

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON
10.07.2026PRONOUNCED ON
31.07.2026

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THE HON'BLE MR.JUSTICE K.KUMARESH BABU

Arb Appln.No.973 of 2026

M/s.Rassense Pvt. Ltd,
A Company incorporated under the Companies Act, 2013,
Having its registered office at
No.15, 16, 17, Brindavan Nagar,
Yogam Garden, Valasaravakkam,
Thiruvallur – 600 087.
Rep., by its Authorised Signatory,
Mrs.S.Ramadevi.

... Applicant

Vs

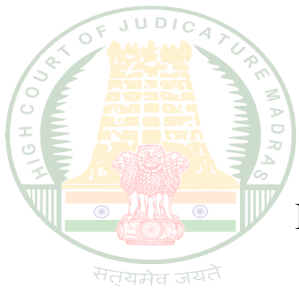
M/s.Sai University,
Having its office at
One Hub Chennai, Paiyanur,
Old Mahabalipuram Road,
Chennai – 603 104.

..Respondent(s)

PRAYER:- This Arbitration Application had been filed under Order XIV Rule 8 of O.S.Rules r/w Section 9 (2) b & e of the Arbitration and Conciliation Act, 1996 to direct the respondent to furnish an unconditional and irrevocable Bank Guarantee for a sum of Rs.3,29,00,000/- (Rupees Three Crores Twenty Nine Lakhs only) to the satisfaction of this Court pending commencement and conclusion of the arbitral proceedings.

For Appellant(s):

Mr.Hasan Mohamed Jinnah Sr., counsel
for Mr.A.Damodaran



For Respondent(s):

Mr.Gautam S.Raman

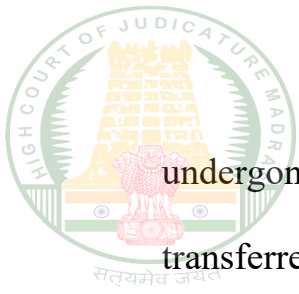
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ORDER

The present Arbitration Application had been filed to direct the respondent to furnish an unconditional and irrevocable Bank Guarantee for a sum of Rs.3,29,00,000/- (Rupees Three Crores Twenty Nine Lakhs only) to the satisfaction of this Court pending commencement and conclusion of the arbitral proceedings.

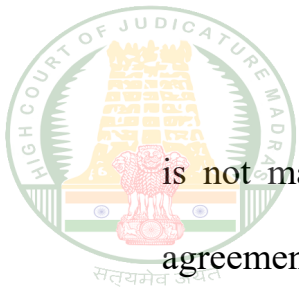
2.Heard Mr.Hasan Mohammed Jinnah learned Senior counsel appearing for Mr.A.Damodaran, learned counsel appearing for the Applicant and Mr.Gautam S.Raman, learned counsel appearing for the respondent.

3. The learned Senior counsel appearing on behalf of the applicant would submit that the applicant is engaged in providing catering services to various institutions and facility management across India. A catering service agreement was entered between a third party and the respondent on 19.09.2022 which was valid till 18.09.2023 and governed by various commercial terms, service obligations, payment structure and dispute resolution mechanism. The said arrangement was continued even after the expiry of the period by efflux of time. The third party, who had earlier entered an agreement with the respondent had



undergone an internal restructuring and the catering business division was transferred with the petitioner's company and accordingly a deed of Novation was executed between the applicant, respondent and the third party and thereafter, the applicant had extended the services to the respondent which is also evidenced by the invoices submitted by the applicant, which was acknowledged by the respondent. However, various invoices have not been honoured by the respondent and as of today, a total sum of Rs.3.29 crores is liable to be paid by the respondent to the applicant. The respondent had also issued a mail on 16.04.2026 to terminate the catering service agreement by invoking Clause 9.1 of the said agreement and the same has also been suitably replied to, but however, the respondent had not settled the outstanding dues to the applicant. The learned Senior counsel further would submit that as per clause 11 of the agreement, the dispute resolution between the parties would have to be made through an appointment of an Arbitrator, it should be mutually agreed between the parties and that the applicant also undertakes to initiate proceedings of arbitration. However to protect the interest of the amounts claimed by the applicant, it is necessary that this Court directs the respondent to furnish a Bank Guarantee for a sum of Rs.3.90 crores, which shall be valid pending commencement and conclusion of the arbitration proceedings.

