WEB COPY

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 06-01-2026

PRONOUNCED : 19-02-2026

CORAM

THE HON'BLE MR JUSTICE C.V. KARTHIKEYAN

AND

THE HON'BLE MR.JUSTICE K.KUMARESH BABU

Arb Appeal No. 60 of 2025
and
CMP No.28647 of 2025

C.R.Tamilselvan

..Appellant/Petitioner/
Respondent No.3

Vs

M/s. Shriram Transport Finance Co., Ltd.,

Rep. by its G.P.A. Holder M. Nallendran,

M.P. Complex, 1st Floor Opp.

District Library No.35, Ward C, Block No.4,

Kottai Main Road, Namakkal – 637 001.

..Respondent/Respondent/
Claimant

This Arbitration Appeal filed under Section 37 of the Arbitration and Conciliation Act, 1996, praying to set aside the Order dated 10.9.2025 passed in Arb.OP.No.3 of 2025 on the file of the Commercial Court, Salem against the Appellant herein.

https://www.mhc.tn.gov.in/judis

WEB COPY

For Appellant(s): Mr.B M Subash

For Respondent(s): No appearance

JUDGMENT

(Judgment of the Court was delivered by C.V.Karthikeyan J.)

The petitioner in Arb.O.P.No.3 of 2025 on the file of the Commercial Court (District Cadre) at Salem, aggrieved by the order dated 10.09.2025 is the appellant herein. The said Arb.O.P.No.3 of 2025 had been filed under Section 34 of the Arbitration and Conciliation Act, 1996 to set aside the award passed by the Arbitrator on 22.10.2022 in Arbitration Case No.658 of 2021. The appellant was the 3rd respondent before the Arbitrator.

2.The arbitration proceedings were initiated by the respondent herein, M/s.Shriram Transport Finance Company Limited against R.Kamalanathan, who was the principal borrower and had availed term loan for a sum of Rs.25/- Lakhs by executing a Loan Agreement dated 23.08.2018. The amount was repayable over a period of 60 months commencing from 05.10.2018 till 05.09.2023. The 2nd respondent therein, D.Murugan had stood as guarantor for the loan. The 3rd respondent therein, C.R.Tamilselvan, the appellant herein, was the co-applicant for the loan.

https://www.mhc.tn.gov.in/judis

WEB COPY

3.The claim petition was filed by the respondent herein stating that a sum of Rs.35,13,626/- with interest at 36% per annum was due and payable. In the claim petition, it had been very specifically stated that, in the Term Loan Agreement dated 23.08.2018, there was a specific clause to refer the disputes to arbitration. Additionally, in the Letter of Guarantee dated 21.08.2018, which had been signed by the appellant herein, there was also a specific clause stipulating that the arbitration clause provided under the Term Loan Agreement would be binding on the guarantors and that the guarantors would also be bound by the award passed by the arbitrator.

4.The proceedings before the arbitrator was protracted and stretched to its limit. The appellant herein was served with notice from the arbitrator informing him about his appointment as sole arbitrator. He also received another notice dated 29.10.2021 fixing the date of hearing on 08.11.2021. The appellant had issued a reply on 08.11.2021 that he had nothing to do with the loan or Letter of Guarantee. The respondent herein had issued a reply on 17.01.2022. The appellant appeared before the arbitrator on 25.04.2022 and engaged an Advocate authorizing him to file vakalat. However, since the appellant had not appeared on the earlier date determined for the appellant, the appellant had been set exparte. He then filed an application to set aside the exparte order. The appellant thereafter, did not appear before the arbitrator. An award was passed on 22.10.2022.

https://www.mhc.tn.gov.in/judis

WEB COPY

5.Claiming that the award has to be set aside on the grounds of violation of principles of natural justice and non service of notice, the appellant filed Arbitration O.P.No.3 of 2025 under Section 34 of the Arbitration and Conciliation Act, 1996 before the Commercial Court (District Cadre) at Salem. The Commercial Court dismissed the petition by order dated 10.09.2025 confirming the award passed by the arbitrator. It was under those circumstances, that this appeal had been filed again claiming that there had been unilateral appointment of the arbitrator and that there was non service of notice as contemplated under Sections 12 (5) and 21 of the Arbitration and Conciliation Act, 1996.

6.The respondent had been served with notice, but however, there has been no appearance.

7.Heard learned counsel for the appellant.

