



CGHC010171872026

2026:CGHC:33586

NAFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

ARBR No. 30 of 2026

Mr. Aditya Mittal S/o Mr. Sunil Mittal, Aged About 25 Years, R/o 504, Babylon Capital VIP Road, Ram Mandir Chowk, Jeevan Vihar, Raipur, Chhattisgarh 492001

... Applicant

versus

Mr. Ayush Agrawal S/o Mr. Rajesh Kumar Agrawal, Aged About 28 Years, R/o Gauri Shankar Mandir Road, Near Indane Gas Office, Raigarh, District - Raigarh Chhattisgarh

... Non-Applicant

For Applicant : Mr. Chetan Singh Chauhan, Advocate.

For Non-applicant : Mr. Ankit Singh, Advocate.

Hon'ble Mr. Ramesh Sinha, Chief Justice
Order on Board

03.08.2026

1. This is an application under Sections 11(5) and 11(6) of the Arbitration and Conciliation Act, 1996 for appointment of an Arbitrator.
2. The facts, in brief, as projected by the applicant are that the applicant and the non-applicant entered into a Partnership Deed dated 01.06.2024 for carrying on business under the name and style of M/s Garuda Global Construction and Developers (hereinafter referred to as ("the Firm")). As per the terms of the Partnership Deed, both parties were equal partners having 50% share each, with equal rights, obligations, and responsibilities in the conduct and affairs of the Firm. M/s Garuda Global Construction and Developers was engaged in the business of construction and development

services and other ancillary business, which actually started working smoothly from the month of November 2024. In around the month of August 2025, when the business of the firm was expanding, there arose a requirement of infusing additional capital in the firm to increase the capacity of the Firm and meet the business requirements. The said requirement was to be borne by both the parties in equal proportion. The applicant herein, put in their share of additional capital in the firm and asked the non-applicant as well to provide for his share at the earliest, to which the non-applicant agreed readily but didn't perform over it. Consequently, repeated requests were made by the applicant to the non-applicant to introduce more capital but the same was continuously and deliberately avoided by the non-applicant and thereafter, it was by November, 2025 the non-applicant also started refusing to discharge his proportionate share of the Firm's Liabilities, statutory dues and outstanding payments payable to vendors because of which the disputes and difference arose between the parties. Moreover, upon a close scrutiny of the accounts and balance sheets of the Firm, it was revealed to the applicant herein that instead of discharging the Firm's liabilities and making outstanding payments to vendors, the Non-applicant, with mala fide intention, has been deliberately withdrawing funds from the Firm, thereby aggravating the financial liabilities of the Firm and clearly demonstrating the non-applicant's dishonest, fraudulent and ulterior intentions. Since, under the terms of the Partnership Deed, read with Section 13(b) of the Indian Partnership Act, 1932, the non-applicant was under a statutory and contractual obligation to bear his proportionate share of losses, liabilities, statutory dues, and other financial obligations of the Firm therefore, in view of the deliberate failure and refusal by the non-applicant to discharge his proportionate share of firm's liability, the applicant repeatedly approached the non-applicant for discussions regarding the financial affairs of the Firm,

including profits, losses, statutory liabilities, and vendor payments, however, the non-applicant deliberately avoided such discussions and failed to cooperate, thereby acting in breach of his contractual and statutory obligations. By the end of month of February 2026, the total liability of the Firm stood around Rs. 2,10,85,550/- and as per the terms of the agreement, total liabilities of the Firm were to be borne equally by each partner. Since the non-applicant deliberately avoided and refused to bear upon his share of the liability, the applicant herein left with no other option, through his counsel by way of Email issued a Legal Notice dated 21.01.2026 calling upon the non-applicant to pay a sum of Rs. 1,05,42,775/-, being his 50% share of the total liabilities of the Firm, which included accumulated losses, statutory dues, and vendor-related liabilities. The said Legal Notice also provided an opportunity to the non-applicant to raise any objections or seek clarification regarding the computation of the amount and amicably resolve the matter, however, the non-applicant failed to respond to the said notice within the stipulated time.

3. Despite service of the aforesaid Legal Notice, the non-applicant neither complied with the demands nor disputed the claims, thereby demonstrating clear intent to evade his lawful obligations and to unjustly shift the financial burden upon the applicant. In view of the continued inaction and non-cooperation of the non-applicant, serious disputes and differences subsist between the parties concerning - a. Recovery of the Non-applicant's share of liabilities, b. Rendition and settlement of accounts, c. Payment of interest and costs, and d. Other incidental and consequential claims. The above-mentioned partnership deed provided for the Arbitration Clause under clause 40 for settling of the disputes arising out of partnership, which provided for if any dispute or difference arising between the partners in relation to the Partnership Deed or the affairs of the Firm shall be referred to

arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

4. The applicant thereafter issued Notice dated 11.03.2026 invoking arbitration under Clause 40 of the Partnership Deed in terms of Section 21 of the Arbitration and Conciliation Act, 1996. The arbitration clause as agreed and contained in clause 40 of the partnership deed dated 01/06/2024 between the applicant and the non-applicants is reproduced here under:-

