IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON 10.07.2026	PRONOUNCED ON 31.07.2026

CORAM

THE HON'BLE MR.JUSTICE K.KUMARESH BABU

Arb O.P.(Com.Div.)No.83 of 2026 &
Arb.A.Nos.1444 & 1445 of 2025

Arb.O.P.(Com.Div) No.83 of 2026

TI Clean Mobility Pvt Ltd.,
Rep., by its authorised signatory Mr.N.Karthik
Having its registered office at
"Chola Crest", 4th Floor, C54 & S5,
Super B-4, Thiru Vi Ka Industrial Estate,
Guindy, Chennai – 600 032.

… Petitioner

Vs

M/s.Senatla Innovative EV Components Pvt. Ltd.,
Rep., by its Managing Director,
Mr.R.Rehan Babu
Plot No.8 & 9 Phase II, IDA,
Cherlapally, GhatkesarMandal,
Hyderabad, Rangareddy District,
Telangana – 500 051.

..Respondent(s)

PRAYER:- This Petition had been filed under Section 11(6) of the Arbitration and Conciliation Act, 1996, to appoint an independent and impartial Sole Arbitrator to adjudicate the disputes between the petitioner and the respondent arising out of the basic purchase agreement, dated 05.07.2024 and related purchase orders.

Arb.Appl Nos.1444 & 1445 of 2025

TI Clean Mobility Pvt Ltd.,
Rep., by its authorised signatory Mr.N.Karthik
Having its registered office at
"Chola Crest", 4th Floor, C54 & S5,
Super B-4, Thiru Vi Ka Industrial Estate,
Guindy, Chennai – 600 032.

… Applicant

Vs

1.M/s.Senatla Innovative EV Components Pvt. Ltd.,
Rep., by its Managing Director,
Mr.R.Rehan Babu
Plot No.8 & 9 Phase II IDA,
Cherlapally, GhatkesarMandal,
Hyderabad, Rangareddy District,
Telangana – 500 051.

2.Prudential Sugar Corporation Ltd.,
Rep., by its Chairman and Managing Director
Mr.Vinod Baid,
Akash Ganga, 4th Floor, Plot No.144,
Srinagar Colony, Hyderabad – 500 073. ..Respondents

Prayer in Arb.A.No.1444 of 2025:- The Application had been filed to direct the 1st respondent to furnish security to the tune of Rs.5,08,15,264/- along with interest within a time frame as deem fit by this Court failing which to attach all the plant, equipment, machineries and all other moveable's belonging to the 1st respondent situated at Plot Nos.8 & 9, Phase II, IDA, Cherlapally, Ghatkesar Mandal, Hyderabad, Rangareddy, Telangana – 500051.

Prayer in Arb.A.No.1445 of 2025:- The Application had been filed to pass an prohibitory order against the Garnishee/2nd respondent restraining and prohibitory them from paying any amount to the tune of Rs.5,08,15,264/- to the 1st respondent or any person claiming under him and direct the Garnishee/2nd respondent to deposit the said amount into this Court to the credit of the application and consequently restraining and prohibitory the 1st respondent, his agents, representatives or authorised persons from receiving any amount from the Garnishees/2nd respondent until further orders of this Court pending initiation and disposal of the arbitral proceedings and the enforcement of the award.

For Appellant(s)/: Petitioner	Mr.P.J.Rishikesh in Arb.O.P & both Applns
For Respondent(s):	Mr.T.T.Ravichandran for Mr.Sharukumar for R1 in Arb.O.P. & both Applns No Appearance for R2

COMMON ORDER

The Arbitration Original Petition had been filed to appoint an independent and impartial Sole Arbitrator to adjudicate the disputes between the petitioner and the respondent arising out of the basic purchase agreement, dated 05.07.2024 and related purchase orders.

2.The Application in Arb.A.No.1444 of 2025 had been filed to direct the 1st respondent to furnish security to the tune of Rs.5,08,15,264/- along with interest within a time frame as deem fit by this Court failing which to attach all the plant, equipment, machineries and all other moveable's belonging to the 1st respondent situated at Plot Nos.8 & 9, Phase II, IDA, Cherlapally, Ghatkesar Mandal, Hyderabad, Rangareddy, Telangana – 500051.

3.The Arbitration Application in Arb.A.No.1445 of 2025 had been filed to pass an prohibitory order against the Garnishee/2nd respondent restraining and prohibitory them from paying any amount to the tune of Rs.5,08,15,264/- to the 1st respondent or any person claiming under him and direct the Garnishee/2nd respondent to deposit the said amount into this Court to the credit of the application and consequently restraining and prohibitory the 1st respondent, his agents, representatives or authorised persons from receiving any amount from the Garnishees/2nd respondent until further orders of this Court pending initiation and disposal of the arbitral proceedings and the enforcement of the award.

