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Order QR

Arb OP (Com.Div) No.111 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 25.09.2026

DELIVERED ON : 08.10.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

Arb O.P(COM.DIV) No.111 of 2026



Case QR

CNR:{HCMA013074852025}

Radhe Krishna Infrastructure
Rep. by its Partner Mahesh P Jytanigya
No.302, Saumya Square,
Near Gowardhan Party (Thaltej)
Ahmedabad-380 059

Petitioner

Vs

Larsen & Toubro
Rep. by its Segment Head
Smart Water Infrastructure
Construction water & Influent treatment,
Having its registered office at
P.B.No.979, Mount Poonamallee Road,
Manappakkam,
Chennai-600 089.

Respondent

PRAYER: Petition filed under Section 11(6) of the Arbitration and Conciliation Act, 1996 to appoint an Arbitrator to adjudicate the



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dispute between the respondent and the petitioner company arising in connection or out of the agreement dated 21.12.2019.

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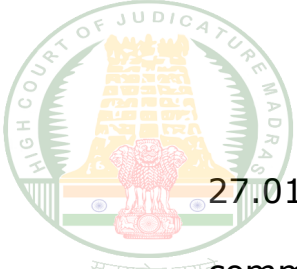
For Petitioner: Mrs.R.Sripriya
(Through video-conferencing)

For Respondent: Mr.Anirudh Krishnan

ORDER

This Original Petition has been filed under Section 11(6) of the Arbitration and Conciliation Act, 1996 (*hereinafter referred to as "the Act"*) seeking appointment of an Arbitrator on behalf of respondent to constitute an Arbitral Tribunal comprising three members, along with the nominee Arbitrator of petitioner, to adjudicate commercial disputes that have arisen between the parties in connection with the Sub-Contract Agreement / Work Order dated 21.12.2019.

2. Petitioner is a partnership firm specializing in civil construction contracts. Respondent awarded a sub-contract to the petitioner vide Letter of Intent dated 21.12.2019, followed by a Sub-Contract Agreement dated 23.12.2019 and Work Order dated



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27.01.2020, for the execution of design, construction, testing, and commissioning of infrastructure works (drains, culverts, bridges, water supply, sewerage, and power system) for Rajkot Smart City Development Limited (RSCDL) under the Rajkot Municipal Corporation, Gujarat.

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3. Learned counsel for petitioner submitted that while petitioner submitted its bid proposal totaling Rs.115.253 Crores (comprising Rs.112.819 Crores for Road Work and Rs.2.43 Crores for SWD excavation work) for execution within a stipulated time limit of 20 months (scheduled completion by 19.08.2021), respondent awarded the scope of work in a piecemeal manner by issuing as many as 23 amendment orders over a period of 50 months, finally freezing the scope of work as late as 09.02.2024.

4. It is further submitted that despite severe contractual defaults by respondent, including delays in handing over encumbrance-free Right of Way (ROW) along 17 road stretches, interference and damage caused by other contractors engaged by respondent, delay in supplying essential bituminous materials, and



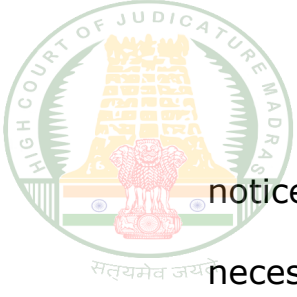
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withholding of running account (RA) bills, petitioner mobilized additional resources and successfully executed nearly the entire roadwork spanning approximately 22 kilometers in Rajkot City.

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5. While the project was at the verge of completion, respondent arbitrarily terminated the sub-contract vide Termination Notice dated 26.03.2024. Following extended correspondence, representations and an unsuccessful amicable settlement/conciliation meeting held at Chennai on 19.09.2024, where respondent introduced counterclaims of Rs.12.21 Crores, petitioner invoked Clause 41 of the Agreement by issuing a statutory notice under Section 21 of the Act on 01.11.2024.

6. In the notice invoking Arbitration dated 01.11.2024, petitioner raised claims aggregating to Rs.74,36,30,030.27 and nominated Hon'ble Mr.Justice M.G.Gaikwad (Retired Judge of the Bombay High Court) as its nominee Arbitrator. Petitioner called upon respondent to nominate its Arbitrator within 30 days so that the two nominated Arbitrators could appoint a Presiding Arbitrator/Umpire in terms of Clause 41. Despite receipt of the



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notice on 06.11.2024, Respondent failed to nominate an Arbitrator, necessitating the filing of the present petition.

