



IN THE HIGH COURT OF KARNATAKA, AT DHARWAD

DATED THIS THE 25TH DAY OF FEBRUARY, 2026

BEFORE

THE HON'BLE SMT. JUSTICE LALITHA KANNEGANTI

CIVIL MISC PETITION NO.100002 OF 2025

BETWEEN:

INDIAN OIL CORPORATION LTD.,
MARKETING DIVISION,
BELLARY DIVISIONAL OFFICE,
NO.6, 1ST FLOOR, INFANTRY ROAD,
CANTONMENT, BALLARI-583104,
REPRESENTED BY ITS
DIVISIONAL RETAIL SALES HEAD.

...PETITIONER

(BY SRI. C.V. ANGADI, ADVOCATE)

AND:

M/S. SRI. SHIVAKUMARA ENTERPRISES,
INDIAN OIL DEALER,
SY. NO.142/3B83C LNO.193,
ANAII-DAVANGERE ROAD,
DAVANGERE TALUK AND DISTRICT-577001,
REPRESENTED BY ITS PROPRIETOR
SRI. NITESH S/O. GNANAMURTHY S.

...RESPONDENT

(NOTICE TO RESPONDENT IS HELD SUFFICIENT (V/O/DATED 07.01.2026))

THIS CIVIL MISCELLANEOUS PETITION IS FILED UNDER SECTION 11(6) OF THE ARBITRATION AND CONCILIATION ACT, 1996 PRAYING TO I) REFER THE DISPUTE, ARISEN BETWEEN THE PETITIONER AND THE RESPONDENT TO THE ARBITRATOR WHO IS ON PANEL, IN VIEW OF THE ARBITRATION CLAUSE CONTAINED AT SL.NO.68 OF THE DEALERSHIP AGREEMENT DATED 12.12.2012 (ANNEXURE-A) IN THE INTEREST OF JUSTICE AND EQUITY. II) TO GRANT SUCH OTHER AND FURTHER RELIEF AS THIS HON'BLE COURT DEEMS FIT, UNDER THE CIRCUMSTANCES OF THE CASE, TO MEET THE ENDS OF JUSTICE.





THIS CIVIL MISCELLANEOUS PETITION HAVING BEEN HEARD AND RESERVED ON 07.01.2026, COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE COURT PRONOUNCED THE FOLLOWING:

CORAM: THE HON'BLE SMT. JUSTICE LALITHA KANNEGANTI

CAV ORDER

The present Civil Miscellaneous Petition is filed seeking to refer the dispute arisen between the petitioner and the respondent to the Arbitrator who is on panel in view of the Arbitration clause contained at Sl.No.68 of the dealership agreement dated 12.12.2012.

2. The petitioner before this Court is the Indian Oil Corporation Ltd. It is the case of the petitioner that the petitioner is a Public Sector Undertaking company registered under the Indian Companies Act, 1913/1956 which is engaged in refining crude oil and storing, distributing and selling of the petroleum products and for this purpose require Tank Trucks for road transportation of bulk petroleum products from their various points storage to customers/other storage points. Pursuant to the conclusion of the dealer selection of the respondent as Retail Outlet Operator, the petitioner and respondent have entered into an agreement of Retail Outlet Dealership Agreement.



3. The petitioner and the respondent entered into "Petrol/HSD Pump Dealer Agreement" on 12.12.2012. Pursuant to the floating of the tender by the petitioner for availing services of the Tank Trucks for transportation of Bulk Petroleum Products, the respondent also participated. The respondent is a carrier and was engaged in a business of operating of Tank Trucks. The Tender proceedings culminated in entering into "Bulk Petroleum Road Transport Agreement" on 29.07.2016. The respondent placed an indent for supply for Motor Spirit to the petitioner to be supplied to the retail outlet operated by the respondent in pursuance of the dealership agreement. The total invoice amount is Rs.19,70,126/-. In this regard, a Tax Invoice has been issued by the petitioner dated 26.09.2021. The respondent was required to pay the said amount immediately to the petitioner but the respondent has not made any payment. The petitioner has made many reminders and requests to the respondent to make the payment. But there was no response from the respondent.

4. It is stated that the Dealership Agreement provides for referring the disputes, in respect of any right, liability act,



omission on account of any of the parties hereto arising out of or in relation to the Dealership Agreement. The petitioner placing reliance on Clause No.68 of the Dealership Agreement has issued a Legal Notice on 03.12.2024 invoking the Arbitration Clause for recovery of the amount along with interest at the rate of 18% per annum from the date of invoice till the date of repayment. Under the Legal Notice dated 03.12.2024, the petitioner has nominated Hon'ble Justice Gururajan (Retd. Judge), High Court of Karnataka, Bangalore to be the Sole Arbitrator, subject to the provision of the Arbitration and Conciliation Act, 1996. The said notice is returned with unserved cover with the postal shara "Addressee left without information hence RTS (Return to Sender)". The petitioner apprehends that the respondent might have deliberately avoided the service of notice. The petitioner having no other equally efficacious remedy has preferred this petition by invoking Sections 8 and 11 of the Arbitration and Conciliation Act, 1996, for appointment of the Arbitrator.

