IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE THE ACTING CHIEF JUSTICE P. SAM KOSHY

ARBITRATION APPLICATION No.73 of 2026
(CNR No.HBHC010093452026)

DATE OF ORDER : 13.11.2026

Reserved on : 06.11.2026 Pronounced on : 13.11.2026
Uploaded on :13.11.2026

BETWEEN :
M/s. Mehta and Modi Realty Kowkur LLP.

… Applicant

AND

Mr. Prem Kumar Sanghi and others.

… Respondents

ORDER :

Heard Mr. Duvva Pavan Kumar, learned counsel for the applicant; and Mr. Shyam S. Agarwal, learned counsel for the respondents.

2. The instant Arbitration Application under Section 11(6) of the Arbitration and Conciliation Act, 1996 (for short 'the Act') has been filed by the applicant for appointment of an Arbitrator to adjudicate the

disputes that have arisen between the parties in terms of Clause 56 of the Joint Development Agreement dated 09.07.2019.

3. It is the case of the applicant that it is a Limited Liability Partnership registered under the Limited Liability Partnership Act, 2008 engaged in the business of real estate development and construction of commercial and residential projects in and around the twin cities of Hyderabad and Secunderabad. The respondents, being the owners of land admeasuring Ac.2-00 guntas in Survey No.196, situated at Kowkur Village, Medchal–Malkajgiri District, Telangana, approached the applicant expressing their collective interest in developing the said property into residential apartments. Accordingly, it was agreed that the applicant would develop two residential blocks, namely Block A and Block B, under the name and style of "Greenwood Heights".

4. It is the further case of the applicant that pursuant to the said understanding, a Joint Development Agreement bearing Document No.5379 of 2019, dated 09.07.2019, was entered into between the parties. In terms thereof, an amount of Rs.1,00,00,000/- was paid by the

applicant to the respondents towards security deposit, receipt of which was acknowledged under Clause 49 of the agreement. The said clause provided for refund of the security deposit within 15 days of intimation by the applicant upon completion of construction. The applicant was entitled to retain 5 flats falling to the respondents' share as security until refund of the said amount.

5. It is the further case of the applicant that possession of the flats falling to the respondents' share was handed over and refund of the security deposit was requested. According to the applicant, Occupancy Certificate was also obtained for the project. However, the respondents failed to refund the security deposit within the stipulated period and, contrary to Clause 49 of the agreement, forcibly took possession of all the flats falling to their share, including the 5 flats which the applicant was entitled to retain as security.

6. It is the further case of the applicant that a legal notice dated 20.02.2025, was issued to the respondents, calling upon them to refund the security deposit along with interest and to restore possession of the 5

flats until refund of the deposit. A reply notice dated 02.04.2025 was issued by the respondents, raising claims towards penalty and damages which, according to the applicant, were without any legal or contractual basis and were intended to justify retention of the security deposit. It was also alleged that the respondents failed to discharge their obligations towards GST payable in relation to the sale of their share of flats to third parties and the development services provided by the applicant, besides electricity charges, water charges and corpus fund payable under the agreement.

7. It is the further case of the applicant that in view of the respondents' failure to fulfill their obligations, a notice dated 28.07.2025 was issued under Section 21 of the Act invoking Clause 56 of the agreement and nominating Hon'ble Smt. Justice Kongara Vijaya Lakshmi, former Judge, as its Arbitrator. According to the applicant, the respondents neither responded to the said notice nor took steps towards constitution of the Arbitral Tribunal. The applicant was, therefore,

constrained to approach this Court by way of the present Arbitration Application.

8. It was contended by the applicant that the disputes concerning refund of the security deposit, possession of 5 flats and payment of the outstanding charges arose directly out of the Joint Development Agreement. It was further contended that Clause 56 expressly provided for resolution of all disputes arising out of or in connection with the agreement through arbitration at Hyderabad, with exclusive jurisdiction vested in the Courts at Hyderabad. Consequently, appointment of an Arbitrator was sought to enable adjudication of the disputes between the parties.

9. On the other hand, the respondents submitted that the applicant's statements concerning possession of the flats were contradictory. While the applicant claimed to have handed over possession of the flats falling to the respondents' share, it was also alleged that the respondents had forcibly taken possession thereof. According to the respondents, these inconsistent statements disclosed an attempt to mislead the respondents

as well as this Court. It was further submitted that the applicant had not specified either the date on which possession was allegedly handed over or the date on which possession was allegedly taken forcibly.

10. It was further by the respondents that in response to the legal notice dated 20.02.2025, a reply notice dated 02.04.2025 had been issued denying the applicant's allegations and calling upon the applicant to complete construction in all respects, obtain the Occupancy Certificate and intimate the respondents accordingly. The applicant was also called upon to pay Rs.2,43,41,760/- towards penalty and damages under the Joint Development Agreement and to continue making such payments until completion of the building. The allegations of non-payment of GST, electricity charges, water charges and corpus fund were denied. The respondents also disputed issuance and service of the notice dated 28.07.2025, alleging that the notice appeared to have been created and service claimed through a private courier instead of being effected through the postal department.

11. Having heard the contentions put forth on either side and on perusal of records, undoubtedly the Joint Development Agreement dated 09.07.2019 contains an arbitration clause for resolution of disputes arising out of or in connection with the agreement by way of arbitration. At this juncture, it would be relevant to take note of Clause 56 of the agreement, which, for ready reference, is reproduced hereunder:

> *"56. All the disputes or differences between the Owners and the Developer arising out of, or in connection with, this agreement shall be decided through arbitration of two arbitrators; one to be appointed by the Owners and the other to be appointed by the Developer and the two arbitrators appointing the third arbitrator. The venue of the arbitration proceedings shall be Hyderabad and the provisions of Arbitration and Conciliation Act, 1996, shall be applicable to such proceedings. Law courts in Hyderabad shall alone have exclusive jurisdiction over all matters arising out of, or in connection with this agreement to the exclusion of all other law courts".*

A plain reading of the aforesaid clause makes it amply clear that disputes between the owners and the developer arising out of or in connection with the agreement are to be resolved by way of arbitration in accordance with the provisions of the Act. The applicant seeks refund of the security deposit and payment of the outstanding charges, whereas the

respondents dispute completion of the contractual obligations and claim penalty and damages. These competing claims disclose disputes arising out of the agreement. Furthermore, the questions concerning completion of construction, issuance of the Occupancy Certificate, delivery of possession, entitlement to refund and liability towards the amounts claimed are matters to be considered by the Arbitral Tribunal. The objections on merits raised by the respondents can accordingly be urged before the Arbitrator, who will consider and decide the same after hearing both sides in accordance with law.

12. Therefore, in the given factual circumstances of the case, this Court is inclined to appoint an Arbitrator who, in turn, shall decide the grievances and the claims raised by the parties. Accordingly, this Court appoints **Hon'ble Sri Justice B.Chandra Kumar, former Judge of this High Court (Plot No.2, H.No.8-7-55/B/2, Road No.3, Shirdi Sai Nagar, Hasthinapuram Central, Sagar Road, Karmanghat (V), Saroor Nagar (M), Hyderabad - 500 079, Contact No.8978385151)** to act as an Arbitrator and to pass an appropriate award in terms of the provisions of the Act. The venue of the arbitration shall be decided

mutually by the parties subject to the consultation and agreement of the learned Arbitrator. The fees of the learned Arbitrator also be decided mutually by the parties again in consultation and agreement with the learned Arbitrator and the arbitration proceedings shall be governed in accordance with the provisions of the Act.

13. The Arbitration Application accordingly stands allowed.

14. As a sequel, miscellaneous petitions pending, if any, shall stand closed. However, there shall be no order as to costs.

P. SAM KOSHY, ACJ

Date: 13.11.2026
GSD