

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 08-09-2025

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THE HONOURABLE MR JUSTICE N. ANAND VENKATESH

Arb O.P(COM.DIV.) No. 154 of 2025

AND

ARB APPLN No. 343 OF 2025

1. M/s Adinath Industries Inc,
Rep by its Proprietrix
Mrs.Chandna Kedia, H-2/3, 2nd Floor,
DLF Phase-1,
Gurgaon-122002, Haryana.

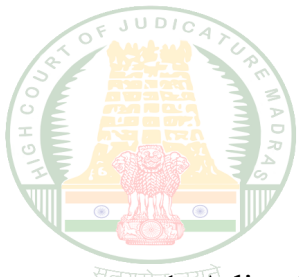
..Petitioner

.Vs.

1. The General Manager
Southern Railway,
Head Quarters Office,
Park Town, Chennai-3.

2.The Principal Chief Materials Manager,
Southern Railway, New Joint Office,
Ayanavaram, Chennai-600023.

Respondent(s)



Arb Appln No. 343 of 2025

1. Adinath Industries Inc

Office No-27-R, III Floor, Pandu Klix
Plaza, New No-330, Old No-168,
Thambu Chetty Street, Chennai-1.

Appellant(s)

Vs

1. The General Manager,
Southern Railway
Head Quarters Office, Park Town, Chennai 600
003.

2.The Principal Chief Materials Manager
Southern Railway, New Joint Office,
Ayanavaram, Chennai 600 023.

Respondent(s)

Arb O.P(COM.DIV.) No. 154 of 2025

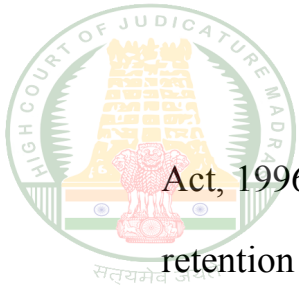
PRAYER

Petition filed under Section 11(6) of Arbitration and Conciliation Act, 1996, A)To appoint an independent arbitrator to arbitrate all the claims and disputes arising out of the Contract bearing the Tender No.03225101A and the Purchase Orders in P.O.No.03235228202464 dated 05.07.2023 and P.O.No.03235240201248 dated 28/03/2024 between the Petitioner and the Respondents. B)Direct the respondents to pay the cost of the petition.

Arb Appln No. 343 of 2025

PRAYER

Application filed under Section 9(i)(ii) of the Arbitration and Conciliation



Act, 1996, to direct the Respondents not to make any recovery, appropriation or retention of the Applicants monies from any of its Contracts with the Indian Railways in pursuance of the Respondents' levy of Liquidated Damages and Cancellation Orders under the Contract bearing the Tender No.03225101A and the Purchase Orders in P.O.No 03235228202464 dated 05/07/2023 and P.O.No 03235240201248 dated 28/03/2024, pending the resolution of all disputes and claims through Arbitration.

Arb O.P(COM.DIV.) No. 154 of 2025

For Petitioner: Mr.Amalraj

For Respondent(s): M/s. P.T.Ramkumar
Central Government Standing Counsel

Arb Appln No. 343 of 2025

For Applicant : Mr.Amalraj

For Respondent(s): M/s. P.T.Ramkumar
Central Government Standing Counsel

ORDER

Arb. Appln No.343 of 2025 has been filed for a direction to the respondents not to make any recovery from the applicant pending, resolution of all disputes before the arbitral tribunal. Arb.O.P.(Com.Div).No.154 of 2025 has



been filed for appointment of an arbitrator to arbitrate all the claims and disputes arising out of contract and purchase orders between the petitioner and the respondents.

2.The case of the petitioner is that the Southern Railway issued a tender notice dated 31.03.2023 calling for tenders for "Manufacture & Supply of Elastic Rail Clip Mk-V to RDSO Drg. No.T-5919 and conforming to IRS T-31-2021 Fifth Revision with latest alteration as amended upto date of tender notice (HSN Code 73029010 Specifications: IRS T-31-2021 Fifth Revision) Corrigendum No.1".

3.The petitioner participated in the tender and was selected as one of the five successful bidders. The respondents awarded the contract to the petitioner *vide* the purchase order dated 05.07.2023.

