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Arb.Appeal Nos.55 & 56 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 06.11.2025

CORAM:

THE HONOURABLE DR.JUSTICE G.JAYACHANDRAN

AND

THE HONOURABLE MR.JUSTICE MUMMINENI SUDHEER KUMAR

ARBITRATION APPEAL Nos.55 & 56 of 2025

Arb.Appeal No.55/2025 :

Manekchand Panachand Trading
Investment Company Private Limited ... Appellant

-VS-

1.Vivriti Capital Limited

2.Sadhana Nitro Chem Limited,
represented by its Director,
Mr.Abhishek Asit Javeri.

3.Catalyst Trusteeship Limited ... Respondents

Arb.Appeal No.56/2025 :

Sadhana Nitro Chem Limited,
represented by its Director,
Mr.Abhishek Asit Javeri. ... Appellant

-VS-

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- 1.Vivriti Capital Limited
- 2.Manekchand Panachand Trading
Investment Company Private Limited
- 3.Catalyst Trusteeship Limited ... Respondents

PRAYER : Appeals against the common order, dated 24.10.2025, passed by the learned sole Arbitrator.

For Appellant & Respondent No.2 in both appeals : Mr.P.S.Raman,
Senior Counsel,
for Ms.Brinda Mohan.

For Respondent 1 in both appeals : Mr.Vijay Narayan,
Senior Counsel,
for Mr.A.Arjun Suresh.

JUDGMENT

(By Dr.G.Jayachandran,J.)

These appeals are filed under Section 37 of the Arbitration and Conciliation Act,1996, against the order passed by the learned sole Arbitrator under Section 17 of the said Act, pending disposal of the arbitration proceedings.

2. Appellant is the borrower and first respondent is the financier. The financier advanced loans to the borrower and the borrower was liable to pay Rs.24,28,17,529/- approximately under three heads as below :



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Master General Terms Agreement : Rs.11,94,44,428/-

Master Rental Agreement : Rs. 6,23,73,101/-

Master Lease Agreement : Rs. 6,10,00,000/-

3. On default of payment by the borrower, the financier foreclosed the loan accounts and recovered a sum of Rs.21,08,53,986/-, by realising security deposit and sale of pledged shares. For recovery of the balance amount of Rs.3,19,63,543/-, the matter has been referred to the Arbitrator. Counter claim by the borrower is also pending. In the meanwhile, on an application filed under Section 17 of the said Act at the instance of the borrower, namely, the principal borrower and the guarantor, the learned Arbitrator has passed an interim order, which reads as below :

"21. Consequently, the two applications under Section 17 of the said Act are disposed of by continuing the order passed by the Hon'ble High Court of Madras, qua the parties herein, unconditionally till the end of working hours of October 29,2025. If, by such time, the applicants or either of them deposits a sum of Rs.3.5 crore by way of a fixed deposit in any nationalised bank having a branch within the vicinity of the High Court of Madras and also furnishes an unimpeachable copy of any receipt in respect thereof to advocates for the claimant, the order passed by the High Court will continue till the award is pronounced and subject to the provision in such regard in the award, on condition that the fixed deposit will be free from all lien and encumbrances and will be



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4. The appellant, aggrieved by the said conditional order, is before this Court, primarily on the ground that the entire dispute to be resolved through arbitration is regarding the Master Lease Agreement with Larsen & Toubro, wherein the financier claims a sum of Rs.6.10 crores, to be payable by the appellant, and, in fact, the amount, which is lying with Larsen & Toubro for supply of Hydrogen Electrolysers, is in respect of the lease agreement, the terms of which indicate that the financier is the owner till the discharge of the last instalment, and, for not having paid the balance price for the said equipment, Larsen & Toubro has not delivered the equipment to the appellant. In such circumstances, there is no necessity for imposing a condition to deposit Rs.3.5 crores for injuncting the financier from taking any drastic action for recovery.

5. Mr.P.S.Raman, learned Senior Counsel, appearing for the appellant, would submit that the offer made by the borrower to furnish security of property worth Rs.12.00 crore at Raigad, which is unencumbered, is not considered by the learned Arbitrator, which has caused irreparable inconvenience to the appellant. He would further contend that the financier was supposed to release the balance payment to Larsen & Toubro on



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21.04.2025, but he failed to do so, though the equipment was made ready and the same was intimated to the financier. This had led to non-payment of committal charge of Rs.13.00 lakhs, which was due and payable on 30.04.2025. He would also submit that for a paltry sum of Rs.10.00 lakhs, the entire loan agreement got foreclosed and recovery process commenced by the financier. Though these matters are now sub-judice before the learned Arbitrator, the bottomline of the learned Senior Counsel is that his offer to furnish an unencumbered property worth more than Rs.12.00 crores as security was not considered by the learned Arbitrator, while granting interim protection of injunction.

6. In the considered view of this Court, the respondent cannot have any serious objection to the above proposal of the appellant, since the interest of the respondent will be well protected if an unencumbered property worth more than Rs.3.5 crores is furnished as security before the learned Arbitrator along with an affidavit that the appellant will not create any encumbrance till the disposal of the arbitration proceedings. We make it clear that if the respondent has any doubt about the title of the property, it is always open for them to get a copy of the title document and get it verified. If there is any encumbrance in the property, the same may be brought to the notice of this Court.



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7. This Court, on perusal of Valuation Report of the property, now being offered as security, given by M/s.Rane Engineers and Surveyors Pvt. Ltd., Mumbai, dated 17.03.2021, is of the view that interest of the respondent will be protected, if the said property is given as security. The dispute is regarding purchase of Hydrogen equipment from Larsen & Toubro from the finance provided by Vivriti Capital Limited. It is admitted by both the parties that a sum of Rs.6.10 crores, given as advance payment to Larsen & Toubro lakhs, is still lying with it. Hence, the appellant is directed to deposit the original documents of the property, which is now being offered as security, along with latest valuation report and an affidavit of undertaking that the property is unencumbered and, in future, no encumbrance would be created over the said property, pending disposal of the arbitration proceedings.

8. Copy of the Affidavit, Valuation Report and the property documents should be furnished by the appellant-borrower to the first respondent-financier. Time for deposit of title documents along with affidavit is two weeks and for furnishing valuation report, three weeks.

9. Any observation made in this order is limited to the disposal of the appeals and shall have no bearing on the arbitration proceedings.

10. After pronouncement of the above order in the open Court, learned Senior Counsel for the appellant submitted that in the application



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filed under Section 17 of the Act by the third party - guarantor, who is the appellant in Arbitration Appeal No.55 of 2025, the secondary prayer for directing the claimant - Vivriti Capital Limited and the third respondent - Catalyst Trusteeship Limited to furnish copies and details of all correspondence, including contract notes, bills, invoices etc., in respect of sale of shares by the financier, who realised the loan amount, has not at all been considered by the learned Arbitrator.

11. In this regard, it is the opinion of this Court that the learned Arbitrator has rightly ignored the said prayer, since the said prayer, as couched, does not fall within the scope and ambit of Section 17 of the Act. Hence, no further reference is required thereto.

12. Appeals are disposed of accordingly. No costs. Consequently, the connected C.M.P.Nos.27263 and 27268 of 2025 are closed.

(DR.G.J.,J.) (M.S.K.,J.)
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Index : Yes/No
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