



appointment of a Receiver to take possession of a hypothecated commercial vehicle bearing Registration No. OR 16D 4128, an injunction restraining the opposite party from selling, transferring, alienating and/or encumbering the schedule property and for directing the opposite party to provide security in shape of Bank Guarantee for the amount payable by him.

2. Factual matrix leading to the case of the petitioner is that the petitioner, which is a non-banking financial company incorporated under the provisions of the Companies Act, 1956, being approached by the opposite party advanced a loan of Rs.11,93,000/- in his favour under a Loan cum Hypothecation Agreement dated 07.09.2010. The loan amount and interest thereon was required to be repaid in 46 EMIs and the agreement has an arbitration clause i.e. Cl.23 with a provision to refer the matter to the Arbitrator in case of any dispute between the parties. As the opposite party defaulted in making payment of monthly instalments, the dispute has been referred for arbitration, which is pending adjudication. Apprehension is raised by the petitioner that the opposite party would dispose of the hypothecated vehicle as well as his self-acquired properties in order to avoid his obligations under the Agreement. Hence, the petitioner has filed the present application for an interim order, as mentioned earlier.

3. Despite service of notice on the opposite party and no step being taken by him, the matter is heard ex parte.

4. Taking through the copy of Loan cum Hypothecation cum Guarantee Agreement filed on behalf of the petitioner, learned counsel appearing for the petitioner has made a forceful contention that unless a Receiver is appointed in respect of the vehicle in question, the opposite party is restrained from alienating the same in any form and direction is given to provide security, difficulties may arise for realization of the award to be passed in arbitral proceeding. To strengthen his contention, he has relied upon the decisions reported in the case of *Arun Agencies, Mattancherry Vs. St. Antony's Oil Mill and Ors.* (AIR 1989 Ker. 312) and *Appellants : In Re : Haryana Finance Trading Co.* [1993] 2 CALLT 264 (HC)] (downloaded from manupatra).

5. Cl.18 of the Loan cum Hypothecation cum Guarantee Agreement stipulates repossession of the hypothecated assets by the petitioner-company in the event of default in making payment of any part of loan amount on demand. Section 9 of the Act prescribes that a party may, before or during arbitral proceedings or at any time after the making of the arbitral award but before it is enforced in accordance with Sec. 36, apply to a Court for an interim measure of protection, as provided therein. In the present case,

in spite of efforts made by the petitioner to resolve the dispute, the opposite party is said to have failed to make payment of the sum in question. Despite sufficiency of service of notice on the opposite party, he has failed to enter his appearance and contest the claim. As a result, the claim of the petitioner remains unrebutted and the same finds support from the documents relied upon by him. Therefore, it can be safely concluded that the opposite party is liable to make payment of the amount claimed by the petitioner and he being required to pay such a high amount, apprehension of the petitioner appears to be genuine and, as such, interim arrangement in respect of the hypothecated vehicle is necessary in the given situation for the interest of justice.

6. Regard being had to the facts and circumstances of the case, in my considered view, it would be just and appropriate to restrain the opposite party from selling, transferring, alienating and/or encumbering the hypothecated vehicle in question and from selling, disposing or encumbering his movables and immovables.

Further, if the petitioner or his representative is appointed as a Receiver to run the hypothecated vehicle through his representative or hirer and appropriate/adjust the usufructs thereof towards satisfaction of the amount claimed after meeting necessary expenses for running and maintenance

of the vehicle, the interest of justice would be best served. Such appointment of Receiver shall stand cancelled in the event the opposite party furnishes security in shape of Bank Guarantee for an amount of Rs.8,11,000/- (Rupees Eight Lakhs & Eleven Thousand).

The petitioner is at liberty to seek the assistance of police while taking over possession of the vehicle as a Receiver after making an inventory thereof for future reference and his appointment as such shall remain in force till satisfaction of the amount claimed in the case.

7. In the result, to the extent of observations made above, the petition under section 9 of the Act is allowed in part with cost.

**District Judge, Khurda  
at Bhubaneswar.**

20.09.2014.

Dictated, corrected by me and pronounced in the open Court this day the 20<sup>th</sup> September, 2014.

**District Judge, Khurda  
at Bhubaneswar.**

20.09.2014.