4.Heard Mr.P.J.Rishikesh learned counsel appearing for the petitioner/applicant and Mr.T.T.Ravichandran learned counsel appearing for Mr.Sharukumar, learned counsel appearing for the first respondent in both petition and Applications.

5. The claim of the petitioner, who is also the applicant in the Arbitration Applications, that the parties have entered into the general purchase agreement, which also envisages a clause of Arbitration through a sole Arbitrator. Disputes had arisen between the parties in view of the defective chargers that was supplied which had seriously impacted in its brand reputation. He would submit that as on 30.10.2025 debit note to the tune of Rs.7,08,98,892/- towards the cost

of replacement of the defective chargers was issued, as it is the obligation of the first respondent to bear it. He would submit that after adjusting a sum of Rs.2,00,83,628/- which is towards the invoices raised by the respondent for supply which is also liable not to be paid in view of the deficit services, the respondent owes a sum of Rs.5,08,15,264/- towards the cost of replacement of the defective chargers. He would submit that the respondent expressing its financial distress and inability to replace chargers had sought for waiver of the debit notes raised by it.

6. He would further submit that one Prudential Sugar Corporation Limited, who had been impleaded as Garnishee in the applications under Section 9, had entered into a Memorandum of Understanding with the respondent for acquiring 76% of the stake of the respondent. In view of the attempts that had been made by the respondent to transfer its assets by selling its stake in it with the third party, it had become necessitated for filing the interim application under Section 9 to protect the right of the petitioner's/applicant. After receipt of notice under Section 9 of the Act in which interim orders were passed by this Court as early as on 11.11.2025 knowledge of which is also substantiated by admission of a letter dated 14.11.2025, addressed by the said Garnishee informing of the interim orders, the attempt made by the respondent in the Original Petition to keep itself away from the rigour of the Arbitration and Conciliation Act, 1996 by making an application on 28.11.2025 before

MSEFC by invoking the provisions of Section 18 would itself show that the respondent had been acting maliciously to deny the benefits available to the petitioner under the agreement. He would submit that the invocation of the MSMED Act by the respondent would have no bearing to the present Arbitration Petition and Application and therefore, prays this Court to appoint a sole Arbitrator and also grant the interim reliefs prayed for by making the order dated 11.11.2025 absolute.

7. Countering his arguments, the learned counsel appearing for the first respondent in the petition and the first respondent in the Arbitration Applications would submit that when the first respondent had invoked the provisions of the MSMED Act for resolution of the disputes between the parties arising out of the purchase agreement, the present application under Section 11 and Section 9 of the Arbitration and Conciliation Act can no longer be sustained. In that context, relying upon the judgment of the Hon'ble Apex Court in the case of ***Gujarat State Civil Supplies Corporation Ltd., vs. Mahakali Foods Private Limited (Unit 2) & Anr.,*** reported in ***(2023) 6 SCC 401,*** he would submit that the provisions of the MSMED Act, supersedes the provisions of the Arbitration and Conciliation Act and therefore, when the dispute between the parties could be resolved under MSMED Act, particularly provisions of Section 18 of the Act, the present Application under Section 11 as well as under Section 9 could not be sustained.

8. He would further submit that MSMED Act being a special enactment would have to be given precedents that too much in the light of Section 18 of the said Act opening with the *non-obstante* clause. Hence, he seeks dismissal of the Original Petition as well as the Arbitration Applications.

9. I have considered the submissions made by the learned counsels appearing on either side and perused the materials placed on record.

10. It is to be noted that the second respondent is Garnishee in the Arbitration Application under Section 9 of the Act had chosen to remain exparte. The primordial objection to the Original Petition as well as the applications is the primacy of the MSMED Act 2006. The provisions of the said Act had been considered by the Larger Bench of the Hon'ble Apex Court in a judgment referred to by the learned counsel appearing for the first respondent.

11. A perusal of the aforesaid judgment would indicate that taking into the object and purpose of Section 18 had held, that the MSMED Act had been created for ensuring timely and sure payment to the supplies made by micro and small enterprises. The legal frame work under the Act providing for recovery of dues between the parties opening with the *non-obstante* clause overrides the other enactments. This Court is also of the view that considering the objects of the MSMED Act and reading the provisions of Section 18 of the said Act which

with the *non-obstante* clause, the remedy available for a supplies under the Act is to invoke the provisions of the said Act for recovery of its dues.

12. Section 18 of the MSMED Act opens with the *non-obstante* clause for making a reference only with regard to any amount due under Section 17 of the said Act. Section 17 deals with recovery of amount due for the goods supplied or services rendered by a supplier to the buyer. Section 15 of the Act casts upon the liability of the buyer to make payment to the supplier for the goods supplied or the services rendered. Section 16 also envisages levy of interest on the goods supplied which shall also be on compounded interest with monthly interest.

