ORDER ON I.A.NO.3 U/S 5 and 8 of ARBITRATION AND CONCILIATION ACT 1996 R/W.SEC 151 OF CPC.

The counsel for defendant has filed IA.No.3 under Section 5 and 8 of Arbitration and Conciliation Act r/w.Sec.151 of C.P.C., and prayed that this court in view of clause 22 of the Loan Agreement executed by plaintiff infavour of defendant Financial Institution, the parties to the suit may kindly be referred to the Arbitration and entire suit of the plaintiff be disposed off in the interest of justice and equity.

2. In the affidavit it is contended that, he is the authorized signatory and power of attorney holder of the defendant Financial institution, based upon the loan record and documents of the plaintiff's loan account in respect of schedule vehicle to which they have financed under the Loan Cum Hypothecation Agreement. He had

personal knowledge about the matter and he acquainted with fact of the case. He stated that the plaintiff has filed the suit against their financial institution for the relief of injunction restraining from interfering in the peaceful possession of the schedule vehicle and unlawful seizure of vehicle without due process of law.

3. Further stated that the plaintiff has entered into an loan Agreement on 13.05.2019. The defendant institution has sanctioned a vehicle loan to plaintiff for an amount of Rs.16,46,672/- as per loan agreement. The contract is between 07.08.2019 to 07.05.2024 in 60 installments, but the plaintiff has repaid few installments.

4. Accordingly as per clause 22 of the Loan Agreement executed by the plaintiff which provides to get resolve disputes by process of Arbitration. After having agreed to resolve the disputes through a process of Arbitration, the plaintiff has filed a false and untenable

suit. He has no right to file the present suit without exhausting the remedy available under the loan agreement i.e., making a request to their institution to refer the matter to the Arbitration. The plaintiff has not at all made any such request. On the other hand, he has filed a false suit for injunction in respect of schedule vehicle referred in the pliant. The allegations made against their company are disputes or claims within the meaning of clause 22 of the Loan Agreement executed by the plaintiff infavour of their institution. Under these circumstance, it is absolutely essential an necessary to refer the present matter to the Arbitration for Arbitration according to clause of Loan Agreement. By passing such an order, the plaintiff will not be prejudice in any manner. On the other hand, if such an order is not passed their company being a public Ltd., Non Banking Financial Institution will be put to heavy irreparable loss and legal injury will be caused to their company which cannot be compensated at all.

5. Further stated that the subject matter involved in the present suit is substantially the subject matter covered under the Arbitration clause and therefore it is a fit and proper to refer the parties to Arbitration as contended in the agreement. Their institution is always ready for Arbitrator in accordance with the clause 22 of the Loan Agreement.

6. On the other hand, the counsel for plaintiff has not filed any objection to this application. Hence, the case was posted for Orders on Application, after hearing the Counsel.

7. On the basis of the pleadings of the Defendant, the points that arises for my consideration are as follows are:

1. Whether Defendants Legal officer Hinduja Leyland finance Ltd., has made out grounds to refer the dispute to Arbitration as per arbitration clause in the agreement?

2. What order?

8. My findings to the Points are as follows:

Point No.1 : In the Affirmative,

Point No.2 : As per the final order, for the following:

REASONS

Point No.1:-

9. As there is an arbitration clause in agreement between the parties, it is mandatory for this Court to refer the dispute to arbitration, as the same ousts the jurisdiction of this Court to try the matter. In this case, the existence of an arbitration clause in the agreement is, though not specifically accepted by the Plaintiffs, but the same has been established before the Court by the Defendants. The plaintiff has not filed any objection to the present application. When there is a specific provision envisaged in the Arbitration Act. in view of the mandatory provision of Sec.8 of the Act, the Court has to refer the dispute to arbitration and

consequently to dispose of the Suit. Hence, I answer Point No.1 in the **Affirmative.**

10. **POINT.2:-** In view of my answer to Point No.1 in the Affirmative, in the result, I proceed to pass the following;

O R D E R

The Application filed by the Defendant u/Secs.8 of the Arbitration and Conciliation Act, r/w.151 of C.P.C is hereby allowed.

Refer the entire file to Arbitration of an arbitrator nominated within the purview of Arbitration, under the Arbitration and Conciliation Act, 1996, whose award shall be final and binding on all the parties concerned, in terms of the clause 22 of the Loan Agreement, duly executed by the Plaintiff.

In view of the same, the case is closed.

No order as to cost.

(Dictated to the Stenographer, directly on the Computer and typed by her. The same is corrected, signed and then pronounced by me in Open Court on this the 24th day of July 2026).

(Pooja Belakeri)
II Addl. Civil Judge & JMFC.,
Chitradurga.