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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\# **CNR No. DLHC010219722026**

\+ ARB.P. 886/2026

M/S SANDHU MOTOR FINANCE PVT LTD .....Petitioner
Through: Ms. Sonali Arora, Advocate.

versus

SH. CHANCHAL KUMAR .....Respondent
Through: Ms. Vandana Dhoundiyal, Advocate

**CORAM:**
**HON'BLE MR. JUSTICE TUSHAR RAO GEDELA**

**O R D E R**

**% 27.10.2026**

1. The present petition has been filed under Section 11(5) of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as '*the Act*') seeking appointment of sole Arbitrator to resolve the disputes between the parties.

2. It is stated that the petitioner is a Non-Banking Financial Company incorporated under the Indian Companies Act, 2013 and registered with RBI, having office at 2A/58, Geeta Colony, Delhi-110031, and is engaged with the business of providing personal loan, vehicle loan, home loan and business loan.

3. It is stated that the respondent entered into a Loan Agreement bearing no.SMF/2018/37 on 11.12.2018 with the petitioner on the terms and conditions stipulated therein. It is stated that the petitioner advanced a loan of Rs.3,50,000/- with interest at 20% per annum to the respondent through RTGS on 11.12.2018. The said loan was advanced to the respondent for a period of six years. It is stated that in discharge of the said loan facility, the respondent had issued a post dated cheque bearing no.590665 dated 11.12.2024 for a sum of Rs.7,70,000/- to the petitioner which was inclusive of interest amount.


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However, on presentation the said cheque was returned unpaid on 12.12.2024. It is stated that on 24.12.2024, the petitioner got issued a notice of demand requiring the respondent to make repayment of the loan amount which the respondent failed to comply with.

4. It is stated that the Clause 17 of the Loan Agreement contains arbitration agreement, which is extracted hereunder:-

> *"**(Clause 17) Arbitration and Dispute Settlement***
> *a) All disputes, differences and /or claims, arising out of this agreement, whether during its subsistence or thereafter shall be settled by arbitration in accordance with the provision of arbitration and conciliation act, 1996 or any other statutory modification or re- enactment for the time being in force and shall be conducted by a sole arbitrator to be appointed by the lender. The applicable law shall be Indian laws. In the event of incapacity or resignation or death of the sole arbitrator so appointed, the Lender shall be entitled to appoint another arbitrator in place of the earlier arbitrator, and the proceedings shall continue form the stage at which the predecessor had left.*
>
> *b) The award given by the arbitrator shall be final and binding on the parties to this agreement. The cost of the arbitration shall be borne with by the party/ies in accordance with award passed by the arbitrator.*
>
> *c) The venue of arbitration shall be as specified in Schedule 1 hereto and the proceedings shall be conducted in English language."*

5. It is stated that notice invoking arbitration under Clause 17 of the Loan Agreement under the provisions of Section 21 of the Act was issued on 02.04.2026. It is stated that no reply was filed by the respondent, constraining the petitioner to file the present petition.

6. Ms. Vandana Dhoundiyal, learned counsel had accepted notice on behalf of the respondent.

7. Learned counsel for the respondent states that though the agreement contains the signature of the respondent, however, the same is not a registered document. She further states that the notice under Section 21 was never received by the respondent on account of fact that the respondent does not reside at on the said address.


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8. The Court has heard learned counsel for the parties.

9. The objections raised by the learned counsel for the respondent would clearly be in the domain of the Arbitrator. This issue is no more *res integra* having regard to the principle laid down by the Constitutional Bench of the Supreme Court in ***Re: Interplay Between Arbitration Agreements under Arbitration and Conciliation Act, 1996 and Stamp Act, 1899, (2024) 6 SCC 1***, whereby it was held that the scope of an Arbitral Tribunal's Authority is wide enough as to comprehend all preliminary issues affecting its jurisdiction. Further it has also been held that a person having authority by the "consent of parties" to receive evidence, herein the Arbitral Tribunal, is also empowered to impound and examine an instrument.

10. Thus, the objections so raised are kept reserved in favour of the respondent to be raised in the arbitral proceedings.

11. Moreover, in terms of the judgement of the Supreme Court in ***SBI General Insurance Company Limited vs. Krish Spinning, (2024) 12 SCC 1,*** the Court appointing Arbitrator is only to satisfy itself as to the existence of the arbitration agreement between the parties. So far as the said issue is concerned, learned counsel for the respondent has not raised any objection as to the validity and existence of the arbitration agreement.

12. Thus, the Court is fully satisfied that there exists a valid arbitration agreement between the parties.

13. In view of the above and in terms of the Judgement of the Supreme Court in ***SBI General Insurance Company Limited*** (*supra*) leaving the parties to raise all the disputes before the Arbitral Tribunal, the petition is allowed and the following directions are passed:-

i) Mr. Vasu Manchanda, Advocate (Mob. No. 9871948939/ 8868195937) is appointed as a Sole Arbitrator to adjudicate the disputes between the parties.



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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 petitioner shall approach the learned Arbitrator within two weeks from today.

14. The petition is disposed of.

**TUSHAR RAO GEDELA, J**

**OCTOBER 27, 2026**
*Sumit*


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