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**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

CR-9447-2025

Date of decision: 12.01.2026

ADITYA ASSOCIATES

...Petitioner(s)

VERSUS

PHYSICS WALLAH LIMITED

...Respondent(s)

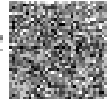
CORAM: HON'BLE MR. JUSTICE JASGURPREET SINGH PURI

Present:- Mr. Sanjay Mittal, Advocate
for the petitioner.

JASGURPREET SINGH PURI, J. (Oral)

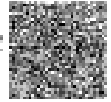
1. The present Civil Revision Petition has been filed under Article 227 of the Constitution of India for setting aside the judgment dated 12.09.2025 (Annexure P-6) passed by the learned Additional District Judge, Narnaul, vide which the order passed by the learned Additional Civil Judge (Senior Division), Narnaul dated 27.05.2025 (Annexure P-4) was set aside and the application filed by the respondent under Section 8 read with Section 5 of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as 'the Act') was allowed.

2. Learned counsel for the petitioner submitted that the petitioner and the respondent entered into an agreement in the nature of a unit franchise agreement vide Annexure P-7 dated 01.11.2022 and by way of the aforesaid agreement, the respondent which is the main company had given a franchisee to the petitioner for the purpose of coaching etc. There were number of conditions



forming part of the agreement, which were binding upon both the parties. He submitted that the aforesaid unit franchise agreement also contains an arbitration clause under Article XXVIII, Clause 4, which provides that any and all disputes arising out of or in relation to or in connection with the agreement between the parties or relating to the performance or non-performance of the rights and obligations set forth or the breach, termination, invalidity or interpretation thereof shall be referred for arbitration in New Delhi in accordance with the terms of Indian Arbitration and Conciliation Act, 1996 or any amendments thereof. He further submitted that although the aforesaid unit franchise agreement contains an arbitration clause but considering the fact that there were a large number of violations of the terms and conditions of the agreement and cheating conducted by the respondent against the petitioner, which involved intricate factual disputes, the petitioner filed a civil suit vide Annexure P-1 seeking declaration and permanent injunction and also mandatory injunction restraining the respondent-defendant from allotting any unit franchise to anyone in the surrounding area of 50 kms. of the petitioner-Institute. He also submitted that when the aforesaid suit was filed by the petitioner, the respondent herein, who was the defendant therein moved an application under Section 8 read with Section 5 of the Act seeking dismissal of the suit on the ground of existence of the aforesaid arbitration clause.

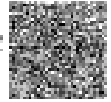
3. Learned counsel for the petitioner further submitted that the learned Additional Civil Judge (Senior Division), Narnaul vide order dated 27.05.2025 (Annexure P-4), while deciding the aforesaid application under Section 8 read with Section 5 of the Act, dismissed the same on the ground that



the Civil Court has the power to try a civil suit under Section 9 of CPC, which is a wider power. He submitted that thereafter, the respondent filed an appeal before the learned Additional District Judge, Narnaul and vide judgment dated 12.09.2025 (Annexure P-6), the learned Additional District Judge, Narnaul, acting as the appellate authority, allowed the appeal and set aside the order passed by the learned Additional Civil Judge (Senior Division), Narnaul and remitted the matter back to the learned trial Court to reconsider the application filed by the respondent under Section 8 read with Section 5 of the Act afresh in the light of the observations which the learned Appellate Court had made. It is the judgment passed by the learned Appellate Court vide Annexure P-6 dated 12.09.2025, which has been assailed by the petitioner in the present civil revision petition.

4. Mr. Mittal further submitted that the allegations against the respondent involved mixed questions of law and fact requiring detailed evidence to be adduced with regard to the allegations pertaining to violation of various terms and conditions of the agreement as well as the respondent's act of cheating in setting up another Institute and siphoning off the royalty and the same can be done only by resorting to the remedy of a civil suit and not by way of arbitration process, even if there exists an arbitration clause as aforesaid. He referred to the judgments passed by this Court in **Indusind Bank Limited versus Mehmood, 2022 (1) RCR (Civil) 764** and **Bell Finvest India Limited versus Mukesh Kumar, CR-5959-2022**, decided on **16.12.2022** in this regard.