13. A reading of Section 16 would envisage that on a reference under sub-section (1), the same should be attempted to be reconciled between the parties and that on a failure of reconciliation, arbitration between the parties should be resorted to.

14. A conjoint reading of Section 18 read with Section 17 would indicate that a supplier for the recovery of amount under Section 17 could approach the counsel under Section 18(1) and of on the reference under sub-Section (1), which relates to Section 17 recovery, a conciliation process should be initiated and if there is a failure of conciliation, process of arbitration should be invoked and only in that regard, the provisions of Arbitration and Conciliation Act would be made applicable.

15. The said provision therefore cannot be made applicable to a claim made against a supplier who is registered under the either for a failure to supply or for a defective supply that had been made by the supplier. The MSMED Act restricts itself to the scope of recovery of unpaid amount that is liable to be paid by the buyer under Section 15 together with interest under Section 16 alone and not otherwise. The restrictions imposed under Section 18 deals with only the claim under Section 17, which would itself show that the supplier cannot also invoke the provisions of the Section 18 for any relief that falls outside the scope of Section 17 of the Act.

16. As noted by the Hon'ble Apex Court, the object of Section 18 is to only recover the dues payable by the buyer to the supplier for the goods supplied and services rendered therein to keep the micro and small industries running and in that regard, any other disputes outside Section 17 of the Act cannot be resolved by the facilitator of the council. If there has been any dispute falling outside the realm of Section 17 read with Section 18 of the MSMED Act the same cannot be a subject matter of Conciliation and Arbitration under sub-section (2) & (3) of the Section 18 of the Act. In that regard, an independent Arbitration Agreement which deals with the other rights and liabilities of the party cannot be overridden by the provisions of the MSMED Act. This had not been the subject matter of the issue before the

Hon'ble Apex Court in the judgment relied upon by the learned counsel appearing for the respondent.

17. Applying the aforesaid analogy to the present facts of the case, it could be seen that the petitioner/applicant had initially approached this Court for interim relief under Section 9 of the Arbitration Act and had issued a notice under Section 21 on 28.11.2025. The initiation of Section 9 was also well within the knowledge of the respondent as evidenced from the typed set of papers where it had annexed the letter of Garnishee, dated 14.11.2025 informing of the prohibitory order passed by this Court. The petition filed under sub-section (1) of Section 18 which had been placed before this Court would indicate that there had been supplies made by the respondent to the petitioner to the tune of Rs.2,16,80,730.17/- which remained unpaid. The claim made by the petitioner in the Section 21 notice issued to the respondent as also the petition and the applications filed under Section 11 and Section 9 would indicate that the claims have been made to the tune of Rs.5,08,15,264/- after giving due credit to a sum of Rs.2,00,83,628/- payable by the petitioner to the respondent of a total debit note issued to the tune of Rs.7,08,98,892/-.

18. Viewing the facts of the case in that regard and the claim of the respondent before the MSME counsel, there is no dispute with regard to a sum of Rs.2,00,83,628/- which the petitioner has admitted to be paid to the respondent as reflected in its claim before the MSME Council.

19. As analysed above, any dispute for recovery of damages for the defective supply cannot be made by the petitioner before the MSME Council and as noted above, the MSME Council, for conciliation and arbitration can only deal with the disputes falling within Section 17 alone and not otherwise.

20. For the aforesaid reasons, this Court is of the view that an Arbitrator could be appointed to resolve the dispute between the parties arising out of the agreement, independently of the conciliation proceedings initiated by the respondent under the MSMED Act.

21. In such view of the matter, this Court appoints ***Hon'ble Mr. Justice V.Sivagnanam***, (Mobile No.9443434156) former Judge of this Court, residing at N-Block, Flat No.2/5, Taisha Apartments, III Main Road, Natesan Nagar, Virugambakkam, Chennai – 600 092, as a sole Arbitrator and is requested to enter upon the reference and resolve the disputes between the parties. He is entitled to fix his own fees.

22. Considering the fact that the dispute had arisen and also taking into consideration the mail sent by the respondent to the applicant to waive off the debit note which would amount to admission of its liability under clause 17 of the agreement and also of the fact that the Garnishee had refused to pay any

further amount pursuant to the order of injunction granted by this Court unless and until, this Court holds that there is no liability on the side of the respondent to pay any amount to the petitioner, the order of injunction dated 11.11.2025 made by this Court in Arb.Appln No.1444 of 2025 is made absolute pending arbitration proceedings.

23. Accordingly, the Arbitration Original Petition as well as the Arbitration Applications stand ordered. However, there shall be no order as to costs.

31.07.2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No
Pbn

K.KUMARESH BABU, J.

PBN

A Pre-delivery Order made in
Arb O.P.(Com.Div.)No.83 of 2026 &
Arb.A.Nos.1444 & 1445 of 2025

31.07.2026