



Arb. O.P. (Com. Div.) No.411 of 2024

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 19.03.2025

CORAM

THE HON'BLE Mr. JUSTICE ABDUL QUDDHOSE

Arb.O.P (Com.Div.) No.411 of 2024

1. M/s.Sri Rajeswari Tex,
No.1/9, Near Varunabhawankoil,
Opp. Kathir College,
Nanbargal Nagar,
Neelambur,
Coimbatore – 641 062.

2. M.P. Pandiyaraj
3. D. Senthil Kumar
4. S. Muthukrishnan

... Petitioners

Vs

M/s.Shriram Finance Ltd.,
(Formerly known as
M/s.Shriram City Union Finance Ltd.)
having Branch Office at
No.12, Ramaswamy Street,
T. Nagar,
Chennai – 600 017.
Rep. By its Authorised Signatory,
S. Aarthi

... Respondent



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Prayer : Arbitration Original Petition (Commercial Division) filed under Section 34(2)(a) (ii) (iv) (b) (ii) of the Arbitration and Conciliation Act, 1996 for the following reliefs :-

a) to set aside the Arbitral Award, dated 25.04.2023 bearing Arbitration Case No.2 of 2022 passed by the Sole Arbitrator A. J. Jawad in its entirety (OR) to the extent to which it is challenged.

b) to direct the respondent to pay the costs and

c) to grant such further reliefs as this Court may deem fit under the circumstances of the case and thus render justice.

For Petitioners : Mr. M. Devaraj

For Respondent : Mr. Umashankar

for M/s. Shri & Shankar Associates

ORDER

This petition has been filed under Section 34 of the Arbitration and Conciliation Act challenging the impugned Arbitral Award, dated 25.04.2023 passed in favour of the respondent against the petitioners.

2. The Petitioners have challenged the impugned Arbitral Award primarily on the ground that the Arbitrator who has passed the impugned Arbitral Award has been appointed unilaterally without the consent of the petitioners. The said ground has to be rejected by this Court for the following reasons :



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The Arbitrator, who has passed the impugned Arbitral Award was appointed by this Court in a petition filed by the respondent under Section 11 of the Arbitration and Conciliation Act, 1996 in Arb. O.P. (Com. Div.) No.114 of 2022 on 21.04.2022. Only after serving notice in the said petition on the petitioners, who were the respondents in the said petition, an Arbitrator was appointed by this Court based on the arbitration clause contained in the Loan Agreement, dated 31.03.2019, which is the subject matter of the dispute between the petitioners and the respondent. Earlier, the respondent had requested the petitioners to give consent for arbitration. Since consent was not given, the respondent had approached this Court by filing an application under Section 11 of the Arbitration and Conciliation Act, 1996 seeking for appointment of an Arbitrator by this Court. This Court had also appointed an Arbitrator by its order dated 21.04.2022 passed in Arb. O.P. (Com. Div.) No.114 of 2022. The Arbitrator appointed by this Court has passed the impugned Arbitral Award, which is the subject matter of challenge in this petition filed under Section 34 of the Arbitration and Conciliation Act, 1996.

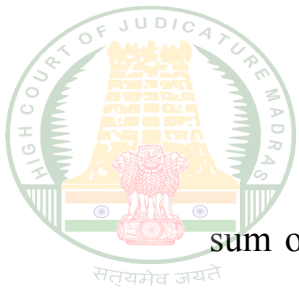


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3. Since the Arbitrator who has passed the impugned Arbitral Award was appointed by this Court through its order, dated 21.04.2022 passed in Arb. O.P. (Com. Div.) No.114 of 2022, the contention of the petitioners that it is an unilateral appointment has to be rejected by this Court.

4. The petitioners have participated in the arbitration and before the Arbitrator, they have also filed a counter to the claim statement filed by the respondent. Before the Arbitrator, documents filed on both sides were also marked as Exhibits. Issues were also framed by the Arbitrator with regard to the contentious issues. Admittedly, the petitioners are defaulters in the repayment of the loan as per the terms and conditions of the Loan Agreement, dated 31.03.2019, which is the subject matter of the dispute between the parties. The findings rendered by the Arbitrator under the impugned Arbitral Award are elaborate findings and only after giving due consideration to the evidence available on record in the form of Exhibits, which has been disclosed in the Arbitral Award, the Arbitrator has passed the impugned Arbitral Award. The Arbitrator under the impugned Arbitral Award has directed the petitioners to pay a



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sum of Rs.96,99,203/- together with interest and a sum of Rs.4,25,000/-

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has been awarded as costs in favour of the respondent as against the petitioners. The petitioners have not filed any documents in support of their contentions before the Arbitrator. It was only the respondent, who had filed the documents which were marked as Exhibits on their side. The documents includes Loan Agreement and other exchange of correspondences with the petitioners. Only based on the evidence available on record, more particularly, the terms and conditions of the Loan Agreement, dated 31.03.2019 as well as the statement of account, which is the subject matter of the dispute between the parties, the Arbitrator has passed the impugned Arbitral Award.

5. Since the impugned Arbitral Award is based on the evidence available on record, the question of interfering with the findings of the Arbitrator under Section 34 of the Arbitration and Conciliation Act does not arise. Therefore, the contentions of the petitioners as raised in this petition has to be rejected as there is no merit in the same. Accordingly this petition is dismissed. No costs.

19.03.2025



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Index: Yes/ No

Speaking order / Non speaking order

Neutral citation : Yes / No

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ABDUL QUDDHOSE, J.

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