

OCD 3

ORDER SHEET
AP-COM/358/2025
IN THE HIGH COURT AT CALCUTTA
COMMERCIAL DIVISION
ORIGINAL SIDE

INDIAN OIL CORPORATION LIMITED
VS
M/S SHREE LAXMI DOMESTIC GAS SUPPLIERS AND ANR

BEFORE:
The Hon'ble JUSTICE SHAMPA SARKAR
Date: 14th July, 2025.

Appearance:
Mr. Amit Kumar Nag, Adv.
Mr. Partha Banerjee, Adv.
Mr. Yubaraj Bhattacharyya, Adv.
. . .for the petitioner.

Mr. Anubhab Sinha, Adv.
Mr. Debdut Mukherjee, Adv.
Mr. Gaurav Das, Adv.
. . .for the respondents.

The Court:

1. The petitioner prays for appointment of an Arbitrator for adjudication of disputes and differences arising out of the operation of an LPG distributorship at Jharsuguda. The distributorship agreement was executed between the parties on January 7, 1992 in the erstwhile corporate office of the petitioner situated at 1, Shakespeare Sarani, Calcutta 700071. The distributorship is governed by the terms and conditions of the agreement. Allegedly, disputes cropped up on and from

2015, when the performance of the respondents was not up to the mark.

2. The petitioner claims to have identified shortage in the number of cylinders at stock. Upon inspection and detection of irregularities, a penalty was imposed. The area officer prepared an inspection report detailing the irregularities. Consequently, an order was passed suspending the distributorship of the respondents for three months. The respondents did not pay the penalty nor did the respondents hand over the inventory. The suspension was extended from time to time. Alternative arrangements were made by the petitioner to safeguard the interest of the customers.
3. A writ petition was filed by the respondents before the Hon'ble High Court at Orissa. The petitioner was directed to readjudicate the entire issue. Upon hearing the respondents, a penalty was imposed to the tune of Rs.69,76,024.84. The order was challenged by the respondents before the Appellate Authority. The Appellate Authority dismissed the appeal. The respondents failed and neglected to pay the outstanding amount.
4. With this background, it is contended by the petitioner that the dispute continued. An application under Section 9 of the Arbitration and Conciliation Act, 1996 was filed and necessary order was passed. The petitioner invoked arbitration by a notice dated February 19, 2025. The respondents did not reply to the said notice.

5. Under such circumstances, this application has been filed before this Court. According to the petitioner, the value of the dispute is more than Rs. 98 lakhs at present.
6. Mr. Sinha, learned advocate for the respondents, submits that the allegations made against the respondents at the time of suspension of the distributorship and imposition of penalty are baseless and not substantiated by proper evidence. It is further submitted that the dispute was once decided by the High Court at Orissa when the petitioner was directed to readjudicate the matter. The petitioner mechanically passed an order, in the same lines as the order which was set aside by the Orissa High Court. The claim of the penalty imposed is time barred.
7. The background as narrated hereinabove clearly indicates that there is a dispute between the parties. The arbitration agreement is under Clause 37(a) of the distributorship agreement dated January 7, 1992. The objections raised by Mr. Sinha with regard to arbitrability, admissibility, limitation etc are to be decided by the learned Arbitrator at the appropriate stages of the proceeding.
8. The application is thus allowed, keeping all points open. The exclusive jurisdiction is vested with the Courts of Calcutta. Part cause of action arose within the jurisdiction of this Court, as the agreement was admittedly executed in the erstwhile office of the petitioner, which was situated in Shakespeare Sarani.

9. Accordingly, this Court appoints Mr. Suddhaswatta Banerjee, learned Advocate Bar Library Club (Mob :- 9874669520) as the arbitrator, to arbitrate upon the disputes between the parties. This appointment is subject to compliance of Section 12 of the Arbitration and Conciliation Act, 1996.
10. The learned arbitrator shall fix his/her own remuneration as per the Schedule of the Act.
11. The application is, accordingly, disposed of.

(SHAMPA SARKAR, J.)

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