5. I have heard the learned counsel for the petitioner.

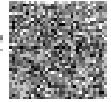


6. The arbitration clause forming part of the Unit Franchise Agreement (Annexure P-7) is reproduced as under:-

*“Arbitration: Any and all disputes ("Disputes") arising out of or in relation to or in connection with this Agreement between the Parties or relating to the performance or non-performance of the rights and obligations set forth herein or the breach, termination, invalidity or interpretation thereof shall be referred for Arbitration in **New Delhi** in accordance with the terms of Indian Arbitration and Conciliation Act, 1996 or any amendments thereof. The language used in the arbitral proceedings shall be English. Arbitration shall be conducted by a sole arbitrator, who shall be appointed by the Franchisor only. The Arbitral award shall be in writing and shall be final and binding on each party and shall be enforceable in any court of competent jurisdiction.”*

7. A perusal of the aforesaid would show that the parties have expressly agreed that any and all disputes arising out of or in relation to or in connection with the agreement between the parties or relating to the performance or non-performance of the rights and obligations set forth or the breach, termination, invalidity or interpretation thereof shall be referred for arbitration in New Delhi in accordance with the terms of Indian Arbitration and Conciliation Act, 1996 or any amendments thereof. In other words, there is no dispute with regard to the existence of the aforesaid arbitration clause and the agreement, which is binding upon both the parties.

8. The argument which was raised by the learned counsel for the petitioner that notwithstanding the existence and binding effect of the aforesaid unit franchise agreement and the arbitration clause, the dispute can be decided



only by way of a civil suit since allegations have been made with regard to multiple violations of the agreement which can be adjudicated only by way of a civil suit, is totally misconceived and unsustainable. Section 8 of the Act as amended on 23.10.2015 is reproduced as under:-

“8. Power to refer parties to arbitration where there is an arbitration agreement.—*[(1) A judicial authority, before which an action is brought in a matter which is the subject of an arbitration agreement shall, if a party to the arbitration agreement or any person claiming through or under him, so applies not later than the date of submitting his first statement on the substance of the dispute, then, notwithstanding any judgment, decree or order of the Supreme Court or any Court, refer the parties to arbitration unless it finds that prima facie no valid arbitration agreement exists.]*

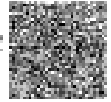
(2) The application referred to in sub-section (1) shall not be entertained unless it is accompanied by the original arbitration agreement or a duly certified copy thereof:

[Provided that where the original arbitration agreement or a certified copy thereof is not available with the party applying for reference to arbitration under sub-section (1), and the said agreement or certified copy is retained by the other party to that agreement, then, the party so applying shall file such application along with a copy of the arbitration agreement and a petition praying the Court to call upon the other party to produce the original arbitration agreement or its duly certified copy before that Court.]

(3) Notwithstanding that an application has been made under sub-section (1) and that the issue is pending before the judicial authority, an arbitration may be commenced or continued and an arbitral award made.”

9. Section 5 of the Act is also reproduced as under:-

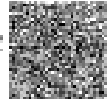
“5. Extent of judicial intervention.—*Notwithstanding anything contained in any other law for the time being in force, in matters governed by this Part, no judicial authority shall intervene except where so provided in this Part.”*



