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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02-02-2026

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THE HONOURABLE Mr. JUSTICE N. ANAND VENKATESH

Arb O.P(COM.DIV.) No. 247 of 2025

AND

A.No.2456 of 2026

1.M/s.Sanghi Transport Co.
Rep by its Proprietor, No. 5-1-1066-69
Gowliguda, Nampally Fire Station
Nampally Begumbaza District, Hyderabad
Telangana-500012

2.Mrs.Deepa Sanghi

Petitioner(s)

Vs

M/s.IndusInd Bank Ltd
(Formerly known as Ashok Leyland Finance Ltd)
Rep by its Manager / Executive Legal New No.34,
GN Chetty Road, T.Nagar, Chennai-600 017

Respondent(s)

PRAYER

To Set aside the impugned Award dated 18.04.2024 passed by Learned Arbitrator concerning the Loan Agreement bearing No.AHJ0882D dated 28.08.2019.

For Petitioner(s): Ms.A.Saranya

For Respondent(s): Mr.S.R.Sundar

ORDER

This petition has been filed challenging the arbitral award passed by the Arbitral Tribunal dated 18.04.2024 concerning the loan agreement bearing No. AHJ0882D dated 28.08.2019.



2.The case of the petitioner is that the respondent extended financial facilities to the petitioner towards purchase of a vehicle. Disputes arose among the parties and consequently, the respondent has initiated arbitration proceedings in line with the arbitration clause available under the agreement. The main ground that has been urged by the learned counsel for the petitioner is that there was a unilateral appointment of an institutional Arbitrator, for which, the petitioner did not give any concurrence. Accordingly, the present petition has been filed by placing reliance upon the judgment of the Apex Court in ***Perkins Eastman Architects DPC Vs. HSCC (India) Ltd. [(2020) 20 SCC 760]*** and ***Bhadra International (India) Pvt. Ltd. & Others Vs Airports Authority of India*** in ***Civil Appeal Nos.37-38 of 2026 dated 05.01.2026.***

3.Learned counsel for the respondent submitted that the petitioner never raised any objection, when the Arbitrator was appointed through the institution and in fact, participated in the same and therefore, the petitioner cannot be allowed to turnaround and question the award passed by the Arbitral Tribunal. Learned counsel submitted that since the petitioner has not chosen to contest the case and the sole Arbitrator has taken into consideration the claim made by the respondent and also the materials placed by the respondent to substantiate the claim, there is no ground to interfere with the award passed by the sole Arbitrator.



4.This Court has carefully considered the submissions made and perused the materials available on record.

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5.On carefully considering the trigger notice that was issued by the respondent dated 12.06.2023, it is seen that the respondent had invoked the arbitration and proceeded to appoint an institutional Arbitrator already identified by them and the sole Arbitrator was appointed by this institution. It is now too well settled that such appointment is impermissible in law, since it is in violation of Section 12(5) of the Arbitration and Conciliation Act, 1996 (in short “the Act”). It is not necessary for this Court to burden this order with all the judgments and by extracting the relevant portions. It will suffice, if this Court takes into account the judgment of the Apex Court in *Perkins and Bhadra International* referred *supra*. It is also relevant to take note of the judgment of the Apex Court in *Central Organisation for Railway Electrification Vs. ECI SPIC SMO MCML (JV) reported in (2025) 4 SCC 641*. I have relied upon the above judgments in various orders and set aside the award, mainly on the ground that is hit by Section 12(5) of the Act. It is not necessary for this Court to go into the dispute as to whether the petitioner was given any opportunity, since the very constitution of the Arbitral Tribunal in the absence of the petitioner not consenting for the appointment of the sole Arbitrator vitiates the award passed by the Tribunal.



6.Learned counsel appearing on either side submitted that there are two other disputes which are pending before the sole Arbitrator and that, if this Court is inclined to interfere with the award passed by the Arbitral Tribunal, they consent for referring this dispute also before the same Arbitrator.

7.In the light of the above submission, the award passed by the sole Arbitrator dated 18.04.2024 in agreement No.AHJ0882D dated 28.08.2019, is set aside and ***Mr.Justin David, District Judge (Retd.) (Mobile No.94435 51078), residing at Block Oak Plot B1, Mapple Orchard, Padikuppam, Anna Nagar, Ben Foundation, Chennai 600 040, is appointed as sole Arbitrator.***

The sole Arbitrator is requested to adjudicate the arbitral disputes that had arisen between the parties and render an arbitral award by holding sittings in the Madras High Court Arbitration Centre under the aegis of this Court as per Madras High Court Arbitration Proceedings Rules, 2017 and fee of the sole Arbitrator shall be in accordance with the Madras High Court Arbitration Centre (MHCAC) (Administrative Cost and Arbitrator's Fees) Rules, 2017. The sole Arbitrator shall make all attempts to complete the entire arbitral proceedings and pass the award, within a period of six months from the date of filing of the claim petition.



In the result, this application is allowed in the above terms. No costs.

Connected application is closed.

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Index:Yes/No

Neutral Citation:Yes/No



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