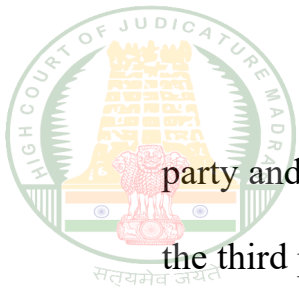
4. Countering his arguments, the learned counsel on behalf of the respondent would at the outset submit that present application by the applicant



is not maintainable, as the applicant was not a party to the catering service agreement relied upon by him to invoke the clause of arbitration. He would further submit that the non-joinder of the party to with whom the respondent had initially entered an agreement would itself make the application devoid of merits without any right to the applicant to seek for such a relief. He would vehemently contend that the deed of Novation between the applicant, respondent and the third party does not envisage any arbitration clause and that such arbitration clause should have been a necessary part of the Deed of Novation and bind the parties for an arbitration. In such an event, he would submit that the only recourse available to the applicant is to initiate the suit and not resort to arbitration, based upon an agreement in which it was not a party. In that context, he had relied upon a judgment of the Hon'ble Apex Court in the case of *Cox and Kings Limited Vs SAP India Private Limited and Another* reported in *(2024) 4 SCC 1*, in support of his submissions that a party and person claiming are different and therefore, the applicant who claims through as the agreement-holder to initiate arbitration cannot be sustained.

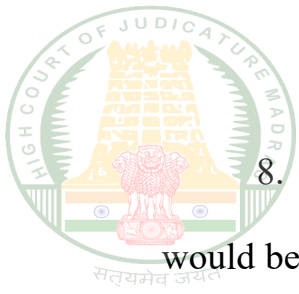
5. I have considered the submissions made by the learned counsels appearing on either side and perused the materials placed on record.

6. It is not a disputed fact that the respondent had entered into a service agreement with the third party and also an agreement of Novation with the third



party and the applicant. The said deed of Novation identifies the respondent and the third party as the existing party and the applicant as the acceding party. The said deed of Novation also evidences the existing parties desire to substitute the acceding party in the place of the third party in the agreement that was entered between the third party and the respondent. In the said deed of Novation particularly clause 3 of the covenant, it could be seen that the counter party (respondent) had agreed that the terms mentioned in the agreement. When such be the *consensus ad idem* between the parties to the deed of Novation wherein the applicant had stood substituted in the place of a third party under the agreement which is now sought to be relied upon for invoking the clause of arbitration, this Court is of the view that the objections raised by the respondent that the applicant who was not a party to the agreement dated 19.09.2022 cannot be allowed to rely upon the clause of arbitration is wholly unsustainable.

7. The claim for grant of a Bank Guarantee had been assailed by the respondent with the context of defective services that had been provided for over a period of six months by the applicant. He would further submit that the respondent being a University is not a fly-by-night operator and in the event of the applicant not succeeding in the arbitration application would not be left high and dry.



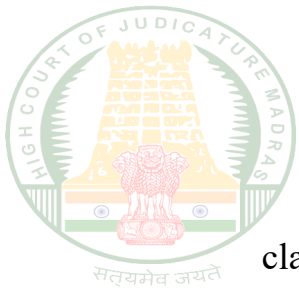
8. In view of the conclusion arrived at by this Court that the applicant would be entitled to maintain an arbitration proceedings and also of the fact that the claim of the applicant for the unpaid money had been disputed by the respondent in view of the defective services rendered by the applicant and also of the fact that the arbitration proceedings is yet to be initiated by the applicant in the manner known to law, this Court is of the view that the applicant's right could be protected till the arbitration proceedings is initiated and till application under Section 17 for the protective relief is made before the Arbitrator, this Court is of the view that the respondent could be directed to furnish a Bank Guarantee for a reasonable period to the tune of Rs.3.90 crores.

9. Accordingly, the application stands disposed with the following directions:-

a) The respondent shall furnish a Bank Guarantee to the tune of Rs.3.90 crores, for a period of six(6) months;

b) The applicant shall comply with the provisions of the Arbitration and Conciliation Act and initiate arbitration proceedings within a period of eight (8) weeks from the date of receipt of a copy of this order;

c) The applicant is at liberty to take out an application for protective relief, before the learned Arbitrator by invoking Section 17 of the Arbitration and Conciliation Act, 1996;

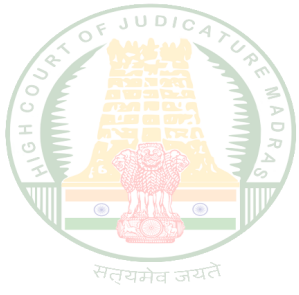


d) The Bank Guarantee directed to be furnished under clause (a) shall be subject to the result of such petition under Section 17 of the Act and order to be passed by the Arbitrator under Section 17.

e) However there shall be no order as to costs.

31.07.2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No
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Arb A.No.973 of 2



K.KUMARESH BABU, J.

PBN

A Pre-delivery Order made in
Arb Appln.No.973 of 2026

31.07.2026