

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO(s). 1366-1373 OF 2017
(Arising out of SLP(Civil) No(s). 5029-5036/2013)

COTTON CORPORATION OF INDIA & ORS. Appellant(s)

VERSUS

SANGEETH TEXTILES LTD. & ANR. Respondent(s)

O R D E R

Leave granted.

Aggrieved by a judgment dated 6.7.2012 in Writ Appeal Nos. 216 to 223 of 2012 passed by the High Court of Judicature at Madras, the respondents therein preferred the instant appeals.

The parties to the appeals entered into multiple contracts, on different dates, for sale of cotton bales. The further details of the contract are not necessary for our purpose except to state that each of the contract contained an arbitration clause to adjudicate upon the disputes if any, arising out of such contracts.

However, the first respondent herein approached the Madras High Court by way of a writ petition (in substance), seeking declaration that the contracts are null and void, for the various reasons allegedly pleaded in the writ petition. The learned Single Judge dismissed the writ petition by a judgment dated 3.9.2011.

Aggrieved, the first respondent carried the matter by way of

writ appeals. By the judgment under appeal, the Division Bench of the Madras High Court dismissed the appeals with certain observations. The operative portion of the Order reads as follows:-

"We perused the entire material available on record and we are of the opinion that since Arbitration is one of the clause contained in the contract entered into between the parties, if the appellants are so aggrieved, they can seek declaration, with regard to the validity of the clauses contained in the contract entered into between them and the Cotton Corporation of India, before a competent civil forum. The appellant, having entered into contract with Cotton Corporation of India, which contains an arbitration clause, cannot now seek for a direction to declare the contract as null and void, which is contrary to the terms and conditions of the contract. Therefore, we see no reason to entertain the present writ appeals and they are accordingly dismissed. If the appellants are aggrieved, they can raise the issue in question before a competent civil form. No costs." Connected miscellaneous petitions are closed."

It can be seen from the above, strangely that the High Court, on the one hand, opined that validity of some of the clauses of the contract could be adjudicated upon by the Arbitrator and also

observed that if the respondents are aggrieved, they could raise the issue before the competent Civil Court.

Heard learned counsel for the parties.

We do not propose to examine the grounds on which the respondents seek declaration of the validity of any terms of the contract. We recognise the possibility of the contract being a void contract, either on the ground of it being opposed to public policy or certain other grounds known to law.

The question is, what is the appropriate forum. Admittedly, there is an arbitration clause and the High Court rightly opined that such a question could be examined by an Arbitrator as and when the dispute is raised. There does not appear to be any exclusion in the arbitration clause disabling the Arbitrator to examine the question of the validity of the contract.

In the circumstances, once again, permitting the respondents to file a separate suit for the same relief, in our opinion, is not necessarily called for.

We are informed that the arbitration, in fact, is in progress. Admittedly, the question regarding the validity of some of the

clauses of the contract was raised before the Arbitrator.

In the circumstances, we allow the appeals and modify the judgment under appeal by setting aside that part of the judgment by which the High Court observed "if the appellants are aggrieved they can raise issue in question before the competent Civil form(*sic* forum)." No costs.

.....J.
(J. CHELAMESWAR)

.....J.
(ABHAY MANOHAR SAPRE)

NEW DELHI
February 3, 2017.

ITEM NO.37

COURT NO.3

SECTION XII

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Petition(s) for Special Leave to Appeal (C) No(s). 5029-5036/2013

(Arising out of impugned final judgment and order dated 06/07/2012 in WA No. 216/2012 06/07/2012 in WA No. 217/2012 06/07/2012 in WA No. 218/2012 06/07/2012 in WA No. 219/2012 06/07/2012 in WA No. 220/2012 06/07/2012 in WA No. 221/2012 06/07/2012 in WA No. 222/2012 06/07/2012 in WA No. 223/2012 passed by the High Court Of Madras)

COTTON CORPORATION OF INDIA & ORS.

Petitioner(s)

VERSUS

SANGEETH TEXTILES LTD. & ANR.

Respondent(s)

(with office report)

Date : 03/02/2017 These petitions were called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE J. CHELAMESWAR

HON'BLE MR. JUSTICE ABHAY MANOHAR SAPRE

For Petitioner(s) Mr. Subramonium Prasad, Sr. Adv.
Mr. Balaji Srinivasan, Adv.
Ms. Srishti Govil, Adv.
Ms. Pratiksha Mishra, Adv.
Ms. Vaishnavi Subrahmanyam, Adv.
Mr. Abhishek Bharti, Adv.

For Respondent(s) Mr. Tripurari Ray, Adv.
Mr. Anil Kaushik, Adv.
Mr. Abhishek Mishra, Adv.
Ms. Arunima Dwivedi, Adv.

Ms. Shirin Khajuria, Adv.
Ms. Alka Agrawal, Adv.
Ms. Rashmi Malhotra, Adv.
Mr. Raj Bahadur, Adv.
Mr. Shreekant N. Terdal, Adv.

UPON hearing the counsel the Court made the following
O R D E R

Leave granted.

The appeals are allowed and judgment under appeal is modified by setting aside that part of the judgment by which the High Court observed "if the appellants are aggrieved they can raise issue in question before the competent Civil form(*sic* forum)." No costs.

(DEEPAK MANSUKHANI)
AR-cum-PS

(RAJINDER KAUR)
Court Master

(Signed order is placed on the file)