



A.S.No.231 of 2013

**THE HIGH COURT OF JUDICATURE AT MADRAS**

DATED: 18.07.2023

CORAM:

**THE HONOURABLE MR. JUSTICE R.SUBRAMANIAN  
AND  
THE HONOURABLE MRS. JUSTICE R.KALAIMATHI**

**A.S.No.231 of 2013  
and M.P.No.1 of 2013**

M/s.Golden Fries Limited  
having its office at  
Senniveerampalayam Hamlet of  
Chikkarampalayam Village,  
Karamadai, Mettupalayam Thaluk,  
Coimbatore District  
rep. by its Director R.C.Suresh.

...Appellant

Vs.

M/s.T.Stanes and Company Ltd.,  
A Public Limited Company,  
having its office at 8/23-24,  
Race Course Road,  
Coimbatore-18  
rep. By its Vice President (Finance)  
& Secretary S.C.Sekar.

...Respondent

**Prayer:** First Appeal filed under Order XLI r/w. Section 96 of C.P.C., against the judgment and decree dated 10.08.2010 of the learned III Additional District Judge (Fast Track Court No.I), Coimbatore in O.S.No.502 of 2006, decreeing the suit for a sum of Rs.32,93,802/- with interest at 6% p.a. From 06.11.2006 being the date of the suit till realization with costs of Rs.3,44,876/-.

For Appellant : Mr.H.Karthik Seshadri  
For Respondent : Mr.S.V.Pravin Rathinam  
Assisted by Mr.Hari Krishna



A.S.No.231 of 2013

## **J U D G M E N T**

**WEB COPY** (Judgment of the Court was made by **R.SUBRAMANIAN, J.**)

The defendant in O.S.No.502 of 2006, a suit for recovery of money against goods supplied is on appeal, challenging the said decree. The said suit was laid by the respondent claiming a money decree for a sum of Rs.32,93,802/- with interest thereon at 12% from 16.08.2004 to 22.09.2006. The value of the suit was Rs.41,24,938.03/-.

2. The gist of the case of the plaintiff is as follows:

The plaintiff is a dealer of fertilizers and pesticides and the defendant is a manufacturer of French Fries. These two entities got in to an understanding for encouraging the farmers to cultivate a particular variety of potatoes of their choice to enable them to make French Fries and export them to various purchasers abroad. In order to make it convenient for the farmers, the plaintiff and the defendant had entered into a arrangement where the plaintiff will supply fertilizers and pesticides and the defendant would supply the seeds. The defendant would procure the potatoes from the farmers, after deducting the value of the fertilizers and pesticides supplied by the



A.S.No.231 of 2013

plaintiff and the seeds supplied by itself the defendant would pay the remaining cost to the farmers. Since the defendant did not pay the entire value of the fertilizers and pesticides supplied by the plaintiff to the agriculturists as identified by the defendant, the plaintiff has come up with the suit, claiming that the defendant is liable to make payment of the value of the goods supplied.

3. The defence is as follows:

While admitting the arrangement as pleaded by the plaintiff, the defendant would contend that since there was a crop loss, the parties met on 07.11.2005 and the dispute was resolved. The manner of resolution of the dispute was recorded in the form of Minutes of the meeting on 07.11.2005 and as per the said Minutes, the defendant is liable to pay only a sum of Rs.10 Lakhs and nothing more. The defendant also contended that the farmers are also necessary parties. The trial Court based on the pleadings of the parties framed the following issues:

*1. Whether the amount of Rs.41,24,938.03/- claimed by the plaintiff?*

*2. Whether the suit is bad for non joinder of necessary parties?*



A.S.No.231 of 2013

### *3.To what other relief?*

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4. At trial, while P.W.1 to P.W.3 were examined on the side of the plaintiff, D.W.1 was examined on the side of the defendant; Ex.A1 to A14 were marked on the side of the plaintiff and Ex.B1 was marked on the side of the defendant. The trial Court rejected the contentions of the defendant that the bone of contention was resolved by the parties in the meeting held on 07-11-2005 and the said Minutes recorded in the meeting would operate as a 'final agreement and binding settlement'. It accepted the contentions of the plaintiff that the resolution recorded in the meeting dated 07.11.2005 was only an interim arrangement and the same cannot be treated as a 'final determination of the amount due by the defendant to the plaintiff'. The trial Court also relied upon Ex.A3 / debit notes that were pressed into service by the plaintiff. On such findings, the trial Court decreed the suit. Hence this appeal.

5. We heard Mr. H.Karthik Seshadri, learned counsel for the appellant and Mr. S.V.Pravin Rathinam, learned counsel appearing for the respondent.