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7. Clause 41 of the Sub-Contract Agreement dated 21.12.2019/23.12.2019 reads as under:

"41. ARBITRATION

The work order is subject to the Jurisdiction of the Hon'ble Court of Chennai in case of any dispute. All disputes arising out of this work order failing amicable settlement at site shall be referred to the Segment Head - L&T Construction - WET IC at Hyderabad and then to BU Head- SI BU Chennai, the decision taken by them will be final and binding to both parties. In case it fails, the dispute shall be referred to arbitration. The arbitrators shall appoint an umpire shall be final and conclusive. The arbitration proceedings shall be governed in accordance with the Indian Arbitration Act 1996 or any statutory modifications thereof for the time being in force and such arbitration shall take place in Chennai."

8. Per contra, learned counsel for respondent resisted the petition contending that petitioner failed to complete the scope of



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work within the stipulated timeline, repeatedly halted work, exhibited substandard workmanship and abandoned the site on 17.02.2024, forcing respondent to issue the Termination Notice on 26.03.2024. Respondent has asserted counterclaims totaling Rs.23.18 crore against petitioner towards costs incurred in completing balance works, re-work of defective construction, reimbursement of excess payments and liquidated damages.

9. Learned counsel for the respondent further submitted that respondent had independently issued a Notice of Arbitration under Section 21 of the Act on 06.08.2026 proposing the appointment of Mr.M.Aravind Subramaniam, Senior Advocate, as Sole Arbitrator under Clause 17.3 of the General Conditions of Contract. He hastened to add that while respondent disputes the existence and applicability of Clause 41, it does not dispute the existence of arbitrable disputes and is agreeable to the constitution of an Arbitral Tribunal to resolve all claims and counterclaims of both parties.

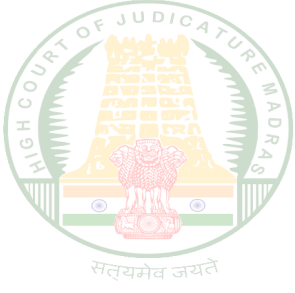


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10. This Court has considered the rival submissions advanced by learned counsel appearing on both sides and perused the material documents placed on record.

11. Pursuant to orders passed by this Court on 28.04.2026, the parties were referred to Mediation before a Senior Counsel of this Court, however, mediation proceedings did not result in a settlement. Thereafter, when the matter was taken up, the existence of arbitrable commercial disputes arising out of the performance and termination of the sub-contract was undisputed by both parties.

12. The principal issue that arises for consideration is the constitution of the Arbitral Tribunal. While petitioner relied on Clause 41 of the Terms & Conditions (dated 21.12.2019/ 23.12.2019) providing for a three-member panel with an Umpire/Presiding Arbitrator, respondent asserted that Clause 17.3 of the General Conditions of Contract annexed to the Amended Work Order dated 09.02.2024 governs the parties, providing for a Sole Arbitrator.



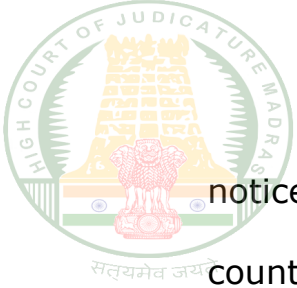
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13. It is a well-settled principle of law that while exercising jurisdiction under Section 11 of the Act, the High Court is primarily required to examine the *prima facie* existence and validity of an arbitration agreement. Detailed examination of contractual supersession or the *inter se* priority of inter-related contractual documents is a matter that falls within the domain of the Arbitral Tribunal under Section 16 of the Act.

14. During the course of hearing, having regard to the nature of the commercial transactions, the substantial monetary claims and counterclaims involved, wherein petitioner claimed over Rs.74 Crore and Respondent claimed over Rs.23 Crore, this Court finds it appropriate to constitute a three-member Arbitral Tribunal in alignment with the nominee Arbitrators chosen by the respective parties, chaired by an eminent former Judge of the Supreme Court of India.

