IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

FRIDAY, THE THIRTEENTH DAY OF NOVEMBER TWO THOUSAND AND TWENTY SIX

PRESENT

THE HON'BLE JUSTICE MOUSHUMI BHATTACHARYA

ARBITRATION APPLICATION NO: 140 OF 2025

Between:

M/s. Deccan Remedies Limited, Having its registered Office at 4th Floor, Akash Ganga, Plot No.144, Srinagar Colony, Hyderabad, Telangana. Rep. by its Authorised Representative Mr.A. Santosh Kumar

...Applicant

AND

1. **M/s. Forel Labs Private Limited,** Having its registered office at Plot No.37, Ground Floor, Rao and Raju Colony, Road No.2, Banjara Hills, Hyderabad, Telangana-500034. Represented by its MD KSRK Prasad
2. Mr. Siva Rama Krishna Prasad Kodeboyina, Promoter of M/s. Forel Labs Private Limited, R/o. B-702, Aparna Towers, Kondapur, Hyderabad-500084.
3. Mrs. Naga Jayalakshmi Kodeboyina, Promoter of M/s. Forel Labs Private Limited, R/o.#42-70-5, Block No.19, Ajit Singh Nagar, Vijayawada-520015.
4. Mr.K.V.Venkateswara Rao, Promoter of M/s. Forel Labs Private Limited, R/o. Plot No.24, Navodaya Colony, Srinagar Colony, Hyderabad-500073.

...Respondents

Arbitration Application under Section 11(4) & to 6 of the Arbitration and Reconciliation Act 1996 praying that this Hon'ble Court may be pleased to:

a. To appoint nominee arbitrator for Respondents or in alternative to appointment Sole Arbitrator as envisaged under Section 11 of the Arbitration and Conciliation Act, 1996 for adjudication of disputes between the Applicant and Respondents as per clause 15.9 of BTA dated 27.09.2022 and clause 4.9 of O & MA dated 28-09-2022; and

b. To award costs of the present Application.

Counsel for the Applicant: Sri Deepak Misra

Counsel for the Respondents: Sri Karra V.V.S.N. Murthy

The Court made the following: ORDER

HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE JUSTICE MOUSHUMI BHATTACHARYA

ARBITRATION APPLICATION No.140 OF 2025
(CNR.No. HBHC010397092025)

Date: 13.11.2026

Reserved on: 30.10.2026

Pronounced on: 13.11.2026
Uploaded on : 13.11.2026

BETWEEN:

M/s. Deccan Remedies Limited,
Rep. by its Chief Financial Officer and Authorised
Representative Mr. A. Santosh Kumar

...Applicant

AND

M/s. Forel Labs Private Limited,
Represented by its Managing Director
KSRK Prasad and Three Others

...Respondents

Sri Deepak Misra, learned counsel appearing for the applicant.

Sri Karra V.V.S.N.Murthy, learned counsel appearing for the respondents

ORDER:

1. The Arbitration Application has been filed under section 11(4) and 11(6) of The Arbitration and Conciliation Act, 1996 (A & C Act) for the appointment of an Arbitrator to adjudicate the disputes between the applicant and the respondents.

2. The respondents oppose the prayer for appointment of Arbitrator on the ground that the respondent No.1 has filed an application before the Andhra Pradesh Micro and Small Enterprises Facilitation Council (APMSEFC) under section 18 of The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and that the applicant's Writ Petition (No.3644 of 2026) filed before the High Court of Andhra Pradesh at Amaravati is pending as on date.

3. The facts relevant to the present adjudication are as follows:

(a) The Parties entered into a Business Transfer Agreement (BTA) dated 27.09.2022 which contains an arbitration agreement under Clause 15.9. The applicant has been described as the 'Purchaser' and the respondent No.1 as the 'Seller' in the said BTA. The arbitration agreement clearly states that any dispute or difference arising between the parties out of the Agreement shall be settled by Arbitration in accordance with the Arbitration and Conciliation Act, 1996 by a Panel of three Arbitrators. The said Clause, *inter alia*, provides that each party i.e., the Seller and the Purchaser, shall each appoint an Arbitrator and the two appointed

Arbitrators shall appoint the third Arbitrator. Hyderabad has been designated as the Venue of Arbitration.

(b) The applicant and the respondent No.1 also entered into an Operating and Management Agreement (OMA) dated 28.09.2022, which contains an arbitration agreement under Clause 4.9. The said Clause is substantially similar to Clause 15.9 of the BTA, save and except that the respondent No.1 has been described as the 'Licensor' and the applicant as the 'Licensee'. The respondents do not dispute any of the arbitration agreements.

(c) The respondents sold their pharmaceutical unit to the applicant under the BTA and the OMA on a Slump Sale basis for a fixed consideration of Rs.31 crores including the taken over liabilities of Rs.5 crores. In the course of the transaction under the BTA, the applicant paid an excess amount of approximately Rs.72.14 crores to the respondents. The applicant claims to have suffered losses amounting to Rs.10 crores on account of the respondents' failure to fulfill their contractual obligations under the BTA and the OMA. The applicant also claims that the respondents failed to assign any individual values to the assets. The applicant acknowledges

that a sum of approximately Rs.5.36 crores remains payable to the respondents after accounting for the aforesaid claims.

(d) The applicant issued a Notice dated 11.11.2024 to the respondents invoking the arbitration Clauses under both the Agreements, *inter alia*, stating that the applicant, being the Purchaser under the BTA and the Licensee under the OMA, is entitled to invoke the arbitration Clauses under both the Agreements. The applicant alleged breach of the BTA and OMA on the part of the respondents.