4.The specific case of the petitioner is that the said purchase order is in violation of the specific tender conditions. The petitioner pointed out the said



irregularity in the contract and to refix the delivery schedules. The respondents gave a reply dated 20.07.2023 and refused to modify the delivery schedules.

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The repeated requests made by the petitioner in this regard did not yield any response.

5.The petitioner has other ongoing railway contracts and hence, the petitioner informed the respondents that the quantity of the equipment stipulated under the purchase order far exceeds the petitioner unit's yearly production capacity. The petitioner was making requests to the respondents to refix and modify the delivery schedules but however all those requests were rejected. In view of the same, the supply under the purchase order dated 05.07.2023 was frustrated.

6.The further grievance of the petitioner is that the respondents failed to pay the petitioner's bills on time and as a result, the petitioner was put to hardship. Ultimately, the petitioner issued notice under Section 21 of the Arbitration and Conciliation Act, 1996 [hereinafter referred to as 'the Act'] dated

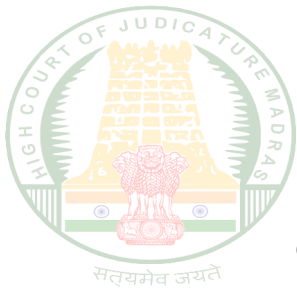


12.02.2025 by pointing out to the various claims made by the petitioner and called upon the respondents to appoint independent arbitrators, failing which, the petitioner will approach this Court for appointment of independent arbitrator.

7.After the above trigger notice was issued by the petitioner, Arb.Appln.No.343 of 2025, was filed before this Court under Section 9 of the Act, and initially this Court passed an order on 19.02.2025, in the following terms:

This application has been filed under Section 9 of the Arbitration and Conciliation Act seeking for interim protection. Though the applicant has sought for an omnibus relief as seen from the prayer in support of this application, this Court is not inclined to grant such a relief at an ex-parte stage, that too when the learned counsel for the respondents is yet to receive instructions.

2. The applicant's contention is that they are always ready to perform their part of contract as per Purchase Orders in P.O. No.03235228202464, dated 05.07.2023 and P.O. No.03235240201248, dated 28.03.2024. However, according to them, since the Purchase Orders issued by the respondents is not in accordance with the tender conditions they were unable to supply the materials on time.



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3. The learned counsel for the applicant also drew the attention of this Court to the letter dated 14.07.2023 sent by the applicant to the respondents immediately on receipt of the Purchase order, dated 05.07.2023 and would submit that at the first instance itself, the applicant has raised objections with the respondents with regard to the discrepancies in the Purchase Orders. The applicant is aggrieved by a threat of recovery of a sum of Rs.15,22,968/- and Rs.4,10,869/-.

4. Since a prima facie case has been made out insofar the aforementioned amounts are concerned, this Court is inclined to grant an order of interim stay of recovery of the aforesaid amounts by the respondents. Accordingly, there shall be an order of interim stay of recovery alone for the sum of Rs.15,22,968/- and Rs.4,10,869/-, pertaining to Purchase Orders in P.O. No.03235228202464, dated 05.07.2023 and P.O. No.03235240201248, dated 28.03.2024.

5. The learned Standing Counsel appearing for the respondents seeks time to file counter.

6. Post the matter for counter and disposal of 19.03.2025.

8. After notice was served on the respondents, the respondents have filed a detailed counter in Arb.Appln.No.343 of 2025. When this application was pending, Arb.O.P(Com.Div).No.154 of 2025 has been under Section 11(6) of the Act, for appointment of an Arbitrator to arbitrate all the claims and disputes arising out of the Contract bearing the Tender No.03225101A and the Purchase



Orders in P.O.No.03235228202464 dated 05.07.2023 and P.O.No.03235240201248

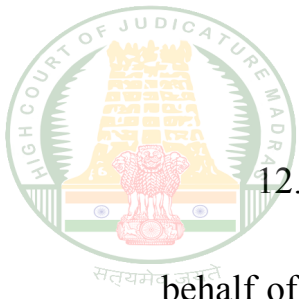
dated 28.03.2024 between the Petitioner and the Respondents.

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9.This Court has carefully considered the submissions made on either side and the materials available on record.

10.In the considered view of this Court, the petitioner had an interim protection of recovery alone from 19.02.2025 till 18.08.2025. On that day, since the learned counsel for the petitioner did not argue the case, this Court passed an order not extending the interim order granted on 19.02.2024. Thereafter, the matter was listed for final hearing today.

