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OSA(CAD) Nos. 62 & 63 of 20



IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 02 / 06 / 2026

PRONOUNCED ON : 15 / 06 / 2026

CORAM

**THE HONOURABLE MR JUSTICE P.VELMURUGAN
AND
THE HONOURABLE MRS.JUSTICE K.GOVINDARAJAN
THILAKAVADI**

**OSA(CAD) Nos.62 & 63 of 2026
AND
CMP Nos.13137 & 13138 of 2026**

K.Prem Kumar Appellant in OSA No.62 of 2026

K.Punniyamoorthy Appellant in OSA No.63 of 2026

Vs

1. Escape Artists Motion Pictures
Rep.by its Sole Proprietor Madan Pandey
No.69A, Habibullah Road, T.Nagar
Chennai 600 017
2. Gautham Vasudev Menon
No.613, Gandhi Street, Kanagam, Taramani
Chennai 600 113
3. S.Venkataraman
S/o.Somasundaram
Old No.15, New No.44 and 46
Rathinam Street, Gopalapuram
Chennai 600 086
4. Kondaduvom Entertainment
Rep by its Director Gautham Vasudev Menon
69/A, Habibullah Road,
T.Nagar, Chennai 600 017

Respondents in both the OSAs



Prayer: The Original Side Appeals are filed under Order 13 of the Commercial Courts Act, 2015 read with Section 37 of the Arbitration and Conciliation Act, 1996, against the order dated 30.04.2026 made in O.A.No.283 of 2023 passed by the learned Single Judge.

For Appellant(s): Mr.S.R.Sundar for Mr.M.Velu in
OSA(CAD)No.62 of 2026

Mr.S.R.Rajagopal
Senior Counsel
for Ms.Aarthi Madan
in OSA(CAD)No.63 of 2026

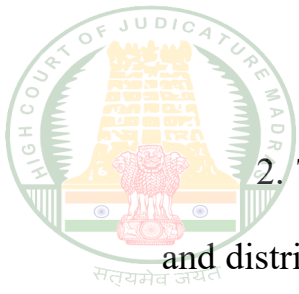
For Respondents: Mr.D.Kannan for R1
Mr.Abdul Hameed
Senior Counsel
assisted by
Ms.Anbarasi Rajendran for
M/s.AAV Partners for R2 & R3

Mr.T.R.Rajagopalan
Senior Counsel for
Ms.Revathi Manivannan
for R4

COMMON JUDGMENT

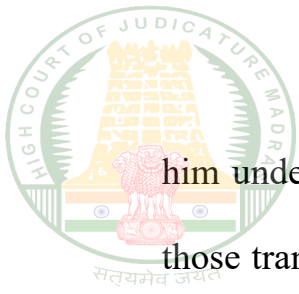
P.Velmurugan J.

These Original Side Appeals challenge the order dated 30.04.2026 passed by the learned Single Judge in O.A.No.283 of 2023. As both appeals arise from the same order and involve interconnected claims arising out of the same set of transactions, they were heard together and are disposed of by this common judgment.



2. The appellants are brothers engaged in the business of film financing and distribution. The second respondent, Mr.Gautham Vasudev Menon, is a film director associated with several Tamil feature films, including Ennai Nokki Paayum Thotta and Dhuruva Natchathiram. The appellants and the first respondent entered into a Tamil Nadu Theatrical Distribution Agreement dated 18.03.2016 in respect of Ennai Nokki Paayum Thotta. Pursuant thereto, the appellants paid an aggregate sum of Rs.13.72 crores towards acquisition of theatrical distribution and exploitation rights. Disputes subsequently arose between the parties in relation to the said transaction. Those disputes were ultimately resolved under a Memorandum of Understanding dated 31.03.2018, which formed part of a compromise decree passed by this Court on 03.04.2018 in O.P.No.932 of 2017. Under the terms of the settlement, the first respondent agreed to pay a total sum of Rs.18.72 crores to the appellants. Out of the said amount, Rs.8.50 crores was paid, leaving a balance of Rs.10.22 crores. To secure repayment of the balance, the first respondent assigned and transferred his 50% share and interest in Dhuruva Natchathiram in favour of the appellants.

