

Arb.Appeal(MD)No.59 of 2026

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

WEB COPY

DATED: 01.07.2026

CORAM

THE HONOURABLE MR. JUSTICE S.SOUNTHAR

Arb.Appeal(MD)No.59 of 2026

and

C.M.P.(MD)No.8030 of 2026

1.Marsalin

2.Mary Rani Subi

... Appellants

Vs

M/s.Shriram City Union Finance Limited,
Registered Office at No.123,
Angappan Naicken Street,
Chennai.

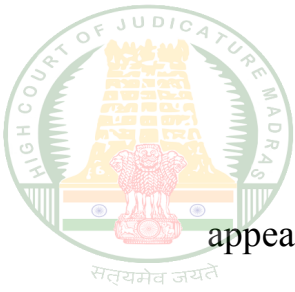
Regional Office at No.5C/5A,
1st Floor, Sumangali Shopping Complex,
Trivandrum Road,
Vannarpettai,
Tirunelveli – 627 003.

Rep. by its Authorised Signatory,
Thiru E.Mariappan

... Respondent

PRAYER: Arbitration Appeal filed under section 37(1) (C) of Arbitration and Conciliation Act, 1996 to call for the records pertaining to the Fair and Decretal order in Arb.O.P.No.282 of 2025 dated 03.03.2026 on the file of the Principal District Judge, Tirunelveli confirming the Arbitral award passed by the Sole Arbitrator in A.C.P.TF No.25/2020 dated 12.02.2021 and set aside the same and allow the

1/10



appeal.

WEB COPY



Arb.Appeal(MD)No.59 of 2026

For Appellants : Mr.C.K.M.Appaji

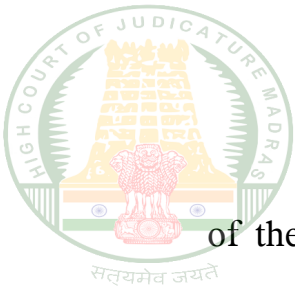
For Respondent : Mr.S.Manoj Kumar

JUDGMENT

This Arbitration Appeal has been filed challenging the order passed by the Principal District Judge, Tirunelveli, dismissing the Arbitration Original Petition filed by appellants under Section 34 of 'the Arbitration and Conciliation Act, 1996', (hereinafter referred to as 'the Act') challenging the arbitral award passed by the sole Arbitrator in A.C.P.TF No.25/2020 dated 12.02.2021.

2. The respondent herein filed a claim petition before the sole Arbitrator for recovery of a sum of Rs.15,70,637/-. According to the respondent, the appellants 1 and 2 received a loan amount of Rs. 15,00,000/- from the respondent and agreed to repay the loan in 60 installments. For the proper repayment of the loan, they also executed a mortgage deed. It is further stated by the respondent that after availing the loan, the appellants repaid the loan amount of Rs.9,53,625/- till 09.03.2020. Thereafter, they failed to pay any amount towards discharge

2/10



Arb.Appeal(MD)No.59 of 2026

of the loan amount. Hence, the respondent company moved the sole Arbitrator, which resulted in passing of the award in favour of the respondent for a sum of Rs.15,70,637/-. Challenging the award passed by the sole Arbitrator, the appellants herein filed a petition under Section 34 of the Act, seeking to set aside the award amount mainly on two grounds. The first ground is that the Arbitrator failed to issue notice to the appellants and the second ground is that the amount claimed by the respondent was exorbitant and hence, the impugned award passed by the sole Arbitrator is hit by Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003. However, the petition filed by the appellants was dismissed by the Principal District Judge, Tirunelveli. Aggrieved by the same, the appellants have come before this Court.

3. The learned counsel appearing for the appellants raised the following grounds:

(i) no proper notice was served on the appellants in the claim petition preferred by the respondent and therefore, the award passed by the sole Arbitrator is violative of natural justice principles; and

(ii) the respondent is not entitled to claim 36% interest and the same is prohibited by the Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003.



WEB COPY

4. The learned counsel appearing for the appellant by relying upon the judgment of the Hon'ble Apex Court in ***Booz Allen and Hamilton INC Vs. SBI Home Finance Limited and Others*** reported in ***(2011) 5 SCC 532***, would submit that the present claim was filed by the respondent based on a registered mortgage deed. Therefore, the claim made by the respondent before the Arbitral Tribunal is not at all maintainable and the proper course for the respondent would be to approach the regular civil Court.

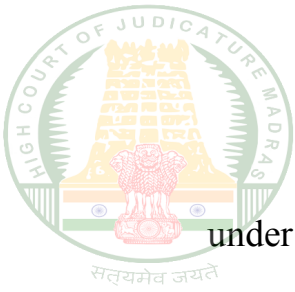
5. It is seen from the impugned order passed by the learned District Judge, the sole Arbitrator has sent a notice to both the appellants informing about his appointment and calling upon the appellants to enter appearance before the Arbitral Tribunal on 03.07.2020. The learned District Judge, after perusing the records produced by the learned Arbitrator, found that notice was properly served on the appellants and the acknowledgement card for service on them was also taken into consideration by the Court. Therefore, based on the records produced by the Arbitrator, the learned District Judge has given a finding that notice



Arb.Appeal(MD)No.59 of 2026

had been properly served on the appellants. Hence, the first submission made by the learned counsel appearing for the appellants that the award passed by the sole Arbitrator violates principles of natural justice is not acceptable to this Court.

