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IN THE HIGH COURT OF JUDICATURE AT MADRAS

Orders Reserved on : 14.10.2025**Pronouncing orders on : 16.10.2025**

CORAM

THE HONOURABLE MR JUSTICE N. ANAND VENKATESH**OA No. 802 of 2025**

Dhanalakshmi Srinivasan Builders and Housing Private Limited

Represented by its Authorised Signatory

Having its registered office at

No.36, 1-24 3RD Street Thillai Nagar,

Tiruchirappalli, Tamil Nadu 620018

Applicant(s)

Vs

1. Chhapra-Hajipur Expressways Limited

Represented by its Authorised Signatory

Having its registered office at

Madhucon House, Plot No.1129/A Road, No.36,

Jubilee Hills, Hyderabad, Telangana India 500 033.

2.Madhucon Projects Limited

Represented by its Authorised Signatory

Having its registered office at

Madhucon House, Plot No.1129/A Road, No.36,

Jubilee Hills, Hyderabad, Telangana India 500 033.



3. Madhucon Infra Limited

Represented by its Authorised Signatory

Having its registered office at

Madhucon House, Plot No.1129/A Road, No.36,
Jubilee Hills, Hyderabad, Telangana India 500 033.

4. Madhucon Toll Highways Limited

Represented by its Authorised Signatory

Having its registered office at

Madhucon House, Plot No.1129/A Road, No.36,
Jubilee Hills, Hyderabad, Telangana India 500 033.

5. Goda Ganesh

2-23, Bendaalapadu Chandrugonda Mandalam,

Gurramguddem, Panchayathi,

Maddukuru, Julurupad, Khammam, Telangana- 507166

6. Kothapalli Venkateswarlu

R/o.8-3-988/34/7/8B, SBH Colony,

Srinagar Colony, Khairtabad,

Hyderabad, Telangana- 500073

7. Petrim Ramanarao Sridhar

R/o.2-1-480, Street No. 7,

New Nallakunta, Musheerabad,

Hyderabad- 500044

8. Surya Narayana Garapati

R/o. Seeta Ramaiah Garapati

C/o. Garapati Sitaramaiah,

4-46/A, Dammipeta Mandal, Mandalapalle, Bhadradi, Kothagudem,
Telangana-507306



3/28

OA No. 802 of 2025

9.Dhayalan

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S/o.Late Elangovan,

Ramakrishna School Opposite Rose Nagar, Elambalur Road,
Perambalur, Tamilnadu- 621212

Respondent(s)

For Applicant(s): Mr.P.S.Raman
Senior Counsel &
Mr.T.K.Baskar for
Mr.Aparajitha Vishwanath

For Respondent(s): Mr.S.Ravi
Senior Counsel for
Mr.K.Elango
Ms.K.Pavithra for R1, R3 to R8
Mr.V.Kaushik Narayanan for R2

ORDER

This application has been filed under Section 9 of the Arbitration and Conciliation Act, 1996 (for the sake of brevity, hereinafter referred to as ' the Act') for an interim injunction restraining the Board of Directors of the 1st respondent Company and its shareholders who are respondents 2 to 8 from in any manner initiating or precipitating any actions against National Highways Authority of India (NHAI).



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2.The case of the applicant is that the 1st respondent Company was incorporated as a Special Purpose Vehicle (SPV) for carrying out the design, build, finance, operate and transfer of 4-laning of Chhapra-Hajipur Section of NH-19 in the State of Bihar. A Concession Agreement dated 14.05.2010 was entered into by NHAI and the SPV detailing various terms and conditions on which the Project has to be executed by the parties.

3.Due to several factors, respondents were not able to complete the Project within the scheduled period. Hence, respondents 2 to 4 who are the majority shareholders in the 1st respondent Company approached the applicant in the year 2022 to invest in the Project. A Memorandum of Understanding (MOU) dated 06.07.2022, was entered into between the applicant and the 1st respondent. It was agreed that the applicant will infuse Rs.200 Crores in the Project. It was also agreed that the applicant would have the right to supervise the work of the existing contractors and a representative from the applicant side



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will be appointed to supervise the day-to-day functioning of the Project. To give effect to the MOU dated 06.07.2022, a Joint Venture Agreement was also entered into between the applicant and the 1st respondent Company on 11.07.2022. Pursuant to the same, a SPV came to be created in the name of CHEL-DLSBHPL JV.