(e) By the Notice dated 11.11.2024, the applicant nominated its Arbitrator and called upon the respondents to appoint their Arbitrator within a period of seven days from the date of receipt of the said Notice. The respondents sent a reply on 10.12.2024 proposing negotiations. Further correspondence by email was exchanged between the parties from 12.12.2024 to 16.01.2025. Negotiations however were unsuccessful and the respondents failed to nominate their Arbitrator.

(f) Subsequently, the respondents issued a legal Notice dated 03.06.2025 to the applicant for payment of Rs.5,36,89,357/- which the respondents claim to be due and

payable by the applicant. The applicant, vide its reply dated 10.06.2025, reiterated its stand that the disputes between the Parties were required to be resolved through arbitration in terms of the arbitration clauses contained in the BTA and the OMA. The applicant filed the present Application seeking appointment of an Arbitrator in view of the respondents' failure to appoint their Arbitrator in accordance with the agreed procedure under the BTA and OMA.

4. On 25.07.2025, the applicant was directed to issue Notice of the Arbitration Application to the respondents. However, the Court was subsequently informed that the respondent No.1 had filed a Reference before the APMSEFC on 18.08.2025 under section 18 of the MSMED Act, without disclosing the pendency of the present Arbitration Application.

5. I have heard learned counsel appearing for the applicant and the respondents and considered the relevant facts.

6. Learned counsel appearing for the applicant submits that the respondent No.1 had annexed an Udyan Certificate classifying it as a 'Medium Enterprise' for the purpose of THE Reference before the APMSEFC. Counsel further submits that

upon receipt of Notice from the APMSEFC calling upon the applicant to participate in the conciliation proceedings, the applicant filed a detailed response challenging the jurisdiction of the APMSEFC to entertain the Reference filed by the respondent No.1.

7. The Court has also perused the documents annexed to the applicant's Reply Affidavit which indicate that in the Conciliation Meeting dated 29.11.2025, the APMSEFC held, *inter alia*, that the respondent No.1 had not supplied any goods or rendered any services under the BTA. It further observed that the provisions relating to delayed payments apply only to goods supplied or services rendered by Micro and Small Enterprises, and not Medium Enterprises, which is the classification of the respondent No.1. However, in the subsequent conciliation meeting held on 27.12.2025, the APMSEFC referred the matter for arbitration before the State Level APMSEFC.

8. Aggrieved by the said order dated 27.12.2025, the applicant filed Writ Petition No. 3644 of 2026 before the High Court of Andhra Pradesh at Amaravati. By an order dated 18.02.2026, a learned Single Judge of the High Court of

Andhra Pradesh granted stay of all further proceedings before the APMSEFC and the applicant's Writ Petition is pending for final adjudication as on date. The said interim order dated 18.02.2026 contains several findings to the effect, *inter alia*, that the respondent No.1 does not fulfill the statutory requirements under sections 2(n) and 8(1) of the MSMED Act and, hence, the claim filed by the respondent No.1 herein, along with all consequential proceedings, stands vitiated. The learned Single Judge further observed that an objection as to the inherent lack of jurisdiction can be raised at any stage of the proceedings. The Court is informed that the interim order has been extended from time to time and is subsisting as on date.

9. Upon considering the relevant material on record, including pendency of the applicant's Writ Petition before the High Court of Andhra Pradesh, this Court is of the firm view that there is no impediment in allowing the present Arbitration Application. As on today, the disputes between the parties continue to subsist as is evident from the correspondence and the claim raised by the respondent No.1 towards the alleged outstanding amounts payable by the applicant.

10. Further, both the BTA as well as the OMA contain arbitration agreements delineating the procedure to be followed by the parties. The respondents' refusal to nominate their Arbitrator in accordance with the agreed procedure attracts Section 11(6)(a) of the A & C Act, warranting appointment of an Arbitrator by this Court. Further, there is no likelihood of parallel proceedings being pursued before the different fora, in view of the interim order passed by the High Court of Andhra Pradesh staying all further proceedings before the APMSEFC.

11. In these circumstances, the applicant cannot be deprived of its contractual right to invoke the arbitration agreements under both the BTA and the OMA or be compelled to undergo further litigation, particularly when the very jurisdiction of the APMSEFC to entertain the Reference filed by the respondent No.1 has been questioned by the applicant and the proceedings before the said Council have been stayed by the High Court of Andhra Pradesh.

12. Arbitration Application No.140 of 2025, along with all connected applications, is accordingly allowed by appointing Ms. Justice G.Sri Devi, a former Judge of this Court (R/o.

H.No.1-4-218/WB/327/EP, Western Bliss, Vampuguda, Medchal-Malkajgiri District, Telangana-500103; Mobile No.9415135685), as the learned Sole Arbitrator to adjudicate the dispute between the parties. The parties shall appear before the Sole Arbitrator on 28.11.2026 at 11:00 A.M., along with a copy of this order. The learned Arbitrator shall thereafter proceed with the arbitral proceedings in accordance with law. There shall be no order as to costs.

SD/- K.SRINIVASA RAO
JOINT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. Ms. Justice G. Sri Devi, Former Judge, High Court for the State of Telangana at Hyderabad. R/o.H.No.1-4-218/WB/327/EP, Western Bliss, Vampuguda, Medchal-Malkajgiri District, Telangana-500103; Mobile No.9415135685 **(By Special Messenger)(Along with a Copy of affidavit and material papers)**
2. One CC to Sri Deepak Misra, Advocate [OPUC]
3. One CC to Sri Karra V.V.S.N. Murthy, Advocate [OPUC]
4. Two CD Copies

KAM/BA

HIGH COURT

DATED: 13/11/2026

ORDER

ARBAPPL.No.140 of 2025



ALLOWING THE ARBITRATION APPLICATION

23/11/26