



\$~24

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **ARB.P. 461/2025**

M/S. SINGH FINLEASE PVT. LTD.Petitioner

Through: Mr. Murari Kumar, Ms. Pragya
Verma, Mr. Mayank Kumar Verma,
Advs.
Mr. Shiv Shankar, Adv.

versus

M/S. SOUTH CENTER OF ACADEMY PVT. LTD. & ORS.

.....Respondents

Through: Ms. Mehak Joshi, Adv. for R4

CORAM:

HON'BLE MR. JUSTICE JASMEET SINGH

ORDER

29.08.2025

%

1. This is a petition filed under section 11(6) of the Arbitration and Conciliation Act, 1996 seeking appointment of an Arbitrator to adjudicate the disputes between the parties arising out of the Loan Agreement dated 10.06.2022.
2. The facts are that the petitioner advanced a loan of Rs. 50,00,000/- to the respondents under the said Loan Agreement. Respondent No. 1 is the principal borrower and respondents No. 2, 3 and 4 are the co-borrowers.
3. The said Loan Agreement contains an arbitration clause being Clause No. 21, which reads as under:

“21.All dispute, differences and/or claim arising out of these presents including any dispute as to any amount outstanding, or in any way touching or as to the right and liabilities of the parties hereunder shall be settled by arbitration to be held in accordance with the provisions of the Arbitration and Conciliation Act, 1996 or any statutory amendments thereof



and shall be referred to the arbitration of a sole arbitrator, to be nominated by SFPL only and borrower shall have no right to object the appointment of said Arbitrator. In the event of death, refusal, neglect, inability or incapability of a person so appointed to act as an arbitrator, SFPL may appoint a new arbitrator. The award of the arbitrator shall be final and binding on all parties concerned. The arbitration shall be final be final and binding on all parties concerned. The arbitration proceedings shall be held at Delhi and the arbitration shall be conducted in English language.”

4. Since disputes arose between the parties, the petitioner invoked arbitration vide legal notice dated 28.01.2025 and thereafter, filed the present petition.
5. Ms. Joshi, learned counsel appearing on behalf the respondent No. 4, has handed over a legal notice dated 22.04.2024 issued by the petitioner invoking arbitration in regards the said Loan agreement and also the reply filed to said legal notice and states that respondent No. 4 has resigned from the directorship of respondent No. 1 company on 06.08.2023. She further states that new directors who took over are now liable under the said Loan Agreement.
6. Further, although the respondents have been served and have previously appeared, only respondents No. 2 and 3 have filed their respective written submission.
7. In the written submission filed by respondent No. 2, it is submitted that he never agreed to become a co-borrower in his personal capacity and that his status as a co-borrower in the said Loan Agreement was co-terminus with his directorship of respondent No. 1 company. Further, in the written submission filed by respondent No. 3, it is submitted that respondent No. 3



has neither been a director nor a shareholder of the respondent No. 1 and has never associated herself with respondent No. 1.

8. I am unable to agree with the submissions made by the respondents No. 2, 3 and 4, since it is a matter of fact that respondents No. 2, 3 and 4 signed the said Loan Agreement in the capacity of co-borrowers. Additionally, the submissions raised by the respondents No. 2, 3 and 4 are touching the merits of the matter, which are in the sole domain of the Arbitrator.
9. The limited role of referral the Court while adjudicating petition filed under section 11 of the Arbitration and Conciliation Act, 1996 has been clearly defined by the Hon'ble Supreme Court in ***SBI General Insurance Co. Ltd. v. Krish Spinning, 2024 SCC OnLine SC 1754.*** Hence, the objections raised by the respondents including the maintainability of the claims against them, are not to be decided by this Court and are left open to be adjudicated by the Arbitrator.
10. I am satisfied that respondents have been duly served, however, despite service there is nobody appearing on behalf of the respondent No. 1, 2 and 3. Further, there is a valid arbitration clause and there are disputes between the parties which need to be settled through arbitration mechanism.
11. For the said reasons, the petition is allowed, with the following directions:
 - i) Ms. Asmita Singh, Advocate (Mob. No. 9643520339) is appointed as a Sole Arbitrator to adjudicate the disputes between the parties.
 - ii) The arbitration will be held under the aegis and rules of the Delhi International Arbitration Centre, Delhi High Court, Sher Shah



Road, New Delhi (hereinafter, referred to as the 'DIAC').

- iii) The remuneration of the learned Arbitrator shall be in terms of DIAC (Administrative Cost and Arbitrators' Fees) Rules, 2018.
 - iv) The learned Arbitrator is requested to furnish a declaration in terms of Section 12 of the Act prior to entering into the reference.
 - v) It is made clear that all the rights and contentions of the parties, including as to the arbitrability of any of the claim, any other preliminary objection, as well as claims/counter-claims and merits of the dispute of either of the parties, are left open for adjudication by the learned arbitrator.
 - vi) The parties shall approach the learned Arbitrator within two weeks from today.
12. The petition is disposed of in the aforesaid terms.
13. The legal notice dated 22.04.2024 handed over in the Court today is taken on record.

JASMEET SINGH, J

AUGUST 29, 2025 / (MS)