6. As far as the contention raised by the learned counsel for the appellants that the respondent is not entitled to claim 36% interest and the same is hit by the Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003 is concerned, the learned District Judge rightly observed that the said point is on the merits of the matter and the appellants should have raised the said point before the Arbitrator and the same cannot be the subject matter of attack under Section 34 of the Act. It is settled law that the scope of judicial intervention in arbitration matter is very very limited and the same is confined to the grounds mentioned under Section 34 of the Act. Unless the appellants are able to convince the Court that the point raised by them would fall within the grounds available under Section 34 of the Act, the award passed by the Arbitrator cannot be disturbed. In the case on hand, the appellants in spite of service of notice failed to appear before the Arbitrator and raise their objections with regard to the rate of interest. In such circumstances, the same cannot be the subject matter of challenge in an application filed



Arb.Appeal(MD)No.59 of 2026

under Section 34 of the Act. It is also seen from the Arbitral award, the sole Arbitrator only directed the appellants to pay the interest at the rate of 18%. In such circumstances, the submission made by the learned counsel for the appellants cannot be countenanced.

7. The learned counsel for the appellants vehemently contended that the present claim made by the respondent is based on a registered mortgage and in such circumstances, the respondent ought to have resorted to the regular suit and the claim petition filed by the respondent before the Arbitrator was not at all maintainable in the light of the decision of the Hon'ble Apex Court in *Booz Allen's case* (cited supra).

8. A perusal of the arbitral award passed by the sole Arbitrator would indicate that respondent herein filed a claim petition seeking recovery of money based on loan transactions. The respondent has not sought for any relief for enforcement of mortgage and they simply sought for recovery of money. In cases, where the claim is filed seeking recovery of money, the mortgage deed entered between the parties can be relied on for the purpose of proving the loan transaction. Merely because, the mortgage deed entered between the parties were marked as evidence of loan transactions, the claim cannot be treated as



the one for enforcement of mortgage. The award passed by the sole Arbitrator at the most can only be treated as award for money against the person of the appellant and it is not an award against the property.

9. In *Booz Allen's case* (cited supra), after considering the nature of the mortgage transactions, the Hon'ble Apex Court observed as follows:

49.....Therefore, a suit for sale, foreclosure or redemption of a mortgaged property, should only be tried by a public forum, and not by an arbitral tribunal. Consequently, it follows that the Court where the mortgage suit is pending, should not refer the parties to arbitration.”

10. Therefore, it is clear where a suit is for sale, foreclosure or redemption of mortgaged properties, it should be tried only by a public forum like a civil Court not by an Arbitral Tribunal. In the case on hand, as mentioned earlier the relief sought for in the claim petition was not for sale of mortgaged property or foreclosure or redemption of mortgaged property but it was only a simple claim for recovery of money and the mortgage deed was relied on only for the purpose of proving the loan transactions between the respondent and the appellants. In such circumstances, the decision relied upon by the learned counsel appearing for the appellants does not apply to the facts and circumstances of the



present case.

WEB COPY



Arb.Appeal(MD)No.59 of 2026

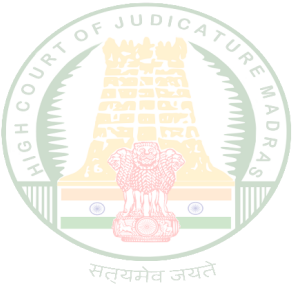
11. In the light of the discussion made earlier, all the submissions made by the learned counsel appearing for the appellants are not acceptable to this Court. The appellants have not made out any ground under Section 34 of the Act to interfere with the Arbitral award passed by the sole Arbitrator and hence, Original Petition was rightly dismissed by the Court. Therefore, this Appeal is dismissed. There shall be no order as to costs. Consequently, connected miscellaneous petition is closed.

01.07.2026

NCC : Yes / No

Index : Yes / No

vsm



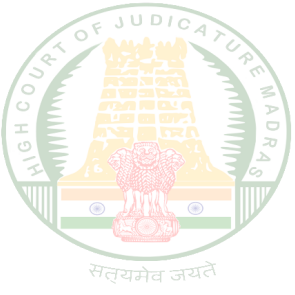
WEB COPY



Arb.Appeal(MD)No.59 of 2026

To

- 1.The Principal District Judge, Tirunelveli.
- 2.The Section Officer,
VR Section,
Madurai Bench of Madras High Court,
Madurai.



WEB COPY



Arb.Appeal(MD)No.59 of 2026

S.SOUNTHAR, J.

vsm

Arb.Appeal(MD)No.59 of 2026

01.07.2026