5. Learned counsel appearing for the petitioner submits that in the light of clause No.68 of the Dealership Agreement dated 12.12.2012, the petitioner is invoking the Arbitration



Clause and under the Legal Notice dated 03.12.2024, the petitioner has nominated Hon'ble Justice Gururajan (Retd. Judge), High Court of Karnataka, Bangalore to be the Sole Arbitrator, subject to the provisions of the Arbitration and Conciliation, 1996. Hence, the petition may be allowed by appointing an Arbitrator to adjudicate the disputes between the parties.

6. On 07.01.2026, this Court had passed an order that as per the postal shara, notice issued to the respondent is returned as 'refused' which amounts to deemed service of notice.

7. Having heard the learned counsel for the petitioner, perused the material on record. The clause No.68 of the Dealership Agreement dated 12.12.2012 reads as follows:

"68. This Agreement has been made in triplicate and all payments thereunder shall be due and made in Mangalore unless otherwise directed by the Corporation. The courts in the city of Ballary alone shall have jurisdiction to entertain any suit, application or other proceeding in respect of any claim or dispute arising under this Agreement.

Any disputes and or/difference of any nature whatsoever or regarding any right, liability act, omission on account of any of the parties here to arising out of or in relation to this garment shall be referred to the sole arbitration of the director (Marketing) of the Corporation, or of some officers of the corporation who may be nominated by the Director (Marketing). It is



known to the parties to the Agreement that the arbitrator so nominated is an employee of the Corporation and may be a share holder of the Corporation. In the event of the arbitrator to whom the matter is originally referred being transferred or vacating his office or being unable to act for any reason, the Director (Market-ing) as aforesaid at the time of such transfer or vacation of office or inability to act, may designate another officer of the corporation to act as arbitrator in accordance with the terms of the Agreement.

Such person shall be entitled to proceed with the reference from the point at which it was left by his predecessor, It is also a term of this agreement that no person other than the Director (Marketing) or a person nominated by such Director (Marketing) of the Corporation as aforesaid shall act as arbitrator hereunder. The award of the arbitrator so appointed shall be final, conclusive and binding on all parties to the Agreement, subject to the provisions of the Arbitration and conciliation Act, 1996 or any statutory modification of or reenactment thereof and the rules made thereunder and for the time being in force shall apply to the arbitration proceeding under this clause."

8. It is also stated that the Dealership Agreement clause entered into in the year 2012 i.e., prior to coming into force the amending Act 3 of 2016 to the Arbitration and Conciliation Act, 1996. As per the Clause No.68 relating to the appointment of the Arbitrator, it is envisaged that the dispute shall be referred to Sole Arbitrator if the Director (Marketing) of the Corporation or of some officers of the Corporation who may be nominated by the Director (Marketing). Post Amendment to Section 12(5) inserted by the "Arbitration and Conciliation (Amdt.) Act, 2015 (3



of 2016), dated 31.12.2015 with effect from 23.10.2015, which requires to be read along with Seventh Schedule, the Director (Marketing) as provided under Clause No.68 becomes ineligible.

The Seventh Schedule at SL.No.12 reads as under:

"12. The arbitrator is a manager, director or part of the management, or has a similar controlling influence in one of the parties."

9. It is stated that the Director (Marketing) of the Corporation is disqualified. As such, the petitioner has approached this Court.

10. This Court has perused clause No.68. It is the case of the petitioner that the respondent is required to pay sum of Rs.19,70,126/- as per the invoice dated 26.09.2021. The arbitration clause discloses that any disputes and or/difference of any nature whatsoever or regarding any right, liability act, omission on account of any of the parties here to arising out of or in relation to this garment shall be referred to the sole arbitrator. In view of the existence of the arbitration clause, this Court having thoroughly examined the annexure annexed to this civil miscellaneous petition, is of the view that the petitioner has



fulfilled the mandate provided under Section 11(4) of the Act.

Hence, this Court is passing the following order:

ORDER

- i. The Civil Miscellaneous Petition is ***allowed*** appointing Ms. Justice J.M.Khazi, Former Judge, High Court of Karnataka as the sole Arbitrator to enter reference of the disputes between the petitioner and the respondent.
- ii. All contentions inter se parties are left open for adjudication in the arbitration proceedings;
- iii. Office is directed to communicate this order to Ms. Justice J.M.Khazi, Former Judge, High Court of Karnataka.
- iv. All I.As. in this Civil Miscellaneous Petition shall stand closed.

Sd/-
JUSTICE LALITHA KANNEGANTI

MEG
CT: UMD
List No.: 1 SI No.: 3