

**SUPREME COURT OF INDIA**

M/s. System for International Agencies

Vs.

M/s. Rahul Coach Builders Pvt.Ltd.

(Anil R.Dave J.)

16.02.2015

**JUDGMENT**

**ANIL R. DAVE, J.**

1. Heard the learned counsel.
2. The arbitration clause incorporated in the agreement regarding sale contract dated 2nd May, 2011 reads as under:

"Disputes: In case of any dispute arising out of this agreement between the parties, the same shall be referred to the arbitration under the by-laws of Indian Company's Act 1956 and all amendments of this Act up to date or shall be settled and decided by arbitration as per International Trade Laws and all amendments of this Act up to date."

3. Upon perusal of the said clause it is very clear that the parties to the agreement had agreed to refer the dispute to arbitration under the provisions of the 'By-laws of Indian Companies Act, 1956'.
4. The learned counsel appearing for the parties had fairly conceded that there are no by-laws framed under the provisions of the Indian Companies Act, 1956.
5. Though an effort was made to show that in a reply to a winding up petition, one of the parties had agreed to refer the matter to arbitration but there also there was vagueness and even that willingness to refer the dispute to an arbitrator cannot be said to be an arbitration agreement.

6. Upon perusal of the aforesaid clause, it is clear that the clause with regard to arbitration is quite vague and as there are no by-laws framed under the provisions of the Companies Act, no arbitrator can be appointed.

7. On account of the aforesaid vagueness in the arbitration clause incorporated in the sale contract dated 2nd May, 2011, there cannot be any arbitration and therefore, this petition made under the provision of Section 11(6) of the Arbitration and Conciliation Act, 1996 fails.

8. Needless to say that it would be open to the parties to take appropriate remedy in accordance with law.

9. The arbitration petition is disposed of as rejected.