3. The appellants further state that they had invested monies in other film projects promoted by the second respondent through entities associated with



him under separate Production Investment Agreements. Disputes arising out of those transactions were referred to arbitration and culminated in arbitral awards dated 28.06.2022 in Claim Nos.1 and 2 of 2019 in favour of the appellants. Proceedings under Section 34 of the Arbitration and Conciliation Act, 1996 were thereafter filed challenging the said awards. However, no order staying operation of the awards was granted and the awards continued to remain enforceable.

4. On 31.01.2025, while disposing of connected Arbitration Original Petitions, this Court set aside the arbitral award in Claim No.2 of 2019 on technical grounds. Consequent to that order, O.A.No.283 of 2023 was also closed. Aggrieved, the appellants preferred O.S.A.(CAD) No.21 of 2025. By order dated 24.02.2025, a Division Bench of this court restored O.A.No.283 of 2023 and directed that it should proceed independently on its own merits.

5. Despite the compromise decree dated 03.04.2018 and the security interest created in their favour over the first respondent's 50% share in Dhuruva Natchathiram, steps were being taken to release the film without adequately safeguarding their rights. Apprehending that revenues generated from the film would be diverted towards other claims and liabilities, the appellants filed



O.A.No.283 of 2023 under Section 9 of the Act seeking interim protection. In addition, they filed O.A.Nos.284 and 285 of 2023 as further post-award applications to secure their interests arising out of arbitral awards dated 28.06.2022. By order dated 03.04.2023, an interim injunction was granted restraining release of the film, which continued during the pendency of the proceedings. On 23.02.2026, the appellants also filed an impleading petition, pursuant to which respondents 2 to 4 were brought on record. Thereafter, the fourth respondent filed an affidavit dated 27.04.2026 setting out particulars relating to the financial position of the project, including amounts allegedly raised by pledging rights over *Dhruva Natchathiram*, rights already sold, alleged vendors, service providers, alleged charge-holders and entities holding court orders who were to be paid prior to the release of the said movie, and amounts allegedly due to the partners of Kondaduvom Entertainment. According to the respondents, the aggregate liabilities connected with the project exceeded Rs.54.32 crores, apart from further interest liabilities.

6. After considering the rival affidavits and submissions, the learned Single Judge held that continued restraint on the release of *Dhuruva Natchathiram* would not serve the interests of any stakeholder. The Court observed that release of the film would facilitate generation of revenue to meet



liabilities and accordingly permitted its release subject to safeguards and payment mechanism, expressly declining to extend the injunction. For better appreciation, the operative portion of the order is extracted hereunder:-

(i) Mr.M.V. Swaroop (mobile no.9003263741) and Mr.H.S.Hredai (mobile no. 9849002853), Advocates, A5, Palani Towers, 65, Venkatanarayana Road, T.Nagar, Chennai-600017, are appointed as observers/overseers. Initial remuneration of Rs.5,00,000/- shall be paid to said Advocates by the second/fourth respondent.

(ii) The fourth respondent shall open a dedicated and designated account in the name of M/s.Kondaduvom Entertainment in relation to the movie DHRUVA NATCHATHIRAM in any scheduled bank with the prior consent of the above Observers/Overseers. A copy of this order shall be handed over to the bank by the Observers/Overseers to ensure that the bank complies with this order in relation to the operation of the account.

(iii) Amounts received from the financiers referred to in paragraph 11 of GVM's Principal Affidavit shall be remitted into the above mentioned account and not into any other account. All payments required to be made prior to the release of the movie to creditors who extended loans for the production of DHRUVA NATCHATHIRAM shall thereafter be made only from and out of this account. Every debit in this regard shall require the prior consent of and be verified and overseen by the Observers/Overseers.

(iv) All revenues generated by the movie shall be remitted only into this account and not any other. The Observers/Overseers shall ensure strict compliance with this condition and report any contravention to this Court forthwith.

(v) All payments required to be made after the release of the movie shall be made only from and out of this account. Every debit in this regard shall require the prior consent of and be verified and overseen by the Observers/Overseers. The Observers/Overseers shall ensure in general that credits into and debits from this account are made strictly in accordance with this order read with GVM's Principal Affidavit and other affidavits filed by the respondents before this Court. Without the prior consent of at least one of the Observers/Overseers, the bank shall not permit debits.

(vi) No payment shall be made from said account to any of the partners of Kondaduvom Entertainment either towards remuneration or share of profit without the prior leave of this Court.

