IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 18.09.2025

CORAM:

THE HONOURABLE DR. JUSTICE **G.JAYACHANDRAN**
and
THE HONOURABLE MR. JUSTICE **MUMMINENI SUDHEER KUMAR**

Arb Appeal Nos.35 & 36 of 2025
and
C.M.P.Nos.22710 & 22714 of 2025

RDB Chennai Realtors LLP
Rep by its Designated Partner,
Govindasamy Chinnadurai,
No.258/2, The Royal Castle, Club House,
Thirmudivakkam Main Road,
Thirumudivakkam, Kancheepuram 600 132. .. Appellant

Vs.

M/s.Arul Murugann Promoters
Rep by its Partner,
Having office at No.19/2B, Ramachandra Stree,
T. Nagar, Chennai 017. .. Respondent

**COMMON PRAYER:** Arbitration Appeals are filed under Section 37 of the Arbitration and Conciliation Act, 1996, read with Section 13(1) of Commercial Courts Act, 2015, to set aside the Impugned Order dated 02.09.2025 passed under section 17 of the Arbitration and Conciliation Act 1996, by the Honble Arbitral Tribunal comprising of the Learned Sole Arbitrator in I.A Nos.1 and 2 of 2025 in Arb Case No.2 of 2025.

For Appellant : Mr.Jhabakh Pawan Kumud

For Respondent : Mr.K.R.Arun Kumar, Caveator

**COMMON JUDGMENT**

The present Arbitration Appeals have been filed seeking directions against the interim orders passed by the learned sole Arbitrator on the applications filed under Section 17 of the Arbitration and Conciliation Act.

**2.** The sum and substance of the dispute, which is now pending for final adjudication in the Arbitration Case No.2 of 2025 before the learned Sole Arbitrator is that the respondent herein, who is the owner of the large extent of land situated in Kancheepuram District, entered into a Memo of Understanding with the appellant on 17.12.2021 in order to promote the land into a residential/commercial layout and marketing the same.

**3.** Under the terms of Memo of Understanding (MoU), the appellant was granted rights to promote and market the layout, including activities such as advertising, organizing the property inspections for prospective buyers and circulating layout plans. In return for these services, the appellant was entitled to retain as consideration the amount realized over and above Rs.1300/- per sq.ft., from the sale of the plots. In other words, the respondent, as the land owner, would be entitled for Rs.1300/- sq.ft., and any excess amount fixed by selling the plots will be appropriated by the appellant.

**4.** The original MoU provided the six months time framed for completion of the arrangements. However, the project could not be completed within the stipulated period. As a result, both parties mutually entered into a second MoU on 27.03.2024, whereby the respondent agreed to receive Rs.1400/- per sq.ft., in the place of the earlier agreed sum of Rs.1300/-. This second agreement also had a stipulated time frame for performance, which eventually expired on 30.06.2024. Despite the expiry of both agreements, parties continued to engage in the sale of plots even after 30.06.2024. The appellant has now alleged that the respondent had independently dealt with the property to the third parties in violation of the exclusive rights clause contained in the agreement, which had entitled the appellant to market and sell the property.

**5.** The appellant herein has approached this Court invoking Section 9 of Arbitration and Conciliation Act. This Court, taking note of the nature of the dispute, had previously appointed a retired Judge of this Court as sole Arbitrator and relegated the matter to arbitration. Liberty was given to the appellant to seek interim protection under Section 17 of the Arbitration and Conciliation Act, if he desires so.

**6.** Pursuant to the same, the appellant has filed the Interlocutory Application Nos.1 and 2 of 2025, before the Arbitrator:

(i) I.A.No.1 of 2025 - injunction restraining the respondent, his agents and representatives from dealing with or alienating the unsold plots covered under the MoU dated 17.12.2021 and 27.03.2024.

(ii) I.A.No.2 of 2025- direction to the respondent to furnish security for a sum of Rs.12,81, 95, 895/-.