11.The learned counsel for the petitioner submitted that the counsel was engaged in an another Court and for the mistake of the counsel, the petitioner should not be put to hardship.



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12.The learned Central Government Standing Counsel appearing on behalf of the Southern Railway submitted that the respondents do not have any objection in referring the matter for arbitration since the respondents cannot unilaterally appoint an arbitrator in view of the judgement of the Constitution Bench in ***Central Organisation for Railway Electrification v. ECI SPIC SMO MCML (JV), A JOINT VENTURE COMPANY*** reported in **(2025) 4 SCC 641**.

However, the learned Central Government Standing Counsel, appearing on behalf of the respondents vehemently opposed the continuation of the interim order in favour of the petitioner.

13.In the considered view of this Court, the interim order that was passed by this Court confines itself to the stay of recovery alone pertaining to the purchase orders dated 05.07.2023 and 28.03.2024. The trigger notice was issued much earlier on 12.02.2025 and therefore it will be more appropriate for this Court to appoint an arbitrator and fix time frame for continuation of the interim order and thereafter leave to the arbitrator to deal with the interim order passed by this Court on 12.02.2205, under Section 17 of the Act.



14. In the light of the above decision taken by this Court, this Court thought it fit not to go into the merits of the case and render any findings.

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15. In the light of the above discussion, this Court is inclined to appoint a sole Arbitrator. Accordingly, Hon'ble Mr. Justice T.Ravindran (Retd), a former Hon'ble Judge, Madras High Court, with address for service at New No.27, Old No.12, 3rd Avenue, Indira Nagar, Adyar, Chennai 600020, Mobile No.9941350926, 9444399700, (e-mail ravindran,judge@gmail.com) is appointed as sole Arbitrator and the Arbitrator is requested to enter upon reference qua the purchase orders dated 05.07.2023 and 28.03.2024, adjudicate the arbitral dispute that were arising between the parties by holding the sittings in any venue in Chennai to the convenience of all concerned and render an award. Fees of the sole Arbitrator shall be in accordance with the Madras High Court Arbitration Centre (MHCAC)(Administrative Cost and Arbitrator's Fees) Rules 2017.



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16.The interim order that was granted by this Court on 19.02.2025 shall continue for a period of two weeks from the date on which the arbitrator enters reference after receipt of notice. Thereafter, the application filed under Section 9 of the Act and the counter affidavit filed by the respondents shall be placed before the learned Arbitrator who will decide the same under Section 17 of the Act, on its own merits and in accordance with law.

17.Both the applications (Arb.Appl.No.343 of 2025 and Arb.OP (Com.Div). No.154 of 2025) are disposed of in the above terms. There shall be no order as to costs.

08-09-2025

Index: Yes/No

Speaking/Non-speaking order

Internet: Yes

Neutral Citation: Yes/No

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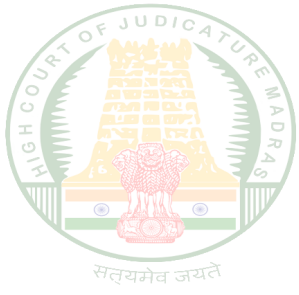


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Note: Registry is directed to communicate a copy of this order forthwith to

To

1. Hon'ble Mr.Justice T.Ravindran (Retd),
New No.27, Old No.12, 3rd Avenue,
Indira Nagar, Adyar, Chennai 600020.
Mobile No.9941350926, 9444399700,
(e-mail ravindran,judge@gmail.com)
2. The Director
Tamil Nadu Mediation and Conciliation
Centre-cum-Ex-Officio Member
Madras High Court Arbitration Centre
Chennai - 104.
- 3.The General Manager Southern Railway
Southern Railway,Head Quarters Office,
Park Town,Chennai-3
- 4.The Principal Chief Materials Manager,
Southern Railway,New Joint Office,
Ayanavaram,Chennai-600023.



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Arb O.P(COM.DIV.) No. 154 of 20
& Arb.Appln.No.343 of 2025



**N.ANAND VENKATESH J.
KP**

**Arb O.P(COM.DIV.) No. 154 of 2025
and ARB APPLN NO. 343 OF 2025**

08-09-2025