10. Section 5 of the Act provides for a non-obstante clause and after the amendment in the year 2015, Section 8 of the Act also provides for another non-obstante clause pertaining to its overriding effect upon all other laws and any judgment, decree or order of the Supreme Court or any Court. The learned Additional Civil Judge (Senior Division), Narnaul, while dismissing the application filed by the respondent under Section 8 read with Section 5 of the Act has erroneously and contrary to the provisions of the Act dismissed the application on the ground that a civil suit can always be maintainable even during the existence of a valid arbitration clause. This error of the learned Additional Civil Judge (Senior Division), Narnaul was corrected by the learned Additional District Judge, Narnaul, while exercising appellate powers. A perusal of the aforesaid judgment passed by the learned Additional District Judge, Narnaul would show that even otherwise also, the learned Appellate Court after setting aside the order passed by the learned Additional Civil Judge (Senior Division), Narnaul has remitted back the matter to the learned trial Court after making observations and explaining the correct position of law.

11. So far as the aforesaid judgments cited by the learned counsel for the petitioner in **Indusind Bank Limited's case (Supra)** and **Bell Finvest India Limited's case (Supra)** are concerned, the same would not apply to the facts and circumstances of the present case.

12. On the other hand, not only there is an express provision of law under Section 5 and Section 8 of the Act but also the law is settled by Hon'ble Supreme Court in **Interplay between Arbitration Agreements under Arbitration and Conciliation Act, 1996 and Stamp Act, 1899, in Re, (2024) 6 SCC 1**

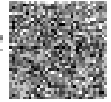


regarding minimal judicial interference in arbitration matters in view of Section 5 of the Act. Paragraphs No.76, 81, 82 and 186 of the aforesaid judgment are reproduced as under:-

“76. The principle of judicial non-interference in arbitral proceedings is fundamental to both domestic as well as international commercial arbitration. The principle entails that the arbitral proceedings are carried out pursuant to the agreement of the parties or under the direction of the tribunal without unnecessary interference by the national courts. 61 This principle serves to proscribe judicial interference in arbitral proceedings, which would undermine the objective of the parties in agreeing to arbitrate their disputes, their desire for less formal and more flexible procedures, and their desire for neutral and expert arbitral procedures. 62 The principle of judicial non-interference in arbitral proceedings respects the autonomy of the parties to determine the arbitral procedures. This principle has also been incorporated in international instruments, including the New York Convention and the Model Law.

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81. One of the main objectives of the Arbitration Act is to minimize the supervisory role of courts in the arbitral process. Party autonomy and settlement of disputes by an arbitral tribunal are the hallmarks of arbitration law. Section 5 gives effect to the true intention of the parties to have their disputes resolved through arbitration in a quick, efficient, and effective manner by minimizing judicial interference in the arbitral proceedings. Parliament enacted Section 5 to minimize the supervisory role of courts in the arbitral process to the bare minimum, and only to the extent “so provided” under the Part I of Arbitration. In doing so, the

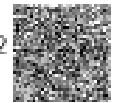


legislature did not altogether exclude the role of courts or judicial authorities in arbitral proceedings, but limited it to circumstances where the support of judicial authorities is required for the successful implementation and enforcement of the arbitral process. The Arbitration Act envisages the role of courts to “support arbitration process” by providing necessary aid and assistance when required by law in certain situations.

82. Section 5 begins with the expression “notwithstanding anything contained in any other law for the time being in force.” The non-obstante clause is Parliament’s addition to the Article 5 of the Model Law. It is of a wide amplitude and sets forth the legislative intent of limiting judicial intervention during the arbitral process. In the context of Section 5, this means that the provisions contained in Part I of the Arbitration Act ought to be given full effect and operation irrespective of any other law for the time being in force. It is now an established proposition of law that the legislature uses non-obstante clauses to remove all obstructions which might arise out of the provisions of any other law, which stand in the way of the operation of the legislation which incorporates the non-obstante clause.

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186. Section 5 is effectively rendered otiose by the interpretation given to it in N.N. Global (2). The Court failed to provide a reason for holding that Section 5 of the Arbitration Act does not have the effect of excluding the operation of Sections 33 and 35 of the Stamp Act in proceedings under Section 11 of the Arbitration Act. The non obstante clause in Section 5 does precisely this. In addition to the effect of the non obstante clause, the Arbitration Act is a special law. We must also be cognizant of the fact that one



of objectives of the Arbitration Act was to minimise the supervisory role of Courts in the arbitral process.”

