IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 19-11-2025

CORAM

THE HONOURABLE MR JUSTICE N. ANAND VENKATESH

OA No. 923 of 2025

Cholamandalam Investment and
Finance Company Limited
Represented by its Senior Chief
Manager- Legal Manager,
Mr.S.Ashok Kumar
Having its registered office at:
'Chola Crest' C54 55, Super B-4
Thiru Vi Ka Industrial Estate, Guindy
Chennai 600 032

Applicant(s)

Vs

1. Mr.Mahadevan Prasanth
   No.11, Aasari Street
   Koonichampet Village, Mannadipet
   Pondicherry District 605 501

2. Mrs.Kumaraguru Prema
   W/o Mr.Prasanth
   No.11, Aasari Street
   Koonichampet Village, Mannadipet
   Pondicherry District 605 501

3. Truhome Finance Limited

Formerly known as Shriram Housing
Finance Limited
Having office at No.88, First Floor,
SVR Plaza, Villupuram Road
Ellaipillaichavadi
Pondicherry 605 005

Respondent(s)

PRAYER

To grant an Interim Injunction restraining the Respondents herein, their men, agents or representatives, from creating any third party interest by way of sale, mortgage, settlement, release, charge or the like in respect of the Schedule Property, pending disposal of the arbitration proceedings.

For Applicant(s): Mr.Kishore Balasubramanian

For Respondent(s): Mr.Prakash Adiapadam
for R1 & R2
R3-Sd-No appearance

ORDER

This application has been filed under Section of the Arbitration and Conciliation Act seeking for an order of interim injunction restraining the respondents from creating any third party rights in any manner with respect to the schedule mentioned property, pending disposal of the arbitration proceedings.

2. When the application came up for hearing on 22.09.2025, this Court passed the following order:-

> "This application has been filed under Section 9 of the Arbitration and Conciliation Act, 1996 seeking for an interim injunction restraining the respondents herein, their men, agents or representatives, from creating any third party right in any manner with respect to the Schedule Property, pending disposal of the arbitration proceedings.
>
> 2.This Court has carefully considered the submissions made by the learned counsel for the applicant and also the materials available on record.
>
> 3.The specific case of the applicant is that the 1st and 2nd respondents approached the applicant with a request for transfer of the balance loan amount from respondent No.3 as well as for additional credit facilities. As a security for the repayment of the loan, the 1st and 2nd respondents agreed to transfer the Schedule Property held by the 3rd respondent, in favour of the applicant upon closure of the loan with the 3rd respondent. In the light of this request made by the 1st and 2nd respondents, the applicant settled the balance outstanding dues to the tune of Rs.17,89,671/-. This was done on the instructions given by the 3rd respondent.
>
> 4.The grievance of the applicant is that the title documents are not forthcoming and when the applicant made enquiries, they came to know that the 3rd respondent has colluded with the 1st and 2nd respondents whereby the original documents relating to Schedule Property instead of being submitted to the applicant has been handed over to the 1st and 2nd respondents.

It is under these circumstances, the present application has been filed before this Court.

5.The loan agreement executed between the applicant and the 1st and 2nd respondents contains an arbitration clause under Clause 26. The applicant has also undertaken that they are in the process of initiating arbitration proceedings against the respondents seeking for appropriate reliefs.

6.A *prima facie* case has been made out. The balance of convenience is in favour of the applicant, since the applicant acting upon the request made by the 1st and 2nd respondents has settled the entire loan amount to the 3rd respondent. If the property that was given as a security is attempted to be dealt with and third party rights are created, the applicant will be put to repairable loss and hardship. Hence, this Court is inclined to grant an order of interim injunction as prayed for till 13.10.2025.

7.Issue notice to the respondents returnable by 13.10.2025. Private notice is also permitted. The applicant shall comply with Order XXXIX Rule 3 of CPC. ”

3. Pursuant to the above order, notice was served on the respondents and the first and second respondents are represented through counsel. They have also filed a counter affidavit.

4. Even though notice was served on the third respondent, there is no

representation either in person or through counsel in spite of the fact that the name of the third respondent has been printed in the cause list.

5. Heard the learned counsel appearing on either side and perused the materials available on record.

6. The specific ground that has been raised by the first and second respondents in the counter affidavit is that all the documents have been fabricated by the applicant and the signatures of the first and second respondents have been forged.

7. In order to deal with this stand taken by the first and second respondents, it will be more appropriate to take note of the reply notice that was issued on 26.07.2025. In this reply notice, the first and second respondents have clearly admitted that the entire loan amount was settled to M/s Truhome Finance Limited and the original documents were handed over to the first and second respondents and that no fresh mortgage or lien was created in favour of the

applicant.

8. If the entire loan amount has been settled to M/s Truhome Finance Limited by the applicant and by virtue of the same, the original documents were handed over to the first and second respondents, the stand taken by the first and second respondents sounds unbelievable. In other words, the first and second respondents cannot have the cake and eat it too. If the first and second respondents are not admitting any relationship with the applicant, obviously they cannot take advantage of the amount that was paid by the applicant to M/s Truhome Finance Limited and get back the documents and thereafter, take a stand that the applicant has no claim against the first and second respondents.

9. The sum and substance of the stand taken by the first and second respondents is that the entire claim made by the applicant is vitiated by fraud, since the documents have been fabricated and the signatures of the first and second respondents have been forged.

10. The Apex Court in the case of ***Bihar State Food & Civil Supply Corporation Ltd v. Sanjay Kumar,*** reported in ***2025 SCC OnLine SC 1604*** has held that the simple allegations of fraud need not foreclose a petition filed under Section 11 of the Act. However, where serious allegations of fraud are made, i.e. fraud as regards the very agreement itself, may require scrutiny on a case to case basis.

11. In the case on hand, even though the first and second respondents have taken a stand that the documents are forged and fabricated, the conduct of the first and second respondents in taking advantage of the repayment of the loan to M/s Truhome Finance Limited and receiving the original title documents, makes the ground raised by the first and second respondents debatable. This Court is not expressing any view on the stand taken by the first and second respondents and it will always be left open to the first and second respondents to take their stand before the Arbitral Tribunal. For the present, what has to be taken into account is the fact that the applicant has settled the loan to M/s Truhome Finance Limited and pursuant to the same, the first and

second respondents have received back all their original title documents.

12. The specific case of the applicant is that after the settlement of the loan amount, the first and second respondents had agreed to transfer the property in favour of the applicant as a security for the loan amount and instead, they have now taken possession of the original title documents.

13. This Court expressed its mind to appoint a sole Arbitrator to go into the dispute between the parties, in line with clause 26 of the loan agreement dated 11.06.2025, which reads as follows:-

> "26. ARBITRATION:
>
> (a) All disputes, differences and/or claims, arising out of this Agreement, whether during its subsistence or thereafter, shall be settled by arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 ("the Act") or any statutory amendments thereof, notified prior to reference of dispute to arbitration, and shall be referred by the initiator of such dispute to arbitration of a sole arbitrator to be nominated by;
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> (i) Southern India Chamber of Commerce and Industry-Centre for ADR, run by Southern India Chamber of Commerce and Industry, currently having its registered office at Indian Chamber Buildings, P.B.No.1208, Esplanade, Chennai 600 108 (or)

(ii) Council for National and International Commercial Arbitration (CNICA), run by Trust for Alternative Disputes Resolution, currently having its registered office at Unit No.412, 4th Floor, Alpha Wing, Raheja Towers, Nos.113-134, Anna Salai, Chennai 600 002

(hereinafter referred to as "Arbitration Institution"). The nomination of the sole arbitrator by the Arbitration Institution shall be considered as a joint nomination by mutual consent of all the parties to the Agreement. The award given by such arbitrator shall be final and binding on all parties to this Agreement.

(b) The Arbitration Institution shall appoint a substitute arbitrator in place of the appointed arbitrator in the following events:

(i) death of the appointed arbitrator; or

(ii) where the appointed arbitrator is unable or unwilling to act as arbitrator for any reason whatsoever.

(c) The seat & venue of arbitration proceedings shall be at Chennai. The Courts at the seat & venue of arbitration shall have the exclusive jurisdiction to try & entertain all disputes and differences and/or claims, arising out of or under this Agreement. The language of arbitral proceedings shall be in English.

(d) Administrative assistance to the sole arbitrator to facilitate the conduct of the arbitral proceedings, if required, may be provided by the Arbitration Institution.

(e) The parties hereby consent to have the arbitral proceeding conducted by a submission of written pleadings/submissions, documents in physical and/or any other electronic/virtual mode (through exchange of post, e-mail and/or any other mode of electronic communication including video conference (VC), online, virtual hearing etc., using an external application or platform, if necessary) or a combination thereof as may be determined by sole arbitrator, whose decision shall be final and binding on the Parties.

(f) The sole arbitrator may send a copy of the award/interim award/order so passed by him/her and duly certified by him/her through post/courier or a scanned image of such an award or electronically/digitally signed award to the parties through e-mail or any other electronic mode either on his own or through the Arbitration Institution, as he/she deems fit, which shall be considered as a signed copy for the purpose of the Act.

(g) The postal/e-mail and/or any other electronic mode of address provided by the Borrower(s) to the Company under the Agreement or any other document executed/shared by Borrower(s) with the Company shall be deemed to be an active postal/e-mail and/or any other electronic mode of address and any service effectuated upon such active postal/e-mail and/or any other electronic mode of address shall be deemed to be completed. Any change or other discrepancies in the postal/e-mail and/or any other electronic mode of address provided above, shall be informed to the Company promptly."

14. The learned counsel appearing on either side consented for appointment of a sole Arbitrator, but, however, requested this Court to keep all the issues open to be raised before the sole Arbitrator.

15. In the light of the above discussion, this Court is inclined to appoint Mr.Saai Sudharsan Sathiyamoorthy, Advocate, having address for service at No.14, Rama Rao Road, Mylapore, Chennai 600 004, Mobile: 90034 67222,

email: saaisudharsans@gmail.com as the sole Arbitrator and the parties are at liberty to raise all the issues before the learned Arbitrator. The interim order passed by this Court in O.A.No.923 of 2025 dated 22.09.2025 shall remain in force till the first date of hearing before the sole Arbitrator. Thereafter, the application shall be placed before the sole Arbitrator and the same will be dealt with under Section 17 of the Arbitration and Conciliation Act, after giving opportunity to both sides.

16. This original application is disposed of in the above terms.

19-11-2025

Index:Yes/No
Speaking/Non-speaking order
Internet:Yes
Neutral Citation:Yes/No

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To

1.Mr.Saai Sudharsan Sathiyamoorthy
No.14, Rama Rao Road

Mylapore,
Chennai 600 004
Mobile: 90034 67222
email: saaisudharsans@gmail.com

N.ANAND VENKATESH J.

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