



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 04-08-2026

CORAM

THE HON'BLE MR.JUSTICE HEMANT CHANDANGOUDAR

WP No. 31033 of 2024

and

WMP No.33650 of 2024

M/s.Madhucon Projects Ltd
Rep. By Mr.Amod Kumar Chaturvedi,
AGM-Legal, Madhucon House, Plot No.1129/A,
Road No.36, Jubilee Hills, Hyderabad.

..Petitioner(s)

Vs

1. The Micro And Small Enterprises
Facilitation Council,
Chennai Region Rep. By Its Chairperson/
Industries Commissioner and Director of
Industries and Commerce,
Guindy, Chennai-600 032.

2. M/s.Power Guard India Private Limited,
No.37, Nethaji 6th Street, Laxmipuram,
Thiruvanmiyur, Chennai-600 041.

..Respondent(s)

Writ Petition filed under Article 226 of the Constitution of India seeking a writ of certiorari calling for the records relating to the Award/ Order dated 05.07.2023 (received by the writ petitioner on 11.11.2023) passed by the 1st respondent in MSEFC/ CR/ 99/ 2022 directing the writ petitioner to pay the principal amount of Rs.50,72,410/- (Rupees Fifty lakhs seventy two thousand four hundred and ten only) along with compound interest to the 2nd respondent and to quash the same.



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For Petitioner(s):

Mr.Sankaranarayanan, Senior Advocate
for Mr.K.Elango

For Respondent(s):

Mr.S.Sidhartha Vishnu,
Govt. Advocate for R1

Mr.M.Haja Nazirudeen,
Senior Advocate for
Ms.P.Bhuvaneswari

ORDER

The petitioner challenges the award dated 05.07.2023 passed by the first respondent, whereby the reference was allowed and the petitioner was directed to pay a sum of Rs.50,72,410/- together with compound interest, with monthly rests, at three times the bank rate notified by the Reserve Bank of India, as stipulated under Sections 15 and 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).

2. The second respondent filed a petition under Section 18(1) of the MSMED Act before the first respondent, seeking recovery of the principal amount along with compound interest in respect of the work relating to the widening of National Highways. The petitioner entered appearance and filed its objections disputing the claim made by the second respondent. Conciliation proceedings were thereafter initiated. As the conciliation was unsuccessful, the first respondent proceeded to adjudicate the dispute and passed the impugned award.



3. Heard the learned counsel appearing for both sides and perused the materials available on record.

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4. A perusal of the impugned award shows that, in the Council Meeting held through Video Conference on 10.03.2023, both parties were present and reiterated the contentions raised by them in the earlier hearings. The Council directed the second respondent to submit the EM-II certificate. As the conciliation failed, the conciliation proceedings were closed. The Council thereafter decided to proceed with the arbitration proceedings and adjourned the matter.

5. However, thereafter, the first respondent proceeded to pass the impugned award without issuing notice to the petitioner calling upon it to complete its pleadings in terms of Section 23 of the Arbitration and Conciliation Act, 1996, and without providing an opportunity of hearing as contemplated under Section 24 of the said Act. When the first respondent proceeds to adjudicate the dispute as an Arbitrator under Section 18(4) of the MSMED Act, the procedure prescribed under the Arbitration and Conciliation Act, 1996 is required to be followed.

6. In the present case, the petitioner was not given an opportunity to complete its pleadings or to adduce evidence before the impugned award was passed. The impugned award, therefore, has been passed in breach of the procedure prescribed



under Section 18(4) of the MSMED Act and in violation of the principles of natural justice. On this ground alone, the impugned award is liable to be set aside.

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7. Accordingly, the writ petition is allowed and the impugned award dated 05.07.2023 passed by the first respondent is set aside. The first respondent shall proceed with the arbitration in accordance with Section 18(4) of the MSMED Act and the procedure prescribed under the Arbitration and Conciliation Act, 1996. The first respondent shall call upon the parties to complete their pleadings, permit them to adduce evidence, hear them and thereafter pass appropriate orders in accordance with law. The entire exercise shall be completed within a period of three months from the date of receipt of a copy of this order.

8. All the contentions of the parties are left open to be considered in the arbitration proceedings. Consequently, the connected miscellaneous petition is closed. There shall be no order as to costs.

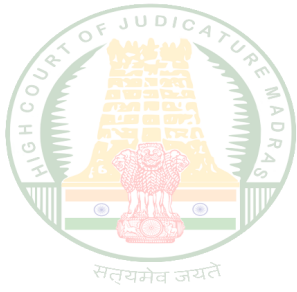
04-08-2026

Index: Yes/No

Speaking/Non-speaking order

Neutral Citation: Yes/No

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To

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Case Citation: (2026) ibclaw.in 4620 HC

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HEMANT CHANDANGOUDAR, J.

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