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

Date of decision: 24.07.2025

+ **EFA(COMM) 8/2025 & CM APPL. 40684/2025**

+ **EFA(COMM) 9/2025 & CM APPL. 40686/2025**

M/S BALAJI ENTERPRISES AND ORS.

.....Appellants

Through: Mr.Sahil Mongia, Ms.Sanjana
Samor & Mr.Yash Yadav, Advs

versus

M/S SUNDARAM FINANCE LTD

.....Respondent

Through: Mr.Nikhil Swami, Adv

CORAM:

HON'BLE MR. JUSTICE NAVIN CHAWLA

HON'BLE MS. JUSTICE MADHU JAIN

NAVIN CHAWLA, J. (ORAL)

1. These appeals have been filed by the appellants, challenging the Orders dated 03.06.2025 passed by the learned District Judge (Commercial Court)-04, South West District, Dwarka Courts, Delhi (hereinafter referred to as the, 'District Judge') in Execution (Comm.) No. 3/2025 and Execution (Comm.) No. 4/2025, both titled ***Sundaram Finance Ltd. v. Balaji Enterprises***, whereby the objections filed by the appellants against the execution of the Arbitral Award dated 16.08.2024 were dismissed.

2. The short question that arises for consideration in these appeals is whether the learned Arbitrator had been unilaterally appointed by the respondent, thereby rendering the Award a nullity in terms of the



Judgment of the Supreme Court on this issue.

3. Before we proceed to consider the submissions of the parties on this issue, we would first reproduce the arbitration clause between the parties, as under:-

“22. (a) All disputes, differences and/or claim, arising of this agreement, whether during its subsistence or thereafter shall be settled by arbitration in accordance with the provisions of Arbitration & Conciliation Act, 1996 or any statutory amendments thereof and shall be referred to the sole Arbitration of an nominated by the The Madras Chamber of Commerce & Industry (MCCI), presently having its office “Karumuttu Centre”, 1 Floor, 634, Anna Salai, Chennai or nominated by the Managing Director of the lender. The proceedings shall be governed by the rules and regulations of the MCCI governing Arbitration Proceedings. If the sole Arbitrator is not nominated by the Managing Director of the lender such as Arbitrator may follow his/her own rules and procedure. The award given by the sole Arbitrator shall be final and binding on the parties to this agreement. It is a term of this agreement that in the event of such an Arbitrator to whom the matter has been originally referred, dying or being unable to act for any reason, MCCI or Managing Director of the lender, as the case may be, shall nominate another person to act as Arbitrator. Such a person shall be entitled to proceed with the reference from the stage at which it was left by his/her predecessor.

(b) The venue of Arbitration proceedings shall be Chennai.

(c) The Arbitrator so appointed herein above shall also be entitled to pass on award on the hypothecated assets and also on any other securities furnished by or on behalf of any parties to Arbitration.”

(Emphasis supplied)



4. From the above clause, it is apparent that where any dispute arises between the parties in relation to the Agreement, the same was to be referred to a Sole Arbitrator to be nominated either by the Madras Chamber of Commerce & Industry (in short 'MCCI') or by the Managing Director of the lender. In the present case, the respondent admittedly did not choose the second option; instead, by notice dated 21.08.2023, they invoked the Arbitration Agreement and requested the MCCI to appoint an Arbitrator.

5. Though the learned Counsel for the appellants submits that this notice was not received by the appellants, the respondent has placed on record the Acknowledgment Due (AD) cards to show that the notice was, in fact, received by the appellants.

6. Upon receiving the said notice, the MCCI, by its notice dated 27.09.2023, appointed a Sole Arbitrator to adjudicate the disputes between the parties. This notice was also duly sent to the appellants herein. Therefore, it cannot be said that the appointment of the learned Arbitrator was unilaterally made by the respondent. On the contrary, the appointment was made by the Institution which, as per the agreement, had been earmarked by the mutual consent of the parties, as the appointing authority. Such an appointment, in terms of Section 11 of the Arbitration and Conciliation Act, 1996, would be a valid appointment and would not fall foul of Section 12(5) of the said Act.

7. We, therefore, find that the objections raised by the appellants were rightly rejected by the learned District Judge.

8. We do not find any merit in the present appeals. The same,



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along with the pending applications, are accordingly dismissed.

NAVIN CHAWLA, J

MADHU JAIN, J

JULY 24, 2025/rv