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Order QR

Arb OP No.44 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 11.09.2026

DELIVERED ON : 25.09.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

Arb.O.P. No.44 of 2026

Chandramouli.V,
AS 4, Ananti Apartments,
53, Nadu Street,
Mylapore, Chennai-600 004.

Petitioner

Vs

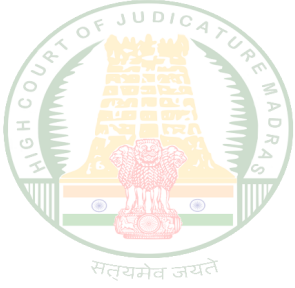
American International School Chennai,
Rep. by Head of the School,
100 Feet Road, Taramani,
Chennai-600 113.

Respondent

PRAYER: Petition filed under Section 11(6) of the Arbitration and Conciliation Act, 1996 to appoint a Sole Arbitrator to adjudicate the disputes between the petitioner and the respondent in terms of the Contract of Employment dated 12.05.2023 read with letter dated 13.05.2023.

For Petitioner: Mr.M.S.Seshadri

For Respondent: Mr.Edward James

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This arbitration original petition has been filed by the petitioner under Section 11(6) of the Arbitration and Conciliation Act, 1996 [*"the Act"*] seeking to appoint a Sole Arbitrator to adjudicate the disputes said to have arisen between the petitioner and the respondent under the Contract of Employment dated 12.5.2023, read with the letter dated 13.5.2023.

2. The facts, in brief, run thus:

(i) The petitioner was initially appointed as Purchase Coordinator with the respondent school on 4.2.2004, and was thereafter promoted to the post of Purchase Manager with effect from 1.7.2013. Over the years, the contract of employment between the parties was renewed from time to time, the latest such renewal being the Contract of Employment dated 12.5.2023. By a subsequent letter dated 13.5.2023, the respondent is said to have incorporated into that contract an arbitration clause, viz., Clause 16, intended to govern disputes arising from the employment. The petitioner remained in continuous service with the respondent until August 2025, and asserts that throughout this long tenure he discharged his duties honestly and

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to the entire satisfaction of the respondent, free of any accusation of misconduct.

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(ii) It is the petitioner's case that the contract of employment permitted termination by mutual agreement, and that, pursuant to discussions held between the parties, the respondent orally assured him that he would receive all benefits flowing from his employment, including severance benefits until May 2026, together with all attendant entitlements. Placing faith in this assurance, the petitioner stepped down from his position on 8.8.2025, that date also marking his last working day.

(iii) On 3.9.2025, the respondent transmitted to the petitioner, by email, a draft severance-with-benefits agreement accompanied by a final calculation sheet. Upon scrutiny, the petitioner discovered what he describes as several discrepancies and errors of calculation, and by a reply email dated 4.9.2025 pointed out that the sheet failed to account for his contractual benefits, leave encashment, stipend, and retention bonus. The respondent, by email dated 11.9.2025, denied the applicability of these benefits without assigning reasons, and called upon the petitioner to return school property, asserting in turn that a



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sum of Rs.3,16,246/- was payable by him to the school. On 24.9.2025, the petitioner sent a detailed reply setting out the benefits he claimed and the amount he considered lawfully due, requesting revision of the calculation. By email dated 26.9.2025, the respondent disavowed the existence of any oral understanding between the parties and rejected the petitioner's claims in their entirety.

(iv) On 24.4.2026, the petitioner issued a notice under Section 21 of the Act, nominating a Sole Arbitrator and calling upon the respondent either to concur in that nomination or to propose an alternative. This notice was served upon the respondent on 27.4.2026. On that very day, however, the respondent issued a notice of dismissal against the petitioner, levelling several allegations of wrongdoing. The petitioner, by reply dated 30.4.2026, denied these allegations as false. On 2.5.2026, the respondent issued a further reply, once again denying the petitioner's claims and, for the first time with clarity, denying the very existence of a valid arbitration agreement between the parties.

3. Refuting the above, the respondent filed a counter affidavit asserting as under:

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(i) It is averred that the petitioner, in his capacity as Purchase Manager, reported directly to one Alankrit V.Arora, the then Chief Business Officer (CBO) of the school, who resigned in February 2025. Soon thereafter, the respondent discovered large-scale financial irregularities attributable to the former CBO, and lodged a criminal complaint, resulting in the registration of FIR No.46 of 2025 dated 19.3.2025, which is under active investigation. It is the respondent's case that, in the course of that investigation, it emerged that the petitioner had, throughout the period of the former CBO's misconduct, independently initiated and facilitated fraudulent procurement transactions, and had contrived for himself an inexplicably disproportionate rise in remuneration, together with payments, including an unauthorised retention bonus and stipend, falling wholly outside the scope of his employment contract.