(vii) The fourth respondent is permitted to release the movie DHRUVA NATCHATHIRAM subject to the above terms and conditions and subject to the additional condition that the movie shall be released on or before 15.06.2026. In case it is not possible to release the movie on or before 15.06.2026, in spite of the exercise of best endeavours by the fourth



respondent, said respondent is granted leave to apply to this Court for an extension.

(viii) The Observers/Overseers shall file a report before this Court on the next hearing date.

(ix) For the avoidance of doubt, it is clarified that the movie shall not be released without making the payments agreed to be made prior to the release of the movie.

(x) In relation to the opening of the new account, all the partners of the fourth respondent, including Mr.Madan Pandya, shall extend full cooperation.

(xi) No lien shall be marked on amounts received in this account by any person without the leave of this Court.

(xii) The applicants are restrained from, directly or indirectly, impeding the release of the movie DHRUVA NATCHATHIRAM in any manner.

15. The warrant shall be issued to the Advocates Observers/Overseers on or before 04.05.2026. List the matter on 23.06.2026.

7. Aggrieved by the said order dated 30.04.2026, the present appeals have been filed.

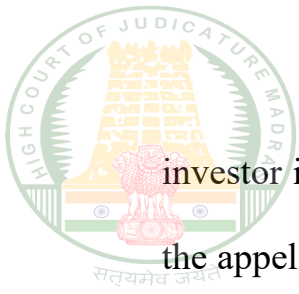
8. The learned counsel for the appellants submitted that the impugned order dated 30.04.2026 is flawed. It was argued that the figures relied upon by the Court from the affidavit of the 4th respondent dated 27.04.2026 were inflated and unverified. The appellants' Additional Affidavit dated 28.04.2026 showed that only Rs.12 crores had been received from Mr.Jaswanth Bhandari and Rs.6 crores from SPM Arts LLP, totalling Rs.18 crores, whereas the 4th respondent claimed Rs.40.90 crores. Likewise, vendor claims of Rs.52,82,790/- were unsupported by invoices or audited records. By accepting these disputed



amounts as mandatory pre-release payments, the Court allowed the respondents to alter the capital structure of the film to the appellants' prejudice.

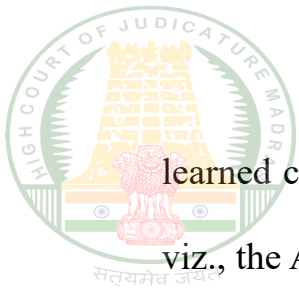
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9. The learned counsel further submitted that the payment framework proposed by the respondents was not genuine but colourable. It was designed to divert the entire pre-release revenues of *Dhuruva Natchathiram* towards inflated or unproven creditor claims and even personal liabilities of the 2nd respondent and his associates. This left nothing for the appellants, who hold a 50% share in the film as a security and arbitral awards in their favour. The learned counsel pointed out that the affidavit of the 4th respondent itself recorded Rs.7.18 crores to be paid to the partners of Kondaduvom Entertainment and Rs.9 crores to the 2nd respondent as directing fees. Even though these amounts were to be paid only after other creditors, their inclusion revealed that the arrangement was self-serving. It was further submitted that the investors mentioned in the affidavit were not mere financiers. In reality, they were being permitted to acquire the film outright under the guise of “funding release” and to appropriate all receipts until recovery of their undisclosed profits. There was no transparent mechanism to share revenues with the appellants or to pay the admitted sum of Rs.10.22 crores. It was submitted that the framework included hidden profit margins and promises by the 2nd respondent to direct future films for the



investor if there was any shortfall. At the same time, there was no safeguard for the appellants' claims. This showed that the arrangement was not a genuine plan to settle debts, but a way to ignore the appellants' established rights and defeat their secured interests.

