HON'BLE THE ACTING CHIEF JUSTICE RAMESH RANGANATHAN

ARBITRATION APPLICATION Nos.44, 45, 46, 47, 48, 49 OF 2014

COMMON ORDER: (per Hon'ble the Acting Chief Justice Ramesh Ranganathan)

In all these six applications, the respondent is common. The applicants are co-owners of the subject building, which they had given on lease to the respondent for running a hotel. The lease agreement dated 02.05.2006, executed by each of the six applicants separately in favour of the respondent, contains an arbitration clause. Clause 23 of the said lease deed stipulates that any dispute or difference that may arise, on this lease contract, shall be referred to a mutually agreeable arbitrator under the provisions of the Arbitration and Conciliation Act, 1996; and the award passed by such arbitrator shall be final and binding on the parties. Clause 24, of the lease agreement dated 02.05.2006, stipulates that any supplementary agreement, entered into and executed among the parties in future, will form part and parcel of the lease deed; and the parties shall be bound not only by the terms and conditions of the lease deed, but also such supplemental agreements executed in future.

A Supplemental agreement was executed by each of the applicants, separately with the respondent, on 12.06.2006. While the original lease agreement related to lease of the building wherein the respondent was carrying on business of running a hotel and restaurant, the Supplemental agreement related to the fixtures therein, and for enhancement of rent.

When the applicants invoked the arbitration clause in the lease deed, and put the respondent on notice, the defence taken by the respondent was that, since the Supplementary lease deed did not contain an arbitration Clause, violation of the conditions of the

supplementary lease deed could not be the subject matter of arbitration.

Sri E. Ajay Reddy, Learned Counsel for the applicants, would contend before us, not without justification, that, in view of Clause 24 of the original lease deed dated 02.05.2006, the conditions stipulated in the original lease deed dated 02.05.2003 would apply to the supplementary lease deed also; and, consequently, Clause 23 of the original lease deed dated 02.05.2006, which contains an arbitration Clause, would be attracted even in case of violation of any of the conditions of the supplementary agreement.

We are, however, saved the trouble of examining this contention as Sri K.R. Raman, Learned Counsel appearing on behalf of the respondent, would fairly state that the respondent is now ready and willing to subject themselves to the arbitral process; and the dispute be referred for adjudication of a sole arbitrator. Both Sri E. Ajay Reddy, Learned Counsel appearing on behalf of the applicants and Sri K.R. Raman, Learned Counsel appearing on behalf of the respondent in all the six applications, agree that Dr. Justice Motilal B. Naik, retired judge of this High Court, be appointed as the sole arbitrator.

I consider it appropriate, therefore, to appoint Dr. Justice Motilal B. Naik, Retired Judge of this High Court, “Sharada Nilayam”, H. No.11-13-571/A, Haripuri Colony, Saroornagar, Hyderabad - 35, as the sole arbitrator. The Learned Arbitrator shall fix his remuneration, and incidental charges for the arbitration proceedings, in consultation with the parties. He shall complete the arbitration proceedings and pass an award at the earliest, preferably within a period of six months from the date of commencement of the arbitral proceedings. He is also requested

to hold sittings, as far as possible, in the mediation centre of the High Court.

All the Arbitration Applications are, accordingly, disposed of. The miscellaneous petitions pending, if any, shall stand closed. No costs.

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RAMESH RANGANATHAN, ACJ

Date: 30.11.2017

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