4. When the above proposal was placed before the NHAI, they refused to accept the formation of a new SPV to execute the Project. Hence, it was decided to execute the Project through the 1st respondent Company. By then, substantial funds to the tune of Rs.101.28 Crores had already been infused into the 1st respondent Company by the applicant. It was agreed that equity shares would be issued to the applicant in the 1st respondent Company towards the investment made by the applicant.

5. The further case of the applicant is that they occasionally made direct payments to the vendors of the 1st respondent Company for the Project. It was



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agreed that the unsecured loans extended by the applicant till 31.12.2022 amounted to Rs.60,76,50,000/- (Rupees Sixty Crores Seventy Six Lakhs and Fifty Thousand only) which will be converted into Rs.6,07,65,000/- (Rupees Six Crores Seven Lakhs and Sixty Five Thousand only) equity shares of Rs.10/- each, which roughly worked out to 48.63%. Accordingly, a Convertible Loan Agreement dated 02.01.2023, came to be executed between the applicant and the 1st respondent Company in order to give effect to the same. Thus, the applicant became a shareholder of the 1st respondent Company holding 48.63% shares.

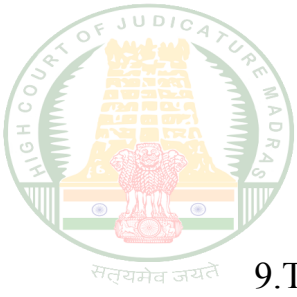
6. There was a further understanding between the applicant and the Madhucon Group that the applicant would have a majority number of Directors in the Board of the 1st respondent Company. This understanding was also reflected in the Share Purchase Agreement (SPA) dated 16.01.2025, wherein, it is stated that two Directors from the side of the applicant will be inducted while one Director will be inducted from the side of the 1st respondent Company.



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7. In the meantime, during September 2024, the applicant found that there was misuse of funds meant for the Project. The NHAI also issued a Cure Period Notice dated 20.11.2024, citing several issues over the execution of the Project. NHAI also pointed that only 86% of the Project was completed as on 31.10.2024. NHAI therefore called upon the 1st respondent Company to cure the defects, within a period not later than 60 days from the date of receipt of the notice.

8. It was proposed that the applicant can carry out the operations and in order to bring this into fruition, the Madhucon Group offered to transfer 51.37% shares held by them in the 1st respondent Company to the applicant. Accordingly, the above said Share Purchase Agreement dated 16.01.2025, was entered into for acquiring 51.37% shares. Several obligations were cast upon the Madhucon Group under the Agreement.



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9.The above Agreement also provided that the applicant can purchase from the promoter shareholders, their shares for a total consideration of Rs.99.99 Crores. The Agreement also gave the applicant the right to exercise a call option in terms of Clause 3 which in turn placed a mandatory obligation on the part of the seller to transfer all the shares to the tune of 51.37% of shares in the 1st respondent Company upon fulfilment of the conditions. The mode of transfer of funds was also provided under the Agreement by opening an escrow account.

10.The NHAI issued an intent of Termination Notice dated 07.02.2025, on the ground that there was enormous delay in execution of the project by the 1st respondent Company. In order to overcome the said notice issued by NHAI, the applicant at the request of Madhucon Group, made a payment of Rs.100 Crores to SBI (no lien account) on 19.02.2025, towards part payment of one time settlement.



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11.While the applicant was trying to figure out a solution for the completion of the project, a major development took place whereby, a meeting was convened on 15.05.2025 and respondents 2 to 8 are said to have resolved to remove the 9th respondent and the nominees of the applicant from the Board of the 1st respondent Company w.e.f., 04.07.2025. As a result, the applicant was without any of its nominees on the Board of the 1st respondent Company, even though they were holding 48.63% shares in the 1st respondent Company.