10. The learned counsel would submit that the Judge failed to consider, or give due weight to, the appellants' Undertaking Affidavit dated 27.04.2026 and Summation of Submissions dated 30.04.2026. In these, the appellants had proposed a balanced mechanism for release of the film through a single "Movie Account" under the control of an Advocate Commissioner, with all proceeds deposited there and only genuine film-related liabilities cleared after independent audit. This safeguard would have kept revenues under Court supervision until competing claims were resolved. The learned counsel would further submit that ignoring these safeguards, despite the appellants' willingness to comply, was contrary to Section 9 of the Arbitration and Conciliation Act, which requires interim measures that preserve the subject-matter, protect award creditors, and ensure transparency in monetisation. The appellants' reliefs were not aimed at blocking release, but at ensuring it occurred in a controlled manner, financiers paid only what was truly due, personal debts of Respondent No.2 excluded, and the appellants' 50% share and award entitlements secured. The



learned counsel would also point out that the order overlooked key documents, viz., the Additional Affidavit dated 28.04.2026 showing inflated creditor claims; the affidavit dated 16.04.2026 with WhatsApp admissions by Respondent No.2; and the draft MoU dated 20.09.2023 proposing settlement, consistent with the appellants' case that Respondent No.2 was central to the transactions but now seeks to evade liability. The learned Judge also failed to consider the counter-affidavit acknowledging the appellants' 50% share in *Dhuruva Natchathiram*, with payments made to Respondents 2 and 4 through banking channels, which was diluted by the impugned order. The learned counsel would further submit that the Court ought to have directed the Receiver/Advocate Commissioner to verify liabilities of Kondaduvom Entertainment against audited records, pay only genuine film-related dues, and then secure sums towards the appellants' decree and arbitral awards. No amounts should have gone to Kondaduvom partners or Respondent No.2 until the appellants' rights were protected.

11. Finally, the learned counsel would submit that the order failed to note that the respondents themselves had admitted liabilities of Rs.31.18 crores during settlement talks, and that Respondents 2 to 4 filed only redacted affidavits, thereby keeping the appellants in the dark about financial



transactions. Despite holding a majority 50% stake, the appellants were left without remedy for their outstanding claims before release of the film. The learned counsel would further submit that the Judge failed to appreciate that the appellants are 50% shareholders, while Respondents 2 and 3 together hold only 16.66%. Yet, despite being the majority stakeholders, the appellants' rights were diluted, and they were left without protection for their entitlements prior to the film's release. Hence, the learned counsel prays that the impugned order dated 30.04.2026 be set aside by allowing this Original Side Appeal.

12. The learned counsel for the first respondent submitted that, although the appellants hold a 50% share and interest in the movie *Dhuruva Natchathiram* under the MoU dated 31.03.2018, the film cannot be indefinitely restrained from release, and that the impugned order appropriately balances the interests of all stakeholders while also safeguarding the appellants' rights.

13. The learned Senior Counsel for respondents 2 and 3 submitted that the appellants cannot claim priority over legitimate third-party financiers and creditors connected with the film, and that the impugned order rightly facilitates the release of the film while providing adequate protection to all concerned parties.



14. The learned Senior Counsel for the fourth respondent also submitted that substantial sums had been raised and liabilities incurred for completion and release of the film, that the payment structure placed before the Court reflected genuine obligations connected with the film, and that the order, which suffers no infirmity, was necessary to enable its release and monetisation.

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

16. The Division Bench, sitting in vacation Court on 21.05.2026, held as follows in C.M.P.No.13137 of 2026:

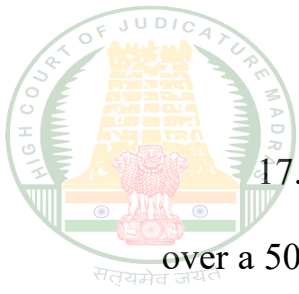
Ms.Indhu Karunakaran, learned counsel accepts notice for the first respondent.

2. Mr.Abdul Hameed, learned Senior Counsel on behalf of M/s.AAV Partners, appeared for the second respondent. Mr.T.R.Rajagopalan, learned Senior Counsel on behalf of Ms.Revathi Manivannan, appeared for the respondents 3 and 4.

3. There shall be no injunction insofar as the release of the movie is concerned.

4. The Advocate Commissioners/Observers appointed in the impugned order will not disburse the amount to the extent of Rs.10.62 crores without the permission of this Court. In case any amount in excess of Rs.10.62 crores is collected, that excess amount can be released by the Advocate Commissioners.

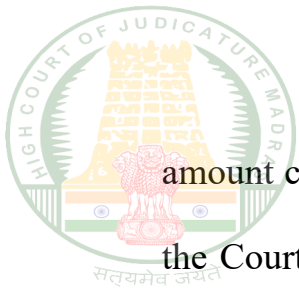
5. Post on 01.06.2026."



