



Arb.O.P.(Comm.Div.) No.232 of 2024

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED:19.12.2024

CORAM

THE HONOURABLE MR.JUSTICE P.B.BALAJI

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M/s.Compass India Food Services Private Limited,
(Formerly known as Compass Group (India)
Support Services Private Limited)
Through its Authorized Representative,
Mr. Naresh Kumawat.

... Petitioner

VS.

1.M/s. PSR Foods,
House No.74, Janapriya West City,
Miyapure, Hyderabad.

2.Mr. R.Nageswara Rao,
Partner, House No. 74,
Janapriya West City,
Miyapure, Hyderabad.

... Respondents

PRAYER: Arbitration Original Petition filed under Sections 11 (6) of the Arbitration and Conciliation Act, 1996 to appoint an independent and impartial arbitrator as provided under Clause 5.5 of the Agreement.



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For Petitioner : Mr.Prahalad K. Bhat

For Respondents : No Appearance.

ORDER

This Arbitration Original Petition has been filed under Section 11(6) of the Arbitration and Conciliation Act, 1996 (hereinafter called as 'the Act') to appoint an Arbitrator in respect of the dispute arising out of alleged violation of the Vendor Agreement dated 01.06.2016 between the petitioner and the respondents.

2. I have heard Mr.Prahalad K. Bhat, learned counsel for the petitioner. There is no appearance on the side of the respondents. In fact, this Court permitted effecting service on the respondents through Substituted Service and publication has also been effected pursuant to the order of this Court dated 29.11.2024 for the hearing dated 17.12.2024. Despite the publications in one issue of Telangana Today (English) and



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Andhra Jyoti (Telugu) respectively, the publication dated 07.12.2024, the respondents have neither chosen to appear in person nor through counsel. Though this Court has directed the Registry to print the name of the respondents in the High Court daily cause-list on 17.12.2024 and to post the matter under the caption 'for orders'. Today also, there is no representation on the side of the respondents. Therefore, the respondents are hereby set *exparte*.

3. I have proceeded to hear the learned counsel for the petitioner Mr.Prahalad K. Bhat and also perused the records.

4. The case of the petitioner is that the respondents have approached the petitioner for providing services/products under the Rules, Regulations and directions of the Petitioner. On 01.06.2016, a Vendor Agreement for the supply of Services/Products was entered into between the respondents and the petitioner which was valid for a period of one year and thereafter,



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the aforesaid agreement was renewed from time to time. On 01.03.2019, the said Vendor Agreement executed between the parties was amended , modifying the commercial terms. As per Clause 2 of the Agreement, the respondents should pay the fixed royalty amount on a monthly basis, but the respondents failed to pay any amount to the petitioner. Due to the non-payment of the outstanding royalty amount to the petitioner, a dispute exists between the parties which requires to be adjudicated by a sole Arbitrator as per the Clause 5.5 of the Agreement. The relevant portion of Clause 5.5 of the Agreement is set out below:-

“5. Other terms and conditions

.....

5.5 Any dispute or difference or claim arising out of this Agreement shall be settled by senior management discussion. If the dispute remains unresolved for a period of thirty (30) days, the Parties may refer the matter to arbitration by a single arbitrator under the Arbitration and Conciliation Act, 1996. The Arbitration proceedings shall be in English. The decision of the arbitrator shall be final and binding on the Parties. This Agreement shall be governed by the laws of India and the courts in Chennai shall have exclusive jurisdiction in the event of any dispute between the parties. ”

5. When disputes arose between the parties, the petitioner issued a



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Demand Notice on 06.10.2021 to the respondents to make the payment of outstanding royalty amount. Despite receipt of the same, the respondents failed to make the said payment. Thereafter on 15.03.2023, the petitioner has issued an invocation notice under Section 21 of the Act but the respondents have not replied to the said notice. Thereafter, the above Arbitration Original Petition has been filed. Even before this Court, the respondents have not chosen to appear despite attempts made by the petitioner to serve notice and finally substituted service was permitted and the same was also effected.

6. The Vendor Agreement provides for an Arbitration Clause in 5.5 and the petitioner has also rightly invoked Section 21 of the Arbitration and Conciliation Act, 1996. Therefore, petitioner is entitled to seek appointment of a sole arbitrator to adjudicate the disputes between the petitioner and the respondents in terms of the said Agreement.



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7. In view of the foregoing discussions, I am inclined to appoint **Mr.K.Sridhar, Advocate having address at No.7/153, Lotus Colony, 'N' Block, 2nd Main Road, Anna Nagar (East), Chennai – 600 102, Cell: 94440 01166, E.Mail vakil138@gmail.com** as the Sole Arbitrator. The sole Arbitrator is directed to enter upon reference and adjudicate the dispute in accordance with law.

8. The learned Arbitrator is entitled to fix his fees as per the Schedule-IV to the Act. This Court further requests the learned Arbitrator to endeavor to decide the dispute as expeditiously as possible, however, not later than six (6) months from the date of his entering into reference.

9. Accordingly, this Arbitration Original Petition is allowed.

19.12.2024

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Index : Yes / No

Internet : Yes / No

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P.B.BALAJI, J.,

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