A.S.No.231 of 2013

WEB COPY

6. Mr.Karthik Seshadri, learned counsel for the appellant would invite us to the Minutes of the meeting dated 07.11.2005, which is marked as Ex.A6 and the evidence in cross examination of P.W.1, who contended that the Minutes of the meeting dated 07.11.2005 amounts to a complete resolution of the monetary dispute between the two parties. He would also draw our attention to Clause Nos.2 to 8 of the minutes dated 07.11.2005, which read as follows:

*"2. Due to various factors and vagaries of monsoon the yield was not up to the expected level.*

*3. Total potato harvested is about 716 Tons, out of which those quantity which was as per size specified was used by the GFL for manufacturing of Frozen French Fries for export.*

*4. Input cost involved by T. Stanes is Rs.35.50 Lakhs as per GFL – as per T. Stanes Rs.37.41 Lakhs. This is to be reconciled.*

*5. Total value of Goods i.e., Potato harvested Rs.32.23 Lakhs.*

*6. Rs.11.59 Lakhs cost involved*



A.S.No.231 of 2013

*by GFL towards harvesting / transport and miscellaneous expenses for the produce.*

*7. Surplus amount with GFL is Rs.20.64 Lakhs as per statement given by GFL.*

*8. GFL expressed that the surplus amount available with i.e., Rs.20.64 has to be shared equally between GFL and Stanes towards expenses incurred. Accordingly, a sum of Rs.10 Lakhs has been agreed in principle to be paid by GFL to T. Stanes on mutually agreeable date."*

The learned counsel would also draw our attention to the cross examination of P.W.1, where he has admitted the effect of Ex.A6. The relevant portion of the cross examination relied on by the learned counsel reads as follows:-

"..... ஸ்ரீநிவாசன் ராகவன், ஸ்ரீதரன், அனந்தநாராயணன் இந்த தாவா தொடங்கும் சமயத்தில் வாதி நிறுவனத்தில் அதிகாரியாக இருந்தார்கள். வா.சா.ஆ.6ஐ மேற்கண்ட 3 நபர்கள் தான் வாதி நிறுவனத்தின் சார்பாக கையெழுத்து போட்டிருக்கிறார்கள். வா.சா.ஆ.6ல் பாரா 7ல் கூட்டத்தின் தீர்மானம். கூடுதல் தொகை பிரதி வாதியிடமிருந்து 20.64 லட்சங்கள் இருப்பதாக பதிவு செய்யப்பட்டுள்ளது என்றால் சரி அதில் அவ்வாறு பங்கு செய்யப்பட வேண்டும் என்று சொல்லப்பட்டுள்ளது என்றால் சரி



A.S.No.231 of 2013

பத்தி 8ல் பிரதிவாதி வாதிக்கு நு.10 லட்சம் தருவதாக ஒப்புக் கொள்ளப்பட்டுள்ளது

என்றால் சரி ஆனால் அதனை பத்தி 9உடன் சேர்த்து படிக்க வேண்டும். பத்தி 9ல் வாதிக்கும், பிரதிவாதிக்கும் இடையே நல்ல முறையில் இருவரும் இந்த வியாபாரத்தை நடத்துவதற்காக வந்து ஆலோசித்து மேலும் ஒரு முறை மீட்டிங் இருக்க வேண்டும் என்று தான் குறிப்பிடப்பட்டுள்ளது. பத்தி 9 கணக்கு வழக்குகள் குறித்து எதுவும் குறிப்பிடவில்லை என்றால் சரி. வா.சா.ஆ.6

கணக்கு வழக்குகள் குறித்து முடிவு செய்யப்பட்டுள்ளது என்றால் தவறு.....”

7. Relying heavily upon this evidence in cross examination and the contents of Ex.A6, Mr.Karthik Seshadri would contend that Ex.A6 amounts to a final agreement between the parties which was entered into due to vagaries of the monsoon and crop failure. According to him, Clause Nos. 9 and 10 of the said Minutes namely, Ex.A6 only relates to future plan of action regarding the aspect of taking the cultivation project forwarded to the best advantage of both the parties. Contending contra, Mr.Pravin Rathinam, learned counsel for the respondent would submit that the learned counsel for the appellant has proceeded on the assumption that it is a joint venture between the appellant and the respondent. According to him, there was no such joint venture and the obligation on the part of the respondent was to supply fertilizers and pesticides to the persons nominated by the appellant and the obligation on appellant is to



A.S.No.231 of 2013

recover the costs of such fertilizers and pesticides supplied by the respondent from the farmers while purchasing the potatoes from them. He would also contend that Ex.A6 is only an interim arrangement and it is not a final resolution of the dispute between the parties. To buttress his submission on the character of Ex.A6, the learned counsel relied upon on Clause Nos.9 and 10 of Ex.A6, which reads as follows:

*"9. It is proposed to have another meeting with the personnel's concerned shortly to achieve and go ahead with the project with win-win situation for both the organizations / farmers / own plantations of GFL.*

*10. It is therefore agreed that both GFL and T. Stanes will jointly discuss and plan regarding input supply for the various farms at its most competitive pricing."*

8. We have considered the rival submissions.

9. The only point that arise for consideration in the appeal is as to whether Ex.A6 amounts to a final resolution or it was only an



A.S.No.231 of 2013

interim arrangement, as contended by the respondent?

