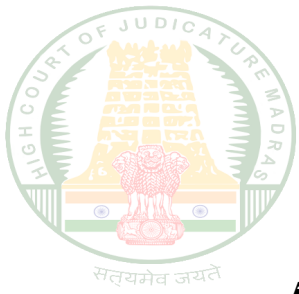
2. The learned counsel appearing for the petitioner submitted that the petitioner is a 'micro manufacturing enterprise' registered under the MSMED Act and had entered into an agreement with the second respondent for the supply of "ED coating" services. With respect to the labour provided for these services from 2016 to 2020, the petitioner had periodically raised 293 invoices totaling Rs. 19,35,228/-. However, the second respondent had paid only Rs. 11,08,654/-, leaving an outstanding balance of Rs. 8,26,554/-. Despite repeated reminders, the second respondent failed to make the balance payment.



WEB COPY

3. The petitioner filed an application under Section 18(1) of the MSMED Act against the second respondent to recover the outstanding amount along with interest. The second respondent failed to submit its reply within the time limit specified by the first respondent and did not participate in the joint conciliation proceedings initiated under the MSMED Act. In the absence of any representation from the second respondent, the first respondent passed an order based on the documentary evidence submitted by the petitioner, directing the second respondent to pay the principal amount of Rs. 8,26,554/-.

4. Despite the lapse of one year and six months, the second respondent did not comply with the order. Upon seeking legal advice, the petitioner became aware that the first respondent's order could not be executed unless the matter was referred to arbitration and an arbitral award was passed. The petitioner immediately requested the first respondent to refer the matter for arbitration, but the first respondent replied that they could not modify the order under Section 33 of the Arbitration and Conciliation Act, 1996. Aggrieved by these events, the petitioner has filed the present Writ Petition.



WEB COPY

5. The learned counsel for the petitioner further submitted that since the matter was not referred to arbitration after the conciliation order was passed, the petitioner has approached this Court through the present writ petition.

6. The learned Government Advocate appearing for the first respondent submitted that conciliation proceedings had already been held, and an order was passed on 22.04.2022, directing the second respondent to pay a sum of Rs. 8,26,554/- along with interest at three times the bank rate notified by the Reserve Bank of India, as stipulated under Sections 15 & 16 of the MSMED Act, 2006, from the due dates of the 293 invoices (dated 15.04.2020 to 27.01.2017) until realization of the dues.

7. The learned Government Advocate further submitted that the first respondent will refer the matter to arbitration as per Section 18(1) of the Micro, Small and Medium Enterprises Development Act, 2006, and requested that a time limit be fixed by this Court for the conclusion of the arbitration proceedings.



WEB COPY

8. The learned counsel for the second respondent submitted that the conciliation order was passed ex parte since the second respondent did not participate in the proceedings and, therefore, the order must be set aside.

9. Heard both sides and perused the materials available on record.

10. The first respondent is directed to refer the petitioner's application, bearing reference No. UDYAM-TN-03-004239/S/0001, dated 02.07.2021, to arbitration as per Section 18(3) of the Micro, Small and Medium Enterprises Development Act, 2006. The arbitration proceedings shall be concluded within four (4) months from the date of receipt of a copy of this order.

11. The Writ Petition is disposed of with the above observations and directions. No costs.

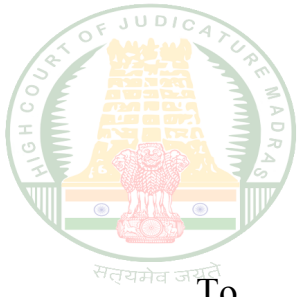
21.03.2025

nvi

Index : Yes/No

Speaking Order: Yes/No

Neutral Citation : Yes/No



W.P.No.4421 of 2025



To
WEB COPY

1. The Micro and Small Enterprises Facilitation Council,
Coimbatore Region,
Represented by its Chairperson,
Tmt.Sigy Thomas Vaidhyan
2, Raja Street, Coimbatore - 641 001.
2. M/s.Unitech Couplers India Pvt Limited,
128/1, Vembadiyan Kovil Road,
Arasur, Coimbatore - 641 407.



WEB COPY



W.P.No.4421 of 2025

J.SATHYA NARAYANA PRASAD. J.,

nvi

W.P.No.4421 of 2025

21.03.2025