



CIVIL

# Consolidated Reference in Purchase and Service Order Disputes: Calcutta High Court Paves the Way for Efficient Arbitration

**AUTHOR** Rahul Sundaram

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In a significant ruling, the Calcutta High Court has held that a consolidated reference for arbitration in disputes arising from multiple purchase and service orders. The case, \*M/S. Sauryajyoti Renewables Pvt. Ltd. v. VSL Re Power Private Limited, highlights the court's approach to resolving complex contractual disputes efficiently.

The petitioner, M/S. Sauryajyoti Renewables Pvt. Ltd., was engaged by the respondent, VSL Re Power Private Limited, to handle the procurement, setup, and maintenance of solar power installations across various sites. Several purchase and service orders were issued by the respondent, each accompanied by terms and conditions that included an arbitration clause. The petitioner alleged that the respondent failed to make timely payments, amounting to INR 33,26,231, and terminated the contracts illegally on 14 June 2024.

The respondent, however, claimed that the petitioner had failed to fulfil its contractual obligations, delayed projects, and engaged in misconduct. The respondent justified the termination under the risk purchase clause in the terms and conditions.

The petitioner sought commencement of arbitration under Section 21 of the Arbitration and Conciliation Act, 1996, requesting a consolidated reference to address all disputes arising from the interconnected purchase and service orders. The respondent objected, arguing that the orders were distinct and separate, making a composite arbitration reference impermissible.

The court analysed the facts and legal principles. It noted that the parties had consistently treated the transactions as interconnected, with consolidated payments, joint inspections, and a single termination notice covering all orders. The court held that a consolidated arbitration was permissible and efficient, as it would be time and resource effective.

The court relied on key case laws, including Tata Power Company Ltd. vs. Genesis Engineering Company and Gujarat State Civil Supplies Corpn. Ltd. vs. Mahakali Food Private Limited, which supported the principle of composite arbitration for interconnected disputes.

The court also clarified that works contracts, including procurement and installation, are not covered under the MSME Act, 2006, dismissing the petitioner's initial approach to the MSME Facilitation Council.

In its final decision, the Calcutta High Court allowed the petitioner's application and directed the disputes to be referred to a three-member arbitral tribunal. The court appointed Mr. Abhidipto Tarafdar as the petitioner's nominee, Mr. Shubrojyoti Mukherjee as the respondent's nominee, and Mr. Rishabh Karnani as the presiding arbitrator.

The court emphasized that all issues related to arbitrability, jurisdiction, and admissibility of claims would be decided by the tribunal. There was no order on costs.

This judgment highlights the efficiency of consolidating reference to arbitration in resolving interconnected disputes arising from multiple purchase and service orders. By permitting a composite reference, the court avoided multiplicity of proceedings, saved time, and ensured all around efficiency.

\*Citation: M/S. Sauryajyoti Renewables Pvt. Ltd. v. VSL Re Power Private Limited, AP/COM-63 of 2025, Calcutta High Court, Judgment dated 27 March 2025)

For further details write to [contact@indialaw.in](mailto:contact@indialaw.in)