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10. We have extracted the relevant clauses of Ex.A6. An overall arrangement between the parties is admitted by the parties and there is no dispute over the same. The appellant would acknowledge the fact that the respondent supplied fertilizers and pesticides to the farmers. It is also not in dispute that the appellant had supplied potato seeds to the farmers and it has procured potatoes from the farmers is also not disputed by them. The entire dispute arises because of the fact that the appellant is unable to realise the entire value of the seeds and fertilizers & pesticides, due to crop failure. The issue was resolved at the meeting of the officers of both the appellant and the respondent held on 07.11.2005 and the resolution was recorded in the form of the Minutes. The same has been produced as Ex.A6. Ex.A6 gives the details of the input costs incurred by both the appellant and the respondent. It also gives the total costs of the potatoes that is harvested. The surplus amount that is available with the appellant is shown as Rs.20.64 Lakhs and the appellant's claim that this 20.64 Lakhs has to be shared equally between the appellant



and the respondent is accepted in principle by the respondent and the same was agreed to be paid by the appellant to the respondent on a mutually agreeable date. This is the effect of Ex.A6 which is admitted by P.W.1 in his cross examination, which has been extracted above. No doubt, P.W.1 would claim that Clause 9 provides an open window for the respondent to reagitate the same contention as projected by the respondent. But a reading of Clause Nos.9 and 10 would show that a subsequent meeting was not in reference to the accounts or the amount to be paid by the appellant to the respondent or vice-versa. Reading of Clause No.9 would show that the subsequent meeting is to decide as to how to carry out the business in future between the parties. In the light of the clear language of Ex.A6 and the evidence of P.W.1, we find that the trial Court should have considered Ex.A6 as a complete resolution. Though the learned counsel for the respondent would attempt to demonstrate that Ex.A6 is only an interim arrangement, he is unable to point out any evidence in the cross examination of D.W.1 on the contents of Ex.A6 and its effect. In the absence of cross examination of the aforesaid witness, we do not think that we can accept the contentions of the learned counsel for the respondent that Ex.A6 is only an interim resolution and not a final



A.S.No.231 of 2013

settlement and a binding document. It is uncommon to enter upon the Minutes to make them binding documents. One of the signatories of Ex.A6, who has been examined as P.W.2, has admitted that he was a party to Ex.A6 and other signatories are the officers of the respondent at that relevant point of time. We therefore conclude that Ex.A6 is a final and binding resolution of the dispute relating to payment of monies between the parties. Once we come to the said conclusion, we do not think that we can make the appellant liable to pay more than the amount that he has agreed to be paid i.e., a sum of Rs.10 lakhs. We therefore set aside the decree of the trial Court and we conclude that the respondent is entitled for a decree for a sum of Rs.10 Lakhs with interest at the rate of 12% per annum from the date of the suit till the date of the decree and at 9% per annum thereafter till the date of realisation. Thus, the appeal is partly allowed and the suit is decreed for a sum of Rs.10 Lakhs as stated above. The respondent would be entitled to proportionate costs in the suit. We make no order as to costs in this appeal. We find that the appellant had paid a sum of Rs.10 Lakhs even in the year 2013 pursuant to the interim order. It is also seen from the memo filed by the learned counsel for the appellant that a sum of Rs.24,87,842/- has been deposited to the credit of the



A.S.No.231 of 2013

suit between 02.09.2013 and 13.01.2014. The trial Court will calculate the amount due as on 13.01.2014 that is the last date of payment of Rs.5,89,195.34/- as per the modified decree and pay out the same to the respondent, any amount remaining thereafter will be paid out to the appellant. Consequently, connected Miscellaneous Petition is closed.

**(R.S.M.,J.) (R.K.M.,J.)**  
18.07.2023

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Internet:Yes  
Index:No  
Speaking order  
Neutral Citation : No

To

The III Additional District Judge,  
Fast Track Court No.I,  
Coimbatore.



WEB COPY



A.S.No.231 of 2013

**R.SUBRAMANIAN, J.**  
**and**  
**R.KALAIMATHI, J.**

DP

**A.S.No.231 of 2013**  
**and**  
**M.P.No.1 of 2013**

**18.07.2023**