

BEFORE THE ARBITRAL TRIBUNAL
Comprising of
HON'BLE JUSTICE (RETD.) SRI. G. YETHIRAJULU
(Sole Arbitrator)
ARBITRAL DISPUTE NO. 10-2024
IN THE MATTER OF ARBITRATION
BETWEEN

M/S. MODI REALTY (SIDDIPET) LLP.
(CLAIMANT)

AND

Y. RAVINDER REDDY & OTHERS
(RESPONDENTS)

**PETITION FILED BY THE CLAIMANT UNDER SECTION
17 OF THE ARBITRATION AND CONCILIATION ACT,
1996**

COUNSEL FOR CLAIMANT

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SHRADDHA GUPTA,
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ANANTH DHANVANTRI**

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06 JULY 2024

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Comprising of
HON'BLE JUSTICE (RETD.) SRI. G. YETHIRAJULU
(Sole Arbitrator)
ARBITRAL DISPUTE NO. 10-2024
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BETWEEN:

M/s. Modi Realty (Siddipet) LLP

CLAIMANT

AND

Y. Ravinder Reddy & Ors. .

RESPONDENTS

INDEX

Sl. No.	Particulars	Date	Page Nos.
1.	Petition filed by the Claimant under Section 17 of the Arbitration and Conciliation Act, 1996	06.07.2024	1-13
2.	Verification Affidavit	06.07.2024	14-15

PLACE: HYDERABAD

DATE: 06.07.2024

COUNSEL FOR CLAIMANT

**BEFORE THE ARBITRAL TRIBUNAL COMPRISING OF SOLE
ARBITRATOR HON'BLE JUSTICE (RETD.) SRI. G. YETHIRAJULU**

I.A No. ____ of 2024

IN

ARBITRAL DISPUTE NO. 10-2024

IN THE MATTER OF ARBITRATION

BETWEEN:

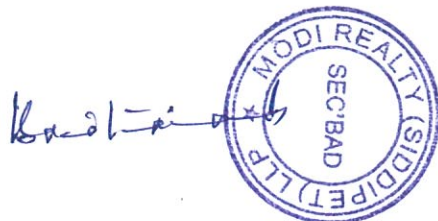
M/S. MODI REALTY (SIDDIPET) LLP.

Represented by its Partner, A. Purushotham
5-4-187/3&4, II Floor, Soham Mansion,
M.G. Road, Secunderabad-500 003,

CLAIMANT

AND

- 1. Y. RAVINDER REDDY**
S/o. Shri Bapu Reddy,
Aged about 56 Years,
R/o. H. No. 2-20,
Mallareddy Nagar,
Prasanth Nagar, Siddipet-502103
- 2. YELLU VIJAY BHASKAR REDDY**
S/o. Shri Bapu Reddy,
Aged about 54 Years,
R/o. H. No. 2-20,
Mallareddy Nagar,
Prasanth Nagar, Siddipet-502103
- 3. YELLU RAJI REDDY**
S/o. Shri Bapu Reddy,
Aged about 50 Years,
R/o. H. No. 2-20,
Mallareddy Nagar,
Prasanth Nagar, Siddipet-502103
- 4. YELLU SRIKANTH REDDY**
S/o. Shri Sanjeev Reddy,
Aged about 44 Years,
R/o. H. No. 2-20,
Mallareddy Nagar,
Prasanth Nagar, Siddipet-502103
- 5. S. SOWMYA**
D/o Yellu Bapu Reddy,



Aged about 43 Years,
R/o. H. No. 2-20,
Mallareddy Nagar,
Prasanth Nagar, Siddipet-502103

6. YELLU MAHENDER REDDY

S/o. Yellu Bapu Reddy,
Aged about 45 Years,
R/o. H. No. 2-20,
Mallareddy Nagar,
Prasanth Nagar, Siddipet-502103

7. YELLU SRINIVAS REDDY

S/o. Yellu Bapu Reddy,
Aged about 53 Years,
R/o. H. No. 2-20,
Mallareddy Nagar,
Prasanth Nagar, Siddipet-502103

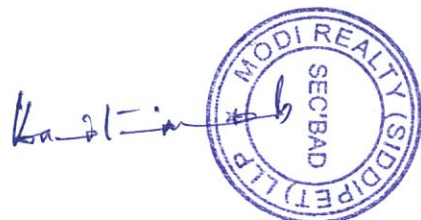
8. YELLU RUKKAMMA

W/o. Yellu Bapu Reddy,
Aged about 75 Years,
R/o. H. No. 2-20,
Mallareddy Nagar,
Prasanth Nagar, Siddipet-502103