12.The above development gave rise to initiation of proceedings before NCLT, Chennai, challenging the removal of the Directors as the same constitutes oppression and mismanagement under the provisions of the Companies Act, 2013. The applicant sought for an interim order, but however, the said application came to be dismissed by NCLT by an order dated 29.07.2025. Aggrieved by the same, the applicant has filed an appeal before the NCALT and the same is pending.



10/28

OA No. 802 of 2025

WEB COPY

13.The applicant is now under the apprehension that NHAI has already issued an intent of termination notice by which they had indicated their intent to terminate and had also called upon the Lender Representative (SBI) to make their representation stating their intention to substitute the concessionaire viz., the 1st respondent. Since the Board of the 1st respondent Company comprises only the nominees of Madhucon Group, the applicant apprehends that the dispute with NHAI will reach a breaking point and if the contract is terminated, the entire investment made by the applicant will go down the drain and they will be put to irreparable loss and hardship. It is under these circumstances, the present application has been filed before this Court to restrain the Board of Directors of the 1st respondent Company and its shareholders from initiating or precipitating any actions against NHAI.

14.This Court has carefully considered the submissions made on either side and also the materials available on record.



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15.The learned Senior Counsel appearing on either side made several claims and counter claims by pointing out to various documents and also the Agreements entered into between the parties.

16.This Court while entertaining the application, granted an interim order dated 08.08.2025, which is extracted hereunder:

These applications have been filed under Section 9 of the Arbitration and Conciliation Act, 1996, seeking for the following reliefs:

a) O.A. No.801 of 2025, seeking for an order of interim injunction to restrain the Board of Directors of the first respondent Company and its shareholders viz., respondent Nos.2 to 8, from in any manner holding any meetings, passing any resolutions and taking any decisions regarding the management and administration of the first respondent Company;



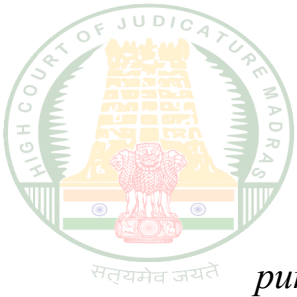
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b) O.A. No.802 of 2025, to pass an order of interim injunction to restrain the Board of Directors of the first respondent Company and its shareholders viz., the respondent Nos.2 to 8 from in any manner initiating or precipitating any actions against NHAI.

2. In so far as the interim relief sought for in O.A. No.801 of 2025 is concerned, the learned senior counsel appearing for the applicant is not pressing for any exparte order in the said application. Hence, notice is issued to the respondents in O.A. No.801 of 2025.

3. The learned counsel appearing for the applicant is pressing for an interim order in the applicant's favour, only in O.A. No.802 of 2025 for the present. The first respondent is a special purpose vehicle formed by respondent Nos.2 to 4. The respondent Nos.5 to 8 are the Directors of the first respondent. The respondent No.9 is the Ex-Managing Director of the first respondent, who was removed pursuant to an AGM conducted by the first respondent.

4. The applicant claims to have invested Rs.403,00,00,000/- approximately till date on the first respondent, which is a special

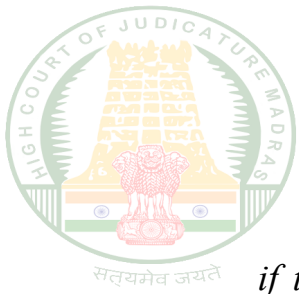


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purpose vehicle, formed by the respondent Nos.2 to 4. The respondent Nos.2 to 4 were awarded a road laying contract by National Highways Authority of India (NHAI) under a contract. Since the respondent No.2 to 4 were not having sufficient financial means for the completion of the road project awarded to them by NHAI, the applicant on a request made by the respondent Nos.2 to 4 has invested monies and has become a 48.63% shareholder in the first respondent Company, which is a special purpose vehicle, formed at the instance of respondent Nos.2 to 4.