8.The appellant was the co-applicant in a loan obtained by one R.Kamalanathan for a sum of Rs.25/- Lakhs from the respondent herein. The appellant had signed the requisite documents as a co-applicant and had signed the Term Loan Agreement Form. His photograph had also been fixed. He also executed a Letter of Guarantee with the other guarantor D.Murugan. The learned counsel for the appellant, however, contended that the Letter of

https://www.mhc.tn.gov.in/judis

WEB COPY

Guarantee did not contain a clause relating to settlement the disputes through arbitration. The learned counsel further contended that the appellant was not put on notice as contemplated by the Act and that the Commercial Court at Salem had failed to consider these aspects. He also questioned the appointment of the arbitrator by the respondent herein.

9.We have carefully considered the arguments advanced and perused the material records.

10.This appeal has been filed under Section 37 of the Arbitration and Conciliation Act, 1996, seeking to set aside the order dated 10.09.2025 in Arb.O.P.No.3 of 2025 on the file of the Commercial Court (District Cadre) at Salem. The said Arb.O.P.No.3 of 2025 had been filed by the appellant questioning an award dated 22.10.2022 passed the arbitrator on a claim petition filed by the respondent herein. The respondent herein / Shriram Transport Finance Company Limited had extended a term loan of Rs.25/- Lakhs to R.Kamalanathan.

11.It is contended by the learned counsel for the appellant that the appellant herein was not the principal borrower and that the respondent herein without proceeding against the principal borrower had also impleaded this appellant as a respondent in the claim petition. It was his contention that this

https://www.mhc.tn.gov.in/judis

WEB COPY

appellant was not bound by the arbitration clause in the Term Loan Agreement. He further contended that notice, as required, was not served on him by the arbitrator. He also questioned the appointment of the arbitrator.

12.A perusal of the documents reveal that this appellant had signed as a co-applicant in the Term Loan Agreement. Even though a vain attempt was made that these signatures were not that of the appellant, the appellant had not taken any steps during the arbitration proceedings to forward the documents for forensic examination and for comparison of the signatures therein with his admitted signature. He had also affixed his photograph in the Term Loan Agreement. He had also signed the Letter of Guarantee. The Term Loan Agreement had a specific clause to refer disputes to arbitration. The Letter of Guarantee had a specific clause that any award passed pursuant to arbitration proceedings initiated, on default of the term loan, would be binding on the guarantors. The appellant had signed both the Term Loan Agreement wherein there was a specific clause for arbitration and also signed the Letter of Guarantee wherein there was a clause stipulating that the award would be binding on the guarantors. The Commercial Court had examined all the grounds raised by the appellant herein questioning the award and the proceedings before the learned Arbitrator.

https://www.mhc.tn.gov.in/judis

WEB COPY

13.With respect to the issue of forgery, we hold that this issue should have been raised initially before the arbitrator and having not done so, it was not permissible to raise the same in either the petition under Section 34 of the Act for the first time or in appeal under Section 37 before us. The appellant herein was also represented by a counsel before the arbitrator. The same counsel had also filed the petition under Section 34 of the Act. The ground that the signatures of the appellant had been forged has to be necessarily rejected by us, as having been raised without any proof or basis.

14.The appellant himself had admitted that he had received notice of appointment of arbitrator and also notice of hearing. He also admitted that he received a copy of the arbitration award. The primary ground raised by him is that he was only a co-applicant and should not be mulcted with the award of the arbitrator. But however, we hold that as a co-applicant, the appellant is equally liable as the principal borrower and moreover, as a guarantor, is also equally liable as the principal borrower. We therefore reject that stand taken by the learned counsel for the appellant. No other substantial ground has been raised on behalf of the appellant.

15.We find no reason to interfere with the well reasoned and considered order passed by the Commercial Court, Salem in Arb.O.P.No.3 of 2025 dated 10.09.2025.

https://www.mhc.tn.gov.in/judis

WEB COPY

16.Accordingly, the Arbitration Appeal is dismissed. However, since the respondent had failed to appear before this Court, there shall be no order as to costs. Consequently, connected Civil Miscellaneous Petition is closed.

(C.V.K.,J.)   (K.B.,J.)
19-02-2026

smv

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

To

M/s. Shriram Transport Finance Co., Ltd.,

Rep. by its G.P.A. Holder M. Nallendran,

M.P. Complex, 1st Floor Opp.

District Library No.35, Ward C, Block No.4, Kottai Main Road,

Namakkal – 637 001.

https://www.mhc.tn.gov.in/judis

WEB COPY

C.V.KARTHIKEYAN, J.
AND
K.KUMARESH BABU, J.

smv

Pre-Delivery Judgment made in
Arb Appeal No. 60 of 2025

19-02-2026

https://www.mhc.tn.gov.in/judis