17. The principal grievance of the appellants is that, despite their claim over a 50% share and interest in the film *Dhuruva Natchathiram* pursuant to the Memorandum of Understanding dated 31.03.2018, the learned Single Judge permitted the release of the film without adequately safeguarding their asserted rights. It is further contended that several of the liabilities projected by the respondents are disputed and that appropriate protection ought to have been extended to the appellants before permitting the release of the film.

18. The present appeals arise out of an order passed under Section 9 of the Arbitration and Conciliation Act, 1996, granting interim relief. At this stage, the Court is concerned only with examining whether the interim arrangement devised by the learned Single Judge warrants interference in appeal. It is neither necessary nor appropriate to undertake a final adjudication of the rival claims or to conclusively determine disputed questions relating to the extent of liabilities or the priority of conflicting claims.

19. It is not in dispute that the appellants assert a 50% share and interest in the film *Dhuruva Natchathiram* under the Memorandum of Understanding dated 31.03.2018, which formed part of the compromise decree passed by this Court. They further contend that the said arrangement secures the balance



amount claimed by them. At the same time, the respondents have placed before the Court their claim that substantial liabilities have been incurred towards the production, completion and release of the film. Taking into consideration the competing claims, the learned Single Judge has devised a mechanism requiring all receipts and disbursements relating to the film to be routed through a designated account under the supervision of the Court-appointed Observers, thereby ensuring transparency and judicial oversight over the utilisation of funds.

20. A careful reading of the impugned order shows that the learned Single Judge has evolved a comprehensive mechanism to ensure transparency in the receipt and disbursement of funds. All revenues generated from the film are required to be deposited into a dedicated account, and withdrawals from that account are subject to the supervision and approval contemplated under the order. Restrictions have also been imposed on payments to the partners of the fourth respondent without the leave of the Court. The arrangement is intended to regulate the utilisation of funds pending further proceedings.

21. The contentions raised by the appellants with regard to the correctness of the liabilities disclosed by the respondents, the amounts claimed by various



financiers and creditors, and the nature and extent of the appellants' own rights and entitlements involve disputed questions which cannot be conclusively determined in these appeals arising out of an interim order. Those issues are left open for consideration by the learned Single Judge in the pending proceedings, in accordance with law and on the basis of the pleadings and materials that may be placed on record. Further, it is open to the appellants, if aggrieved, to file a modification petition before the learned Single Judge.

22. Having regard to the nature of the arrangement made by the learned Single Judge, we are of the considered view that the impugned order ensures a workable balance between facilitating the release of the film and ensuring that the receipt and utilisation of its revenues remain subject to judicial supervision. We do not find the exercise of discretion by the learned Single Judge to be arbitrary, perverse, or suffering from any patent illegality warranting interference in appellate jurisdiction.

23. During the summer vacation, the Vacation Bench of this Court, by order dated 21.05.2026, issued certain interim directions. In view of the conclusions reached herein, the interim directions dated 21.05.2026 shall stand vacated.



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24. It is made clear that the observations contained in this judgment are only for the purpose of deciding the present appeals against the interim order. They shall not be construed as a final adjudication of the merits of the rival claims or defences of the parties. If any party seeks further directions, clarification or modification of the interim arrangement, it is open to such party to approach the learned Single Judge, who shall consider the same on its own merits and in accordance with law.

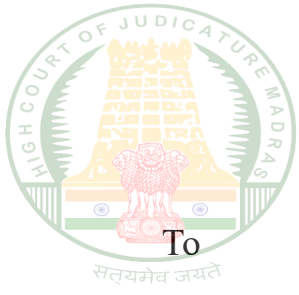
25. For all the aforesaid reasons, we find no ground to interfere with the order dated 30.04.2026 passed by the learned Single Judge.

26. In the result, the Original Side Appeals stand dismissed, and the order dated 30.04.2026 passed by the learned Single Judge is confirmed. Consequently, the connected miscellaneous petitions are closed. There shall be no order as to costs.

[P.V.J.,] [K.G.T.J.,]
15/ 06 / 2026

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

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Madras High Court,
Chennai.



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OSA(CAD) Nos. 62 & 63 of 20



**P.VELMURUGAN J.
AND
K.GOVINDARAJAN
THILAKAVADI J.**

**Pre-delivery Judgment
in OSA(CAD) Nos.
62 & 63 of 2026**

15/ 06 / 2026