

**IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD**

**MONDAY, THE FOURTH DAY OF JANUARY
TWO THOUSAND AND TWENTY ONE**

PRESENT

THE HONOURABLE SRI JUSTICE A. RAJASHEKER REDDY

ARBITRATION APPLICATION NO: 64 OF 2018

Between:

M/s. Sresta Natural Bioproducts Private Limited, a company incorporated under the Companies Act, 1956, having its corporate office at H.No. 8-2-468/A/1/3, 2nd and 3rd floor, Road No.5, Banjara Hills, Hyderabad 34, represented by its Managing Director, Mr. S. Rajashekar Reddy.

...Applicant

AND

M/s. Global Farm Fresh Private Limited, Having its office at .No.20-3-5/H3, Shiva Jyothi Nagar, TIRUPATHI 517 501 Chittoor District, Andhra Pradesh.

...Respondent

Arbitration Application under Section 11 (4) and (6) of the Arbitration and Conciliation Act, 1996, read with Para (3) (1) (d) of Scheme for Appointment of Arbitrator, 1996 praying that for the circumstances stated in the affidavit filed therewith the High Court may be please to appoint a Sole Arbitrator Under Section 11 (4) and (6) of Arbitration and Conciliation Act, 1996. Read with para 3 (1) (d) of scheme of Appointment of Arbitrators. 1996, as framed by Hon'ble High Court of Andhra Pradesh and under clause 17 of Contract Manufacturing Agreement dated. 18.09.2015 to resolve the disputes between the applicant and the respondent and to pass such other and further order/s as one deemed fit and proper.

IA NO: 1 OF 2018

Application under Section 151 CPC praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to permit the Petitioner/Applicant to file the documents annexed as additional documents in the above application.

Counsel for the Applicant: SRI B. CHANDRASEN REDDY

Counsel for the Respondent: SRI T. BALAJI

The Court made the following: ORDER

HON'BLE SRI JUSTICE A. RAJASHEKER REDDY

ARBITRATION APPLICATION No.64 OF 2018

ORDER:

This Arbitration Application is filed under Section 11 (4) & (6) of the Arbitration and Conciliation Act, 1996 (for short "the Act") seeking to appoint an Arbitrator under Clause 17 of the Agreement dated 18.09.2015 to resolve the disputes between the applicant and the respondent.

2. The applicant is in the business of procurement, manufacturing and marketing of organic foods and markets its organic food under the label '24 Mantra' and other labels. The applicant had entered into a Contract Manufacturing agreement dated 18.09.2015 with the respondent, wherein the applicant agreed to supply and customer specific quality assurance process methods to the processor and for which the respondent has also agreed to manufacture organic pineapple juice and guava pulp and other food products as per the standards process of the applicant requirement for a valuable consideration.

It is specifically mentioned in clause 8.1 of the Agreement that the respondent would only raise invoice for the process, procedure and methods for processing and in manufacture of the fruit pulp products. During the course of business, the respondent raised several invoices for the processing charges as per clause 4 of the Agreement and the applicant made the payments accordingly. Subsequently, the respondent started issuing mails demanding for H-Form from the applicant and thereafter raised many invoices on the applicant for the full value of the goods

including the value of the raw material supplied by the applicant instead of raising only processing charges in their accounts contrary to the agreement. Upon questioning the same, the respondent started issuing threatening e-mails to the applicant as to liquidating the processed guava pulp unless the applicant issues II-Form. Therefore, the applicant issued a legal notice on 16.3.2018, for which the respondent issued a reply notice dated 30.03.2018 with all false allegations against the applicant inter-alia demanding the applicant to pay the amount raised by the Sales-Tax Department and the Commercial Tax Department. The applicant has issued rejoinder notice dated 17.04.2018 calling upon the respondent to furnish the details of the demand raised by the Sales Tax Department / Commercial Tax Department. The respondent did not respond to the said rejoinder notice. Under the above circumstances, the applicant is constrained to invoke clause 17 i.e. Arbitration Clause as per the agreement and issued a legal notice dated 04.05.2018 addressing the International Center for Alternative Disputes Redressal Regional Centre (ICADRRC) to appoint an Arbitrator for resolution of the disputes between the applicant and the respondent. But, the ICADRRC has neither appointed the Arbitrator nor gave any reply to the applicant. The respondent also did not give any reply. Therefore, this Arbitration Application is filed seeking to appoint an Arbitrator.

3. The respondent has filed counter affidavit denying the allegations made by the applicant.

4. Heard, the learned counsel for the applicant and learned counsel for the respondent.

5. Learned counsel for the respondent submits that any independent Arbitrator can be appointed to resolve disputes in as much as the Agreement contains the arbitration clause under Clause 17.

6. Clause No.17 of the Contract Manufacturing Agreement dated 18.09.2015 reads as under:

"17. ARBITRATION:

All disputes arising out of or in connection with the Agreement shall be settled under the Arbitration & Conciliation Act, 1996 & Rules by a Sole Arbitrator appointed by ICADR. The venue of Arbitration shall be Hyderabad."

7. Learned counsel for the petitioner submits that though notice was sent to the ICADRRC for nominating the Arbitrator, the same was refused, as such the present application is filed.

8. In view of the said submissions and since the respondent has no objection for appointment of Arbitrator, this Arbitration Application is allowed, nominating Sri Justice B. Seshasayana Reddy (Former Judge of this Court) as the sole Arbitrator. It is open for both the parties to raise their respective claims before the Arbitrator.

9. The learned Arbitrator is entitled to fees as per the rates specified in the Fourth Schedule to the Act of 1996, inserted by Act 3 of 2016 with effect from 23-10-2015, which shall be borne by both parties in equal shares.

No order as to costs. Miscellaneous Applications, if any, pending
in the Arbitration Application, shall stand closed.

SD/- B.S. CHIRANJEEVI
JOINT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The Hon'ble Sri Justice B. Seshasayana Reddy, H.No.10-1-128/1/1, Rajasree Residency, Flat No. 201, 2nd Floor, Paradis Hotel Line, Masabtank, Hyderabad-500028. (By Special Messenger) (Along with a copy of Arbitration Application affidavit and material papers)
 2. One CC to Sri B. Chandrasen Reddy, Advocate [OPUC]
 3. One CC to Sri T. Balaji, Advocate [OPUC]
 4. Two CD Copies
- MMK



HIGH COURT

ARRJ

DATED:04/01/2021



ORDER

ARB/APPL.No.64 of 2018

ALLOWING THE ARBITRATION APPLICATION WITHOUT COSTS

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KMA
23/01/2021