(ii) It is further averred that on 19.12.2024, the former CBO, without authority, sanctioned an advance against gratuity in the sum of Rs.One Crore in the petitioner's favour. Upon discovering this, the respondent issued a recall letter dated 23.6.2025, calling upon the petitioner to repay the amount within fifteen days. A disciplinary inquiry followed, in the course of which the petitioner is said to have



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been found to have engaged in conduct amounting to moral turpitude, warranting termination. Rather than face formal termination, the petitioner is said to have expressed a desire to exit voluntarily.

(iii) The respondent avers that the petitioner undertook to cooperate with any investigation or litigation concerning matters within his knowledge, and that, believing this undertaking to be genuine, the respondent agreed to a mutual separation, bringing the employment to an end on 11.8.2025. A standard relieving agreement, together with a final settlement computation, was shared with the petitioner on 3.9.2025. It is said that the petitioner thereafter reversed course, asserting claims, through his email of 4.9.2025, for benefits until May 2026, including salary, retention bonus, stipend, and an inflated figure for leave encashment, all of which the respondent characterises as demands lying outside the employment contract and inconsistent with the true circumstances of the petitioner's separation.

(iv) The respondent, by its email dated 11.9.2025, clarified that the petitioner's demands were baseless, and reiterated, by its further email dated 26.9.2025, that no oral agreement for continued benefits existed, and that the stipend and retention bonus had been



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unauthorisedly devised by the former CBO and stood forfeited. The petitioner was called upon to settle the outstanding sum of Rs.3,16,246/-.

(v) Upon receipt of the petitioner's notice invoking arbitration, the respondent, in its reply dated 2.5.2026, took the specific stand that the arbitration clause said to have been introduced by the letter dated 13.5.2023, purporting to displace the pre-existing mode of dispute resolution, was executed by the former CBO fraudulently and is void. It is pleaded that the letter is itself a product of fraud and forgery, that the former CBO possessed no institutional sanction to issue it, and that no valid arbitration agreement ever came into existence between the parties. On this basis, dismissal of the petition has been sought.

4.1. Learned counsel for the petitioner reiterated the narrative set out above, emphasising that the Contract of Employment dated 12.5.2023 was renewed from time to time and remained in full force, and that the arbitration clause introduced by the letter dated 13.5.2023 was never amended or rescinded by the respondent. It was submitted that the petitioner's separation was consensual, founded



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upon an oral assurance of continued benefits, and that the respondent's subsequent repudiation of that assurance, coupled with its calculation errors, gave rise to arbitrable disputes concerning salary, leave encashment, stipend, and retention bonus, running into a substantial sum.

4.2. Learned counsel further submitted that the respondent's bare denial of the arbitration clause, raised only after the clause had been invoked, cannot be permitted to defeat its validity, and that any question as to the genuineness of the letter dated 13.5.2023 is itself a matter falling within the competence of the Arbitral Tribunal to decide, and not a matter for this Court at the referral stage.

5. Learned counsel for the respondent, countering these submissions, contended that there exists no valid arbitration agreement at all, the letter dated 13.5.2023 being vitiated by fraud and issued wholly without authority, in flagrant breach of the respondent's institutional policies, by an officer who has since been implicated in a criminal investigation into large-scale financial misappropriation. It was submitted that the very document said to confer jurisdiction upon an Arbitral Tribunal is itself the fruit of that



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fraud, rendering the arbitration clause void *ab initio* and incapable, in law, of constituting a valid agreement to arbitrate. To buttress the said submission, reliance was placed upon a decision of the Supreme Court in *Rajja Begum v. Barnali Mukherjee*¹.

6. This court has weighed these rival submissions and has traversed the records.

7. The question that arises for consideration is can a court, exercising the limited and largely administrative jurisdiction conferred by Section 11(6) of the Act, lend its authority to the appointment of an Arbitrator where the very instrument said to breathe life into the arbitration clause stands accused of being a fraud upon the respondent, by a functionary who had neither the mandate nor the sanction to conceive it?

8. The question of what becomes of an arbitration clause, when the allegation of fraud is directed not at the underlying contract but at the arbitration clause itself, has received the considered attention of the Supreme Court, recently in *Rajja Begum* (supra). The parallel

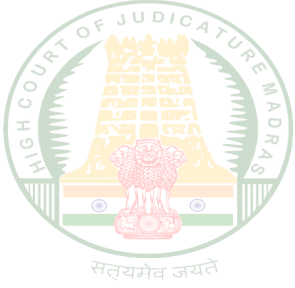
¹ (2026) 7 SCC 631



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between that case and the one at hand is not merely persuasive, but is striking. In that case, the Supreme Court was confronted with an arbitration clause that did not exist as an independent covenant, but lay embedded within a document, whose very execution was under sustained and substantial challenge as forged and fabricated. The Supreme Court, tracing the arc of its own jurisprudence, reaffirmed that while a bare allegation of fraud will not be permitted to derail arbitration, a serious and well-founded allegation that strikes at the genesis of the arbitration agreement itself, renders the dispute non-arbitrable at the very threshold. It is apposite to refer to paragraph 23 of the said judgment hereunder:

*"23. The cumulative effect of the aforesaid circumstances lends considerable credence to contention of the appellant that the admission deed is not genuine. At the very least, the admission deed is under grave cloud of doubt, requiring a detailed and full-fledged inquiry. In the present case, arbitration clause does not exist independently but is embedded in the document whose existence is seriously disputed. Arbitration, it bears reiteration, is founded upon consent. A party may be bound by the arbitral process only if it is first shown, even at a prima facie level, that such a party had agreed to submit disputes to arbitration. **Where the arbitration agreement itself***



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is alleged to be forged or fabricated, the disputes cease to be merely contractual and strikes at the very root of arbitral jurisdiction. A controversy of this nature falls squarely within the category of disputes that are generally recognized as non-arbitrable."

