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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 30-01-2026

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THE HONOURABLE MR JUSTICE N. ANAND VENKATESH

Arb O.P No. 50 of 2024

1.Pandurangan Somu,
S/o. Somu,
685 Kaliyamman Kovil Street
Kattumannarkovil Sathavattam Kanur
Post Kanur Cuddalore District
Tamil Nadu 608701.

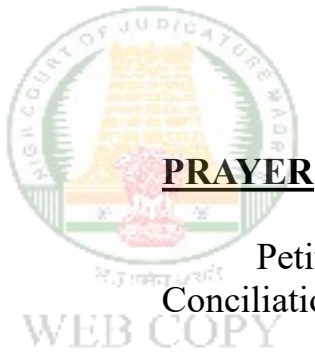
2. Jayasakthiya Pandurangan
685, Kaliyamman Kovil Street
Kattumannarkovil Sathavattam Kanur
Post: Kanur Cuddalore District
Tamil Nadu 608 701.

..Petitioner(s)

.Vs.

M/s John Deere Financial India Private
Limited
Non Banking Finance Company
registered office at Tower XIV,
Cybercity, Magarpatta City, Hadapsar,
Pune-411013 and its area office at
GKS Annexure, O.No.3, No.No.20,
Pycrofts Garden Road, next to state
Bank of India Training Centre,
Chennai 600 006.

Respondent(s)

**PRAYER**

Petition filed under Section 34(2)(b)(ii) of the Arbitration and Conciliation Act, 1996;

(a) to set aside the Arbitration Award dated 30.11.2023 passed by learned Sole Arbitrator Mr.Inbavijayan V In the Arbitral Proceedings arising out of Arbitration Case ID No.10883/2023 in its entirety;

b) to direct the respondent to pay the costs.

For Applicant(s): Mr. A.Velmurugan,

For Respondent(s): Mr. N.K.Vanan,

ORDER

This petition has been filed under Section 34 of the Arbitration and Conciliation Act, 1996 [hereinafter referred to as 'the Act'] challenging the Arbitral Award dated 30.11.2023, passed by the Sole Arbitrator.

2.The respondent extended financial facilities to the petitioners and a loan agreement was entered into between the parties. There was default in repayment of the loan and hence the respondent proceeded further to invoke the Arbitration Clause available under Clause 17.13 of the Loan Agreement dated 29.3.2019.

3.The petitioners were set ex parte and the Sole Arbitrator proceeded further to pass the award dated 30.11.2023. Aggrieved by the same, the present petition has been filed before this Court.



4. Heard Mr.A.Velmurugan, learned counsel for the petitioners and Mr.N.K.Vanan, learned counsel for the respondent.

5.The main ground that has been urged by the learned counsel for the petitioners is that there was unilateral appointment of an Arbitrator by the respondent, which goes against the judgment of the Apex Court in ***Perkins Eastman Architects DPC v. HSCC (India) Ltd.***, reported in ***[(2020) 20 SCC 760]***.

6.The learned counsel for the respondent submitted that the Arbitrator was appointed by an Institution, since the agreement contemplated institutional Arbitrator. Therefore, the petitioners not having participated in the proceedings cannot turn around and question the award passed by the Sole Arbitrator.

7.In the considered view of this Court, the issue involved in the present case is squarely covered by the earlier order passed by me in Arb.O.P. (Com.Div.).No.503 of 2022 dated 20.01.2026. This Court after taking into consideration the judgment of the Apex Court in ***Central Organisation for Railway Electrification v. ECI SPIC SMO MCML (JV) A Joint Venture Company*** reported in ***[2024 SCC Online SC 3219][CORE2]*** and the judgment of the Apex Court in ***Bhadra International (India) Pvt. Ltd., & Ors. v. Airports***



Authority of India [Civil Appeal Nos.37-38 of 2026 dated 05.01.2026], came to a conclusion that Section 12(5) of the Act is mandatory and any award passed in violation of the same will be ex facie invalid. This is in view of the fact that the Arbitral Tribunal itself lacks jurisdiction and hence, the same can always be questioned while filing the petition under Section 34 of the Act.

8. In the case in hand, even though the Arbitrator has been appointed from an Institution, the fact remains that the said process has been undertaken by the respondent unilaterally, without giving any option to the petitioners. Therefore, it tantamounts to appointment of an Arbitrator unilaterally. Therefore, the above judgment will squarely apply to the facts of this case

9. In the light of the above discussion, the arbitral award passed by the Sole Arbitrator dated 30.11.2023, is hereby set aside. It is left open to the respondent to initiate fresh proceedings for appointment of an Arbitrator and proceed further in accordance with law.

10. When the petition was entertained and stay was granted by this Court on 13.09.2024, the petitioners were directed to deposit a sum of Rs.75,000/-, to the credit of the petition. The same has also been deposited. In the light of the present order, the petitioners are permitted to withdraw the amount along with the accrued interest.



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

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Index: Yes/No

Speaking/Non-speaking order

Internet: Yes

Neutral Citation: Yes/No

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N.ANAND VENKATESH J.

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