RESPONDENTS

**PETITION FILED UNDER SECTION 17 OF THE ARBITRATION AND
CONCILIATION ACT, 1996**

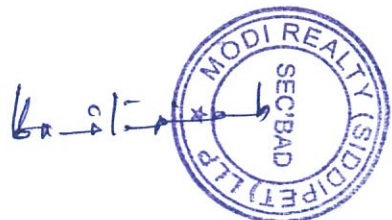
1. The Claimant is filing the present petition under Section 17 of the Arbitration and Conciliation Act, 1996 ("Act") seeking interim protective measures in pursuance of its claim against the Respondents in the instant arbitration proceedings.
2. For the sake of brevity and to avoid prolixity, the contents of the Statement of Claim filed by the Claimant may be read as part and parcel of the instant petition.



3. A brief factual background pertaining to the claim of the Claimant and the interim reliefs sought by way of this petition is provided as follows:

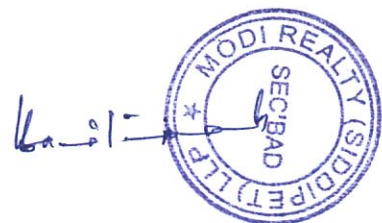
BRIEF FACTS:

4. One Mr. Late Yellu Bapu Reddy was the sole and absolute owner of the land admeasuring a total extent of Ac. 2-04 Gts forming a part of Sy. Nos 2013, 2014 and 2016 in Siddipet Village, Siddipet Mandal, Medak District, Telangana having acquired the same by way of succession from his father.
5. Late Yellu Bapu Reddy has five sons and one daughter namely Shri Ravinder Reddy (Respondent No. 1), Yellu Vijay Bhaskar Reddy (Respondent No.2), Yellu Raji Reddy (Respondent No. 3), Yellu Mahender Reddy (Respondent No. 6), Yellu Srinivas Reddy (Respondent No. 7) and S. Sowmya (Respondent No. 5). Upon demise of Late Yellu Bapu Reddy, the Respondent No. 1, 2, 3, 5, 6 and 7 have succeeded to the estate of their father and are hereby are the joint owners of the aforesaid extent of Ac. 2-04 Gts.
6. Yellu Srikanth Reddy, the Respondent No. 4 herein is the absolute owner of the land admeasuring a total extent of Ac. 2-00 Gts forming a part of Sy. Nos 2013, 2014 and 2016 in Siddipet Village, Siddipet Mandal, Medak District, Telangana having acquired the same by way of two registered gift deeds bearing no. 2871/2010 dated 18th September 2010 and 148/2012 dated 12th October 2012.
7. G. Kumara Swamy and P. Siddulu, who are the original owners and possessors of the land admeasuring Ac. 1-06.60 Gts forming a part of Sy. Nos 2013, 2014 and 2016 in Siddipet Village, Siddipet Mandal,



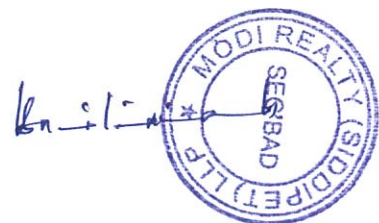
Medak District, Telangana had entered into an agreement of sale in respect of the said land in favour of Respondent No. 1 and Respondent No. 3 and accordingly, the Respondent No. 1 and 3 acquired right title and interest in respect of the said land.

8. In the year 2016, in light of the long standing reputation, goodwill and various completed and ongoing projects of the Claimant group companies, Late Yella Bapu Reddy along with Respondent No. 1 to 4, approached the Claimant herein representing that they are desirous of developing the Subject Property and that the sole owners, pattadars and right holders of the Subject Property and that the Subject Property is free from all encumbrances and liens.
9. Out of the aforementioned extents, land admeasuring Ac 1-27.40 Gts owned by Late Yellu Bapu Reddy, Land admeasuring Ac 1-25 Gts., owned by Respondent No. 4 and land admeasuring Ac. 1-06.60 Gts, being purchased by Respondent No. 1 and Respondent No. 3 from G.Kumara Swamy and P. Siddulu was offered for development to the Claimant. In total Ac. 04-19 Gts in Sy. Nos 2013, 2014 and 2016 situated in Siddipet Village, Siddipet Mandal, Medak District, Telangana, i.e the Subject Property herein was proposed to be developed.
10. On the basis of the representations made