[emphasis supplied]

9. It is trite that arbitration is the child of consent, and consent cannot be presumed into existence merely because a document bearing an arbitration clause has been produced. Where the very parentage of that document is disputed and it is alleged to be the offspring of forgery or fabrication, the dispute sheds its purely contractual character and assumes a jurisdictional dimension. It ceases to be a question the Arbitral Tribunal may resolve as a matter of course and becomes a question that strikes at the root of whether any Tribunal may be convened at all.

10. Measured against the yardstick laid down by the Supreme Court in the aforesaid decision, the case at hand falls within the category the Supreme Court has described as non-arbitrable. Several circumstances, taken together, compel this conclusion:

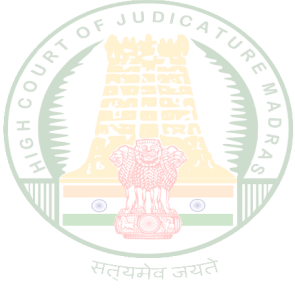


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(a) The arbitration clause invoked by the petitioner enjoys no independent existence. It is not a covenant negotiated and embedded within the Contract of Employment dated 12.5.2023; rather, it is said to have been arrived at by a letter dated 13.5.2023, issued a day after the contract itself, standing wholly apart from the document that the parties actually negotiated and signed.

(b) The respondent's challenge to this letter has been maintained consistently, viz., in its reply dated 2.5.2026 to the notice issued under Section 21 of the Act, and again in its counter affidavit before this Court, and it is tethered to a concrete and independently verifiable circumstance, viz., an FIR registered on 19.3.2025, predating the present dispute, implicating the very officer said to have authored the letter, in connection with financial irregularities said to have infected his entire tenure.

(c) No board resolution, no delegation of authority, no ratification, and no institutional sanction of any description has been placed before this Court to lend the letter dated 13.5.2023 the imprimatur of the respondent's considered corporate will.

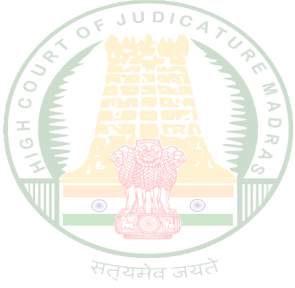


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(d) The allegation of fraud is not, therefore, a shield raised in haste to avoid the inconvenience of arbitration, but is an allegation with a pedigree, arising from a criminal investigation that took root before the petitioner's claims for severance and other benefits ever surfaced.

11. In the case at hand, the arbitration clause, in the language of *Rajia Begum* (supra), "does not exist independently but is embedded in the document whose existence is seriously disputed." The petitioner has not shown that the respondent ever lent its consent to arbitration. Without consent, howsoever elegantly the clause may be drafted, there is no arbitration agreement upon which this Court's jurisdiction under Section 11(6) of the Act can be made to stand.

12. The submission of learned counsel for the petitioner that the genuineness of the letter dated 13.5.2023 is a matter for the Arbitral Tribunal to decide does not pass muster, as a Tribunal draws its authority from the arbitration agreement, and cannot be asked to sit in judgment over its own foundation, where that foundation is itself seriously and credibly impeached.

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13. For the aforegiven reasons, the petition cannot be sustained and the same is dismissed. It is made clear that the dismissal of this petition shall not be a bar to the petitioner pursuing such civil remedies as may be available to him in law, including the ventilation of his claims for severance and allied benefits before a court of competent jurisdiction, where the genuineness of the letter dated 13.5.2023 and the very existence of the arbitration clause said to arise from it, may be tried and tested upon evidence.

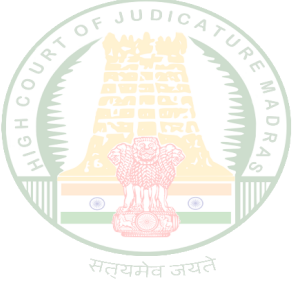
There shall be no order as to costs.

(SUSHRUT ARVIND DHARMADHIKARI,CJ)
25.09.2026

Index : Yes
Neutral Citation : Yes
bbr/sasi

To

The Assistant Registrar,
Madras High Court Arbitration Centre,
Chennai-600 104.



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THE HON'BLE CHIEF JUSTICE

(bbr/sasi)

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