15. Petitioner has nominated Hon'ble Mr. Justice M.G.Gaikwad, Former Judge, High Court of Bombay, as its nominee Arbitrator vide



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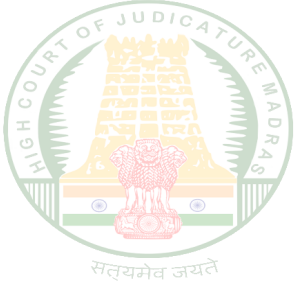
notice dated 01.11.2024 issued under Section 21 of the Act. In its counter affidavit and notice dated 06.08.2026, respondent proposed Mr.M.Aravind Subramaniam, Senior Advocate, as its nominee/choice of Arbitrator. To complete the composition of the Arbitral Tribunal under Section 11(6) of the Act and to act as the Presiding Arbitrator, this Court appoints Justice R.Banumathi, Former Judge, Supreme Court of India.

16. Accordingly, this Court passes the following order:

(i) A three-member Arbitral Tribunal is hereby constituted to enter upon reference and adjudicate all arbitrable disputes, claims and counterclaims arising between petitioner and respondent in connection with the Agreement / Work Order dated 21.12.2019 and subsequent amendments thereto.

(ii) The Arbitral Tribunal shall consist of:

(a) Presiding Arbitrator: Hon'ble Mrs.Justice R.Banumathi, Former Judge, Supreme Court of India, A-417, Second Floor, Arjun Marg, Defence Colony, New Delhi – 110 024;



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(b) Nominee Arbitrator (Petitioner's Choice):

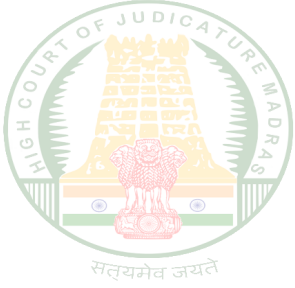
Hon'ble Mr. Justice M.G.Gaikwad, Former Judge, High Court of Bombay, at No.04, 1st Floor, Biry House, 265, Perin Nariman Street, Near Punjab National Bank, Fort, Mumbai - 400001;

(c) Nominee Arbitrator (Respondent's Choice): Mr.M.Aravind Subramaniam, Senior Advocate, Caithness Hall, 2nd Floor, Old No.157, New No.323, Linghi Chetty Street, Chennai – 600 015.

(iii) The learned Arbitrators are requested to file their disclosure declarations in terms of Section 12 of the Act, before entering upon the reference.

(iv) The seat and venue of the arbitration proceedings shall be Chennai, in accordance with Clause 41 of the Agreement.

(v) The arbitration proceedings shall be conducted under the aegis of the Madras High Court Arbitration Centre in accordance with the Madras High Court



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Arbitration Proceedings Rules, 2017. The arbitral fee and administrative charges shall be governed by the Madras High Court Arbitration Centre (Administrative Cost and Arbitrators' Fees) Rules, 2017, and shall be borne equally by both parties.

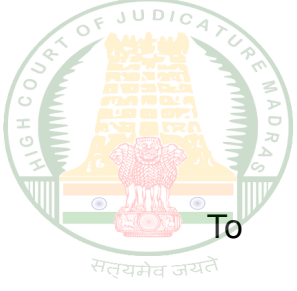
(vi) All contentions, claims, counterclaims, and defenses on merits are left open to be urged by the respective parties before the Arbitral Tribunal.

17. The Registry is directed to forthwith communicate a copy of this order to the learned Presiding Arbitrator, the learned Nominee Arbitrators, and the Madras High Court Arbitration Centre.

This Original Petition is accordingly allowed in the above terms. No costs.

(SUSHRUT ARVIND DHARMADHIKARI,CJ)
08.10.2026

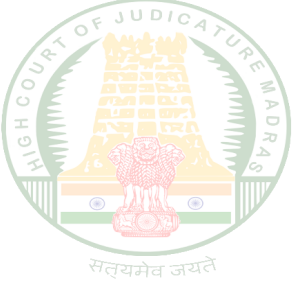
Index : Yes
Neutral Citation : Yes



To

The Assistant Registrar,
Madras High Court Arbitration Centre,
Chennai-600 104.

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THE HON'BLE CHIEF JUSTICE

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