13. The judgment of Hon'ble Supreme Court in **Sushma Shivkumar Daga versus Madhurkumar Ramkrishnaji Bajaj & Ors., 2023 SCC Online SC 1683** squarely covers the point of extremely limited scope of judicial scrutiny at the stage of Section 8 of the Act. The relevant paragraphs of the aforesaid judgment are reproduced as under:-

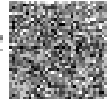
“14. The basic purpose for bringing an amendment in Section 8 (as well as section 11 of the Arbitration Act) was to minimise the scope of judicial authority in matters of arbitration, except on the ground where prima facie, no valid arbitration agreement exists.

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24. After the 2015 amendment, primarily the court only has to see whether a valid arbitration agreement exists. Additionally, the clear non-arbitrability of cases, such as where a party to the agreement is statutorily protected, such as a consumer "has also to be seen by the Court" (Booz Allen & Hamilton Inc. v. SBI Home Finance Ltd., (2011) 5 SCC 532). Short of the narrow field stated above, the scope of judicial scrutiny at the stage of Section 11(6) or Section 8 is extremely limited.

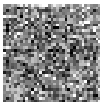
25. Objections will nevertheless be raised both on Section 8 and Section 11 applications. These objections can be genuine, such as where there is no arbitration clause or where the matter is itself non-arbitrable, but often these objections could be only to wriggle out of the statutory commitment of parties to a defined process of redressal mechanism.

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29. *The third objection is regarding fraud. The plea of fraud raised by the appellants in their objection to the Section 8 application has never been substantiated. Except for making a bald allegation of fraud there is nothing else. This Court has consistently held that a plea of fraud must be serious in nature in order to oust the jurisdiction of an arbitrator. In Rashid Raza v. Sadaf Akhtar ((2019) 8 SCC 710), this Court laid down two conditions which must be satisfied before the Court can refuse to refer the matter to the arbitrator, a forum consciously decided by parties in an agreement. The first is whether the plea permeates the entire contract and above all, the arbitration agreement, rendering it void or secondly, whether the allegation of fraud touches upon the internal affairs of the parties inter se having no implication in the public domain. The allegations must have some implication in public domain to oust the jurisdiction of an arbitrator, if an allegation of fraud exists strictly between the parties concerned, the same will not be termed to be as a serious nature of fraud and hence would not be barred for arbitration.”*

14. Therefore, this Court is of the considered view that when admittedly there exists an arbitration clause, which is not in dispute in an agreement which is also not in dispute, then the mere fact that the allegations are pertaining to violations of certain terms and conditions of the agreement cannot become a ground for not sending the matter to the Arbitrator and not allowing the application under Section 8 read with Section 5 of the Act. The petitioner is not left remediless even for the purpose of seeking interim relief under Section 9 of the Act. So far as the argument raised by the learned counsel for the petitioner pertaining to the allegations of fraud is concerned, a perusal of



the plaint (Annexure P-1) would show that no allegations of fraud have been made therein. However, some references are made in paras No.4 and 5, whereby it is stated by the petitioner that he felt cheated. Such references made pertaining to cheating would not *prima facie* constitute any element of fraud unless fraud is specifically and unequivocally pleaded in the plaint itself and therefore, the aforesaid argument of the learned counsel for the petitioner is also unsustainable and deserves to be rejected.

15. In view of the above, finding no merit in the present Civil Revision Petition, the same is hereby dismissed.

12.01.2026
Chetan Thakur

(JASGURPREET SINGH PURI)
JUDGE

Whether speaking/reasoned	:	Yes/No
Whether reportable	:	Yes/No