**7.** On hearing both sides and considering the materials on record, the learned Arbitrator found that the appellant herein did not establish a prima facie case to justify an injunction restraining the respondent from selling the entire extent of unsold property. The Arbitrator also notes the fact that even after the expiry of the extended period under the second MoU, the appellant is able to sell only 59,420 sq.ft of lad, leaving a balance of 1,35,453 sq.ft., unsold.

**8.** After perusing the statement of accounts and taking into consideration of the interest of both parties, the Arbitrator, as a balancing measure, passed an order restraining the respondent from selling 40,000/- sq.ft., out of the remaining 1,35,453 sq.ft., of land. Consequently, the respondent, the original land owner was permitted to deal with the remaining extent of 95,453 sq.ft..

**9.** With respect to I.A.No.2 of 2025, the Arbitrator held that the prayer for furnishing security was not maintainable, when an application for injunction sought such relief only as an alternate remedy. The Arbitrator observed that the appellant herein is already protected by way of an injunction restraining the respondent from alienating 40,000 sq.ft., of land. There is no reason to direct the respondent to furnish further security.

**10.** Being aggrieved by the said order, the appellant has filed the two arbitration appeals, one against the dismissal of the application seeking an order of injunction and the other challenging the rejection of the application seeking direction to furnish security.

**11.** The learned counsel appearing for the appellant submitted that by permitting the respondent herein to deal with the remaining extent of land 95,453 sq.ft., would grave prejudice the interest of the appellant. The learned counsel contended that restricting the injunction only to an extent of 40,000 sq.ft., is inadequate and it opposed to the public policy, which warrants intervention of High Court.

**12.** The learned counsel further submitted that having observed that the time is not an essence of the contract in a specific performance suit, the learned Arbitrator ought not to have given liberty to the respondent to sell around 95,453 sq.ft., of land and restricting the protection only to an extent of 40,000 sq.ft.. If the respondent alienate significant portion of the property i.e., 95,453 sq.ft., of land, the bonafide interest of the appellant will be left unprotected.

**13.** After giving anxious consideration to the submissions made by the learned counsel for the appellant and nature of the dispute, this Court finds that on a specific understanding that the land of the respondent will be promoted and marketed by the appellant herein. An initial Memo of Understanding was entered into on 17.12.2021, which was subsequently extended and modified by mutual agreement on 27.03.2024.

**14.** Though both agreements stipulated a specific time for performance, the conduct of the parties clearly indicates that the contractual agreement continued beyond the period, enabling the intended purpose of MoU to be carried out without any impediment. However, after the lapse of nearly three years from the original MOU, the matter now been precipitated to the level of the stage of arbitration.

**15.** Taking note of the fact that out of total extent of 1,94,873 sq.ft., the appellant has able to sell only 59,470 sq.ft., which is slightly more than 25% of the total land area, while the remaining approximately 75% of the land remains unsold. and balance around 75% of the land remains unsold. Taking these facts into account, the learned Arbitrator, by order dated 02.09.2025, considered it appropriate to pass a restraint order only to an extent of 40,000 sq.ft., of land.

**16.** Accordingly, the respondent was injuncted from alienating that portion of the land. This order was passed as a balancing measure to protect the interest of the appellant without unduly restricting the respondent's rights over the remaining land.

**17.** Though the learned counsel for the appellant contends that this restraint order is inadequate to protect the appellant's interest, this Court finds that the Arbitrator has duly considered the statement of accounts including the payments made by the appellant to the respondent and the expenditure incurred by the appellant, had passed the above order, which in view of this Court is a balancing measure in order to save great interest of both parties.

**18.** This Court finds no violation of the public policy as alleged in the appeals. In the result, both the Arbitration Appeals stand dismissed. We have no doubt that the Arbitrator will proceed with the adjudication of the main case and dispose the same as early as possible. Consequently, connected miscellaneous petitions are closed. No costs.

**[Dr.G.J., J.] & [M.S.K., J.]**

**18.09.2025**

Index : Yes/No
Internet : Yes/No
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**and**
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