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Arb.O.P.(Com.Div.) Nos.629, 630 & 631 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 30.10.2025

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THE HONOURABLE Mr.JUSTICE N. ANAND VENKATESH

Arb.O.P.(Com.Div.) Nos.629, 630 & 631 of 2025

KTV Health Food Pvt. Ltd.

Rep. by the Managing Director K.T.V.Kannan

No.7/3, Arul Nagar Salai

R.V.Nagar (Post), Kodungaiyur

Chennai 600 118

.. Petitioner in all OPs

Vs.

Tamil Nadu Civil Supplies Corporation

Rep. by the Managing Director

Head Office, CMRL Admin Building

Poonamallee High Road, Koyambedu

Chennai 600 107

.. Respondent in all OPs

Petitions filed under Section 11(6) of the Arbitration and Conciliation Act, 1996, to appoint a sole Arbitrator to adjudicate the dispute between the petitioner and the respondent in accordance with the tender document dated 17.02.2025 and agreements dated 22.04.2025, 22.03.2025 and 05.04.2025, respectively.

For Petitioner : Mr.S.Manuraj

in all OPs for Ms.Vandhana Bhaskar

For Respondent : Mr.P.S.Raman

in all OPs Advocate General

Assisted by Mr.D.Ravichander

Special Government Pleader



COMMON ORDER

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These petitions have been filed under Section 11 of the Arbitration and Conciliation Act, 1996 (for brevity, hereinafter referred to as “the Act”), for appointment of an Arbitrator to adjudicate the dispute between the petitioner and the respondent in accordance with the tender document dated 17.02.2025 and agreements dated 22.04.2025, 22.03.2025 and 05.04.2025.

2. The case of the petitioner is that the respondent floated an e-tender for supply of 600 lakh numbers of 1 litre pouches (910 grams) fortified RBD palmolein oil pouches *vide* tender document dated 17.02.2025. The petitioner submitted the bid and they were the successful bidder and they entered into an agreement with the respondent on 22.04.2025, 22.03.2025 and 05.04.2025. There was default in payment for the supply made by the petitioner to a total amount of Rs.406.41crores. Multiple letters were issued seeking for the payment of the amount along with interest. Since same did not evoke any response, the petitioner was constrained to file a writ petition in W.P.No.22843 of 2025 before this Court, for a direction to the respondent to release the outstanding amount along with interest.



3. The said writ petition was disposed of by this Court, by an order dated 22.07.2025, after recording the fact that the principal amount has been paid and disputed portion was the payment of interest that was claimed by the petitioner and directed the parties to adjudicate the issue by raising an arbitration dispute as provided under the tender agreement.

4. The petitioner issued the trigger notice under Section 21 of the Act on 08.08.2025.

5. Clause 23 of the arbitration agreement provides as follows :

“23. Arbitration :

In case of any dispute in the short e-tender including interpretation if any on the clauses of the tender or the agreement, the matter shall be referred by the Corporation/supplier to an Arbitrator who shall be selected by the party from the panel of the Arbitrators approved by the Board of Directors of TNCSC and communicate the same within 15 days from the date of receipt of the letter from the Corporation along with the panel of the Arbitrators. If there is no reply from the supplier within 15 days, Corporation shall choose any one of the Arbitrators from the panel of Arbitrators referred to above. The remuneration for the Arbitrator and other expenses shall be shared equally by the TNCSC and the party to the Arbitration.

i) The venue of Arbitration shall be at the Head office of the TNCSC, Chennai. The decision of the Arbitrator shall be final and binding on both the parties to the Arbitration.

ii) The Arbitrator may with the mutual consent of the parties extend the time for making the award. The award to be passed by the Arbitrator is enforceable.

iii) Any other disputes arising out of the Arbitration award or any civil remedy for non-fulfillment of any of the terms and conditions of the Tender/Agreement shall be subject to the Jurisdiction of the Civil Courts at Chennai city only.”



6. It is seen that the parties are governed by a valid agreement in line with Section 7 of the Act which contains an arbitration clause. Even though the agreement provides that the petitioner has to choose from any one of the arbitrators from the panel of arbitrators given by the respondent, such a clause cannot be enforced, in the light of the judgment of the Apex Court in ***Central Organisation for Railway Electrification v. ECI SPIC SMO MCML (JV)*** reported in ***(2025) 4 SCC 641***.

7. In view of the above, this Court has to appoint a sole Arbitrator for the purpose of referring the dispute pertaining to the payment of the interest portion to the petitioner by the respondent. Accordingly, Hon'ble Mr.Justice R.Subramanian, Former Judge of Madras High Court, (Mobile Nos.98402 99941, 94440 94402), residing at No.6/29, Flat No.1B, Vishwanath Apartments, 5th Main Road, R.A.Puram, Chennai 600 028, is appointed as sole Arbitrator. The sole Arbitrator is requested to adjudicate the arbitral disputes that had arisen between the parties and render arbitral award by holding sittings in the Madras High Court Arbitration Centre under the aegis of this Court, as per the Madras High Court Arbitration Proceedings Rules, 2017 and fee 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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These petitions are disposed of in the above terms.

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Index : Yes/No

Neutral Citation : Yes/No



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