*"All Disputes between the partners or between the partner and the **Garuda Global Constructions and Developers** arising out of the limited liability partnership agreement which cannot be resolved in terms of this agreement shall be referred for arbitration as per the provisions of the Arbitration and Conciliation Act, 1996 (26 of 1996)"*

5. Since the arbitration clause constitutes a valid and binding agreement between the parties, and the disputes that have arisen are squarely covered within the scope of the said arbitration clause, the applicant, vide notice dated 11.03.2026, invoked the arbitration clause and expressed its intention to refer the disputes for resolution through arbitration as agreed between the parties and the proposed the appointment of Hon'ble Justice Deepak Kumar Tiwari (Retd.), Former Judge of the High Court of Chhattisgarh, as the Sole Arbitrator to adjudicate the disputes between the parties and the non-applicant was called upon to convey his consent to the proposed Arbitrator within a period of 15 days from receipt of the notice. After the service of the notice invoking arbitration, the non-applicant, instead of taking any necessary steps for payment of its liabilities, or conveying its consent or raising any objection to the proposed Arbitrator, has, with ulterior and mala fide intentions, issued unwarranted threats to the applicant through its replies dated 26.03.2026 of initiating false and frivolous proceedings, including cases alleging fraud and defamation, against the applicant. The said reply clearly demonstrate that the Non-applicant herein is deliberately neglecting to act in accordance with the terms of agreement. The failure and

neglect of the non-applicant to act in accordance with the arbitration agreement has resulted in the breakdown of the agreed procedure for appointment of the Arbitrator. Therefore, having no other option, present application is filed under the Sections 11(5) and 11(6) of the Arbitration and Conciliation Act, 1996 (as amended from time to time) seeking the appointment of an Arbitrator as per the arbitration agreement to resolve and adjudicate the disputes that have arisen between the parties herein with respect to rights, obligation arising out of agreement executed between the applicant and non-applicants. The disputes between the parties are arbitrable in nature and arise directly out of and in connection with the Partnership Deed and the affairs of the Firm. The present application is bona fide and in the interest of justice, seeking constitution of the Arbitral Tribunal for adjudication of the disputes between the parties.

6. Learned counsel for the applicant submits that the non-applicant has deliberately, with a mala fide intention has committed breach of deed entered in between the parties and is acting in breach of his contractual and statutory obligations and thus the applicant in view of the provisions of the deed has no option but to approach this Hon'ble Court for appointment of arbitrator. The applicant cannot be made to suffer on account of breach of terms of deed by the non-applicant and remediless for want of arbitral tribunal. The applicant has exhausted all modes of amicable settlement and has offered a number of opportunities to the non-applicant, but the non-applicant by not choosing to respond positively to the Arbitration notice issued by the applicant and made it clear that they wish to not to oblige their contractual commitments, and thus is not serious about arbitration proceedings as agreed between the parties. Thus the applicant has no option except to file instant petition for appointment of arbitrator under the provisions of the Arbitration and Conciliation Act 1996. The non-applicant is bound by the

terms and conditions of the registered partnership deed executed between the applicant and non-applicant. He also submits that clearly a dispute has arisen between the applicant and the non-applicant regarding but not limited to sharing of losses, outstanding vender liabilities, statutory dues, financial mismanagement of partnership business and failure of non-applicant to co-operate in settlement of accounts. Since the arbitration clause constitutes a valid and binding agreement between the parties, and the disputes that have arisen are squarely covered within the scope of the said arbitration clause and further, the non-applicant is not willing to abide by the terms of the deed for appointment of the arbitrator. The applicant is therefore constrained to approach this Hon'ble Court and file the instant application under Section 11 of the Arbitration and Conciliation Act, 1996 praying for nomination and appointment of arbitrator by this Hon'ble Court as per law. The cause of action arose at Raipur (Chhattisgarh) within the jurisdiction of this Hon'ble Court, as then on applicants have failed to perform their contractual and statutory obligation and said non-performance of contract amounts to a dispute between the parties liable to be resolved through arbitration as agreed between them.

7. Learned counsel for the respondent opposes this arbitration request application, however he submits that the respondent shall have no objection if this Court appoints any Arbitrator for resolving the dispute between the parties.
8. I have heard learned counsel appearing for the parties, perused the pleadings and documents appended thereto.
9. A query was put to learned counsel appearing for the parties as to whether they are agreeable for a common name who can be appointed as Arbitrator, learned counsel for the parties submitted that they would have no objection if any retired Judge of this High Court is appointed as the Sole Arbitrator. They

further submit that Hon'ble Mrs. Justice Rajani Dubey, who is a retired Judge of this High Court may be appointed as the Sole Arbitrator.

10. In view of the above consensus between the learned counsel for the parties,

Hon'ble Mrs. Justice Rajani Dubey, a retired Judge of this High Court is appointed to act as the Sole Arbitrator to resolve the dispute involved in this arbitration request between the parties.

11. The Registry is directed to communicate this order to Hon'ble Mrs. Justice Rajani Dubey in the proper address.

12. The remuneration of the Arbitrator shall be settled with the mutual consent of the parties.

13. The arbitration request petition, accordingly, stands **allowed**.

**Sd/-
(Ramesh Sinha)
Chief Justice**

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