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Arb. Appln.No.871 of 2025 and O.A. No.657 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 23.09.2025

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THE HON'BLE Mr. JUSTICE N. ANAND VENKATESH

Arb. Appln.No.871 of 2025 and O.A. No.657 of 2025

Gowri Sivaraju and others

.. Applicants in both cases

vs

M/s.K.G.Foundations

Private Limited and others

.. Respondents in both cases

Prayer in Arb.Appln. No.871 of 2025: To pass an order to cancel the sale deed dated 19.08.2023, Doc. No. 20020 of 2023, executed by the 1st Respondent on behalf of the Applicants in favour of the 2nd Respondent, which is more fully described as the C schedule property.

Prayer in OA No. 657 of 2025: To pass an order of Interim injunction restraining the respondents, or their men, agents or anybody acting on their authority to transfer, alienate, encumber or sell the C Schedule Property morefully described in the Schedule hereunder to any third party.

For applicants : Mr.V.Balasubramani

For respondents : Mr.D.Sairam Kumar for R1 & R2
R3-service awaited

COMMON ORDER



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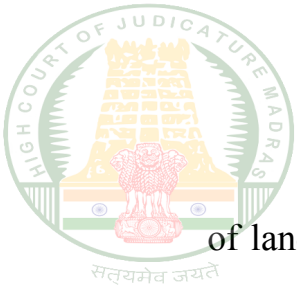
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O.A. No.657 of 2025 has been filed under Section 9 of the Arbitration and Conciliation Act for an order of interim injunction to restrain the respondents from in any manner transferring alienating, encumbering or selling the 'C' schedule property to any third party.

2.The applicants have also sought for cancellation of the sale deed dated 19.08.2023 executed by the first respondent on behalf of the applicants in favour of the second respondent, which is morefully described in the 'C' schedule property.

3.Heard Mr.V.Balasubramani, learned counsel for the applicants and Mr.D.Sairam Kumar, learned counsel for respondents 1 and 2.

4.The case of the applicants is that they are the joint owners of the subject property. The respondents have approached the applicants and expressed their willingness to purchase the property. Accordingly, an agreement of sale dated 07.12.2022 was entered into between the parties. The applicants agreed to sell the entire extent of 3.83 acres and 1525 Sq.ft.



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of land which is described as 'A' schedule property in these applications. A power of attorney dated 07.12.2022 was also executed in order to enable the respondents to get the layout approval and to execute the documents and to complete all the other statutory formalities. Pursuant to the above agreement, a sale deed was also registered for certain plots, which are described in the 'C' schedule property in these applications. The applicants have also executed Irrevocable General power of attorney dated 07.12.2022 coupled with interest for 'D' schedule property in favour of the first respondent. On receipt of the sale consideration of Rs.5,64,83,391/-, there was a dispute among the parties and hence, it is alleged that the respondents did not come forward and express readiness and willingness and perform their part of the contract.

5.In view of the same, a legal notice was issued on 19.12.2024 calling upon the respondents to cancel the agreement of sale dated 19.08.2023 entered into with regard to the 'E' schedule property and for forfeiture of amount of Rs.90,00,000/- for non performance of their obligation. The applicants also issued a further legal notice dated 03.01.2025 to the 1st and



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2nd respondents by reiterating the same stand. The applicants also expressed their willingness to give an option till 10.01.2025 for the completion of the same with a condition. After receipt of the legal notice, a reply dated 20.01.2025 was issued by the first respondent. The first respondent took a stand that the claim made by the applicants is unsustainable and however requested the applicants to comply with the duties and obligations as prescribed in the sale agreement 07.12.2022 and the supplementary agreement dated 19.08.2023.

6.It is under these circumstances, the present applications have been filed before this Court seeking for interim protection. This Court carefully considered the submissions made on either side and the materials available on record.

7.Learned counsel for the 1st and 2nd respondents submitted that the property described in 'C' schedule has already been sold in favour of the second respondent and that the second respondent is not a party to the



agreement of sale.

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8.In reply to the above submission, the learned counsel for the applicants submitted that the second respondent is none other the Managing Director of the first respondent and therefore, he represents the company and therefore, the second respondent cannot wash off his hands with respect to the obligations that have been provided in the agreement of sale.

9.In the considered view of this Court, the dispute has been going from the year 2024 onwards and the parties are not able to reach any settlement. In view of the same, no useful purpose will be served in prolonging the dispute and it will be more appropriate to appoint an Arbitrator to resolve the dispute. Clause 22 of the agreement of sale reads as follows :

'22)All or any disputes arising out or touching upon or in relation to the terms and conditions of this Agreement, including the interpretation and validity of the terms thereof and the respective rights and obligations of the parties, shall be settled amicably by mutual discussion, failing which the



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same shall be settled by appointing an Arbitrator mutually acceptable by both the vendors and purchaser which shall be governed by the Arbitration and Conciliation Act, 1996 and amendments for the time being in force thereof. The venue of such Arbitral proceedings shall be at Chennai. All judicial proceedings arising out of such disputes and out of such arbitral proceedings shall be instituted only before the courts at Chennai. The language of arbitration shall be English.'

10.The applicants have not issued any trigger notice under Section 21 of the Arbitration and Conciliation Act. However, when this Court posed a question to the counsel appearing on either side as to whether they consent for appointment of an Arbitrator to refer the dispute to the Arbitrator, the counsel appearing on either side, in all fairness, agreed for the same.

11.In view of the above, this Court is inclined to appoint the Sole Arbitrator. Accordingly, Mr.Suhrith Parthasarathy, Advocate, with address for service at No.1, Jagathambal Colony, 2nd Street, Royapettah, Chennai - 600 014, Mobile No.89397 17592 is appointed as the Sole Arbitrator and the Arbitrator is requested to enter upon reference qua the Agreement of



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Sale dated 07.12.2022, adjudicate the arbitral dispute that were arising between the parties by holding the sittings in any venue in Chennai to the convenience of all concerned and render an award. Fees of the Sole Arbitrator shall be in accordance with the Madras High Court Arbitration Centre (MHCAC) (Administrative Cost and Arbitrator's Fees) Rules 2017.

12.These applications are disposed of in the above terms. If the parties want to seek for any interim order/interim protection, it will be left open to them to file an appropriate application before the Sole Arbitrator under Section 17 of the Arbitration and Conciliation Act and the same will be considered, on its own merits and in accordance with law.

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N. ANAND VENKATESH, J.
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