5. The learned counsel appearing for the applicant drew the attention of this Court to paragraph Nos.40 to 42 of the affidavit filed in support of these applications and would submit that on account of the breach of contract committed by the respondent Nos.2 to 4, NHAI has already issued an intent of termination notice dated 07.02.2025 through which NHAI has already indicated their intent to terminate the contract awarded to respondent Nos.2 to 4.

6. The learned counsel appearing for the applicant would submit that the applicant, having invested huge amount of money on the project amounting to approximately Rs.403,00,00,000/-, and



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if the contract is terminated by NHAI, the applicant's investment will become zero and they will not be in a position to recover huge money invested in the first respondent Company.

7. The learned counsel appearing for the applicant would submit that under the contract, awarded by NHAI to the respondent No.1, the NHAI is empowered to substitute a third party in place of the first respondent, in case, the first respondent commits breach of the contract. The applicant claims that it is in their interest that the contract is not terminated by NHAI and not substituted by a third party at the behest of NHAI. Paragraph Nos.40 to 42 of the affidavit filed in support of these applications are reproduced hereunder to substantiate the case of the applicant in these applications:

"40. I submit that NHAI has already issued an intent of termination notice dated 07.02.2025 by way of which they have already indicated their intent to terminate and has also called upon the Lender Representative (SBI) to make their representation stating the intention to substitute the concessionaire (1 Respondent).



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41. I submit that by way of the resolution dated 15.05.2025, the purported Board has authorized 6th Respondent to sign affidavits and pleadings against NHAI. I further submit that if the NHAI or the Lenders representative indeed proceeds with the Substitution of the Concessionaire, then the value of the 1st Respondent company which is a SPV incorporated only for the specific purpose of executing the project, will become zero. This would mean that the Applicant, holding 48.63% shares in the 1st Respondent would not be able to exercise its call option and also would have incurred a loss of Rs. 403 crores, which it had infused into the 1st Respondent Company.

42. I submit that as per the terms of the Substitution Agreement dated 15.03.2011 entered between NHAI, 1st Respondent and SBI, at the time of substitution, the 1 Respondent is required to sign and give consent to the said substitution. Since the Board of the 1st Respondent company now comprises of only the



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nominees of the Madhucon Group, and if the said signatory of the 1st Respondent does not sign the Substitution Agreement, then NHAI will automatically terminate the Concessionaire Agreement with the 1st Respondent Company and may float a new tender to complete the balance work in the project. This will also run down the value of the 1st Respondent SPV to zero, thereby causing severe financial loss to the Applicant, who has a shareholding of 48.63% in the company. Thereby rendering the call option value to a zero."

8. The learned counsel appearing for the applicant also drew the attention of this Court to paragraph No.43 of the affidavit filed in support of these applications and would submit that respondent Nos.2 to 4 have already initiated arbitration proceedings through R1 against NHAI and therefore, there is every possibility that the contract awarded to the first respondent by NHAI will get terminated by NHAI, in which event the applicant will be put to irreparable loss and hardship, as their investments will become zero and there will be no likelihood for them to recover the dues from the respondent Nos.1 to 4.



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9. *The learned counsel appearing for the applicant also drew the attention of this Court to the statement of account filed along with these applications and would submit that as on date, approximately a sum of Rs.403,00,00,000/- has been invested by the applicant. He would, therefore, submit that if the respondents are allowed to precipitate their actions in furtherance of the termination of the contract by NHAI, it will be detrimental to the interest of the applicant as they will not be in a position to recover their huge investments made by them with the respondents.*

10. *The learned counsel appearing for the applicant also submits that the applicant had earlier filed an application before the NCLT, Hyderabad for oppression and mismanagement against the respondents. He would submit that the said application filed by the applicant came to be dismissed. He would submit that the cause of action for filing the said application is different from the cause of action for filing these applications under Section 9 of the Arbitration and Conciliation Act, 1996. He would also submit that aggrieved by the order passed by the NCLT, Hyderabad an appeal has also been filed before the NCLAT.*



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11. *After giving due consideration to the contents of the affidavit filed in support of O.A. No.802 of 2025 as well as the documents filed along with the said application and after hearing the submissions of the learned counsel appearing for the applicant in O.A. No.802 of 2025, this Court is of the considered view that a prima facie case has been made out in so far as O.A. No.802 of 2025 is concerned. The balance of convenience and irreparable hardship have also been established.*

12. *Accordingly, there shall be an order of interim injunction as prayed for in O.A. No.802 of 2025. Notice to the respondents, returnable by 02.09.2025. Private notice is also permitted.*

13. *It is made clear that the applicant must always be ready to argue these applications at every adjourned date as they are having the benefit of interim order in O.A. No.802 of 2025. The applicant shall initiate arbitration in accordance with the arbitration clause contained in the share purchase agreement within a period of 90 days from the date of receipt of a copy of this order as per the provisions of Section 9 (2) of the Arbitration and Conciliation Act, 1996.*



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17.As a subsequent development, it was brought to the notice of this Court that the SBI has already issued a paper advertisement towards substitution of the concessionaire and on 05.07.2025, one Agarwal Infra Build Private Limited has already substituted the 1st respondent and the said entity will take over the project and complete the same for NHAI.

18.It was also brought to the notice of this Court that the 1st respondent Company has filed application before the Delhi High Court under Section 9 of the Act, seeking for a direction to the NHAI and others to effect payment of Rs.1374 Crores in respect of the missing annuities corresponding to 87.28% of the execution of the work. When this application came up for hearing on 19.08.2025, the Delhi High Court felt that such a relief sought for by the 1st respondent Company may be beyond the scope of the petition filed under Section 9 of the Act. Therefore, the High Court expressed its mind to refer the parties for arbitration in accordance with the arbitration agreement.

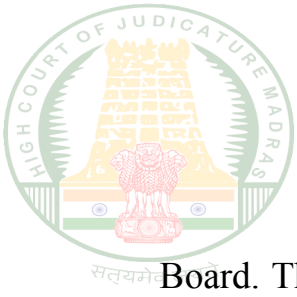


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19. When the matter was again listed before the Delhi High Court on 02.09.2025, the interim order passed by this Court in this application and in O.A.No.801 of 2025 was placed before the Court. Hence, the matter was adjourned by the Delhi High Court for getting necessary clarification from this Court.

20. In view of the fact that the substitution has already taken place and a new entity has taken over the Project, the apprehension of the applicant that the NHAI will terminate the Project, pales into insignificance. What will ultimately remain to be agitated is the dispute between the 1st respondent Company and NHAI on the claims made by the 1st respondent Company up to the date of the substitution, for the work that has already been executed to the tune of 87.28%.

21. It is not necessary for this Court to touch up on the dispute between the parties *qua* the removal of the Directors representing the applicant from the



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Board. That is a dispute which is pending before the concerned Tribunal and it can be agitated by the parties before the Tribunal.

22. In the course of arguments, this Court posed a question to the learned Senior Counsel appearing on behalf of the applicant as to whether this Court can injunct the respondents from prosecuting the claim against NHAI. In other words, can this Court exercise powers under Section 9 of the Act and restrain a party from prosecuting their right before the appropriate Forum. Certainly, such an injunction can never be granted by the Court in the guise of preventing the respondents from precipitating the dispute with NHAI. In any case, the 1st respondent has already been replaced and substituted by another entity called as Agarwal Infra Build Private Limited and that entity will proceed further with the Project and complete the same. Hence, the scenario of NHAI terminating the contract, cease to exist. If that is so, what is nature of interim order that can be passed by this Court in this application, is the moot question to be answered.



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23.The learned Senior Counsel appearing on behalf of the applicant submitted that a Committee can be formed by both sides within the frame work of the Agreement and the said Committee can give the necessary instructions to the counsel appearing on behalf of the 1st respondent Company while seeking for the claim against NHAI.

24.In reply to the above submission, the learned Senior Counsel for the respondents contended that the respondents will keep the applicant informed about the arbitration proceedings. That undertaking given by the respondents will sufficiently take care of the interest of the applicant.

25.The nominee of the applicant do not form part of the Board of Directors and that dispute is pending before the Tribunal. However, it is a fact that the applicant holds 48.63% of shares in the 1st respondent Company. Apart from that, the applicant has infused funds to the tune of Rs.265 Crores



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(approx.). Therefore, the applicant must be aware of the happenings in the proceedings initiated against NHAI by the 1st respondent Company. They cannot be kept in dark. This is more so since the total claim made against NHAI works out to Rs.1374 Crores and as per the Share Purchase Agreement dated 16.01.2025, the applicant can purchase from the promoter shareholders their shares for Rs.99.99 Crores. For this purpose, the applicant is also given a call option in terms of Clause 3, wherein, the applicant can exercise that option and get 51.37% of shares transferred in the 1st respondent Company and thereby, take over the entire company. This finding is rendered strictly going by terms of the Share Purchase Agreement dated 16.01.2025. The respondents had objections with respect to this claim made by the applicant and it is not necessary for this Court to go into that issue for the present.

26.The only reason to make the above observations is that apart from holding 48.63% shares in the 1st respondent Company and infusing funds to the tune of nearly Rs.265 Crores, the applicant also has the option under the



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Agreement to buy the shares of the promoter shareholders. It is also seen from the Supplement Agreement dated 16.01.2025 that there is an amendment to Clause 16 of the original Agreement to the effect that if any claim is made against NHAI, both parties will be entitled to share the claim in the ratio of 50:50. Thus, the substantial interest of the applicant is also involved in the proceedings against NHAI before the arbitral tribunal. Hence, the applicant cannot effectively make their contributions/suggestions, if they are merely informed about the developments in the arbitration proceedings by the respondents.

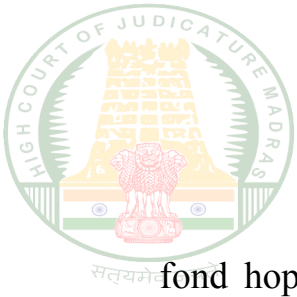
27. In the light of the above discussion, considering the fact that some interim protection must be granted to the applicant, by moulding the original relief sought for by the applicant, this Court is inclined to direct a Committee to be formed within the frame work of the Share Projects Agreement dated 16.01.2025 and Supplementary Agreement dated 16.01.2025. This interim arrangement must be made without prejudice to the rights of the parties who are



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already agitating the dispute before the Tribunal with respect to the removal of the Directors nominated on the side of the applicant. This order will not stand in the way of the Tribunal while deciding the pending dispute on its own merits and in accordance with law. This interim order is granted only with a view to protect the interest of the applicant while the 1st respondent Company makes the claim against NHAI. It will be to the benefit of all the parties concerned to come together, atleast while agitating the dispute against NHAI and making the claims. Both the parties have substantial stakes and both the parties will stand benefited if they fight the case together while making the claim against NHAI.

28. In the result, the interim order passed by this Court on 08.08.2025, is modified and there shall be a direction to form a Committee consisting of representatives both from the side of the applicant and the 1st respondent within the frame work of the Agreements dated 16.01.2025. The said Committee will advise and give instructions to the counsel representing the 1st respondent Company while prosecuting the dispute before the Arbitral Tribunal. It is the



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fond hope of this Court that the representatives of the applicant and the 1st respondent Company who will form part of the Committee, will not project their *inter se* dispute while agitating the claim against NHAI and they will act in concert. This interim measure will sufficiently take care of the interest of the applicant and the 1st respondent Company. At the risk of repetition, it is made clear that this interim arrangement will not have any bearing in the dispute that is pending before the NCALT/NCLT.

29.This application is disposed of in the above terms. No Costs.

16-10-2025

Index: Yes/No

Speaking/Non-speaking order

Internet: Yes

Neutral Citation: Yes/No

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WEB COPY

27/28

OA No. 802 of 2025





WEB COPY



28/28

OA No. 802 of 2025

N.ANAND VENKATESH J.

SSR

OA No. 802 of 2025

16-10-2025