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Order QR

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 30.10.2026

DELIVERED ON : 04.11.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

Arb O.P(COM.DIV.) No.579 of 2026
CNR:{HCMA011997542026}

Case QR

1. Alamelumangai
   W/o.Ashok Kumar,
   255/1, M.K.G.Nagar, Maniyakranpalayam,
   Ganapathy, Coimbatroe - 641 006.

2. P.Jeevanandam
   Plot No.14, Anjal Nagar,
   Third Main Street, Madurai - 625 018.

Petitioner(s)

Vs

Raja Alagurajan
S/o.Alagurajan,
Plot No.1935, I Block Flat No.3G,
Shalom Shelter, 38th Street,
5th Avenue, Anna Nagar West,
Chennai.

Respondent(s)

PRAYER: Petition filed under Section 11(6) of the Arbitration and Conciliation Act, 1996 to appoint an Arbitrator in accordance with

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Clause 29 of the Limited Liability Partnership Agreement dated 25.01.2021 entered between the petitioners and the respondent.

For Petitioner(s): Mr.K.V.Babu

For Respondent(s): Mr.R.R.Mohanaraja

ORDER

The petitioners have filed this petition under Section 11(6) of the Arbitration and Conciliation Act, 1996 ("the Act") seeking the appointment of a sole arbitrator to resolve commercial disputes arising out of the Limited Liability Partnership (LLP) Agreement dated 25.01.2021.

2.1. Succinctly put, the facts of the case are that the petitioners and the respondent are business associates. Between August 2018 and August 2019, the petitioners advanced a total sum of Rs.64,00,000/- (Rs.32,00,000/- each) via bank transfers and cash to fund the respondent's hotel management venture. Receipts acknowledging these payments were issued under the entity names

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Alankar Bhavan and Arulrajan Hotel Management Company Private Limited.

2.2. To formalize the business structure and safeguard the funds advanced, the parties entered into a Limited Liability Partnership Agreement on 25.01.2021, constituting "*Yohaan Hotel Management LLP*". Under Clause 6 and Clause 33 of the LLP Agreement, the contributions of the petitioners were formally recognized as pre-formation capital/loans. Furthermore, Clause 8 vested the day-to-day administrative control exclusively with the respondent and one Vidhyalakshmi.

2.3. The petitioners assert that the respondent failed to provide operational accounts or share business returns. On 22.07.2023, a joint meeting was held where options for exit or business transfer were recorded in the Minutes of the Meeting. Subsequently, the respondent issued two cheques of Rs.10,00,000/- each to the petitioners on 26.02.2024 and 27.02.2024. According to the petitioners, these payments covered only accrued interest. As the principal balance remained unpaid, the petitioners issued a

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notice under Section 21 of the Act on 29.06.2026, invoking the arbitration clause.

3. Learned counsel for the petitioners submitted that Clause 29 of the LLP Agreement explicitly provides for dispute resolution through arbitration. It was argued that the liability was acknowledged in Clause 33 of the LLP Agreement and further confirmed by the part-payments made via cheques.

4.1. Per contra, learned counsel for the respondent argued that the claims are non-arbitrable as the matter was settled during the meeting on 22.07.2023. He further submitted that the agreed settlement amount of Rs.10,00,000/- to each petitioner had already been paid in full.

4.2. It was further contended that the business suffered severe financial losses due to the COVID-19 pandemic. Under Clause 11 of the LLP Agreement, the petitioners are required to share operational losses in proportion to their capital contribution. Therefore, the respondent asserted that no further sums are due.

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5. Refuting the aforesaid submission made by learned counsel for the respondent, learned counsel for the petitioners submitted that while the respondent claims full settlement under the Minutes of Meeting dated 22.07.2023, the respondent's reply letter dated 12.08.2026 to the Section 21 notice explicitly acknowledged Clause 29 and expressed willingness to submit to arbitration. Therefore, the dispute cannot be treated as settled or non-arbitrable.

6. This Court has heard the submissions of both counsel and examined the documents on record.

7. The scope of examination under Section 11(6) of the Act is confined to verifying the existence of a valid arbitration agreement. In the present case, the execution of the LLP Agreement dated 25.01.2021 and the presence of Clause 29 are undisputed.

8. The respondent's main defence is that the dispute was resolved under the Minutes of Meeting dated 22.07.2023 following partial payments. However, this argument is untenable. In the

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written reply dated 12.08.2026 issued in response to the petitioners' Section 21 notice, the respondent expressly admitted the arbitration clause. The respondent stated:

> *"Furthermore, my clients admit to Clause 29 of the registered LLP Agreement... In full compliance with the agreed terms, my clients hereby formally nominate Hon. Retd. Justice Dr. T. Mathivanan as potential Arbitrator..."*

9. Having explicitly acknowledged the arbitration agreement and expressed readiness to arbitrate in the written reply dated 12.08.2026, the respondent cannot now claim that the dispute is non-existent or settled. Issues concerning audit of accounts, loss-sharing under Clause 11, and adjustment of payments pertain to the merits of the claims. In the light of well settled position of law, all such factual and financial contentions must be determined by the Arbitral Tribunal.

10. In view of the valid arbitration clause and the written concurrence of the respondent to arbitrate, the petition is allowed and the following directions are issued:

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(i) Mr.V.P.Raman, an Advocate, having office at No.9/3, 2nd Floor, Krishna Avenue, 4th Street, Abhiramapuram, Chennai - 600 018, residing at Chennai, is appointed as the Sole Arbitrator to adjudicate the disputes between the parties arising out of the Limited Liability Partnership Agreement dated 25.01.2021.

(ii) The learned Arbitrator shall file the disclosure declaration required under Section 12(11) of the Act before entering upon the reference.

(iii) The seat and venue of the arbitration shall be Chennai.

(iv) The arbitration proceedings shall be conducted under the aegis of the Madras High Court Arbitration Centre in accordance with the Madras High Court Arbitration Proceedings Rules, 2017. The arbitral fee and administrative charges shall be governed by the Madras High Court Arbitration Centre Rules, 2017, and borne equally by the parties.

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(v) All contentions, counterclaims, and defenses on merits are left open to be raised before the learned Arbitrator.

There shall be no order as to costs.

(SUSHRUT ARVIND DHARMADHIKARI,CJ)
04.11.2026

Index : Yes/No
Neutral Citation : Yes/No
sasi

To

The Assistant Registrar,
Madras High Court Arbitration Centre,
Chennai-600 104.

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THE HON'BLE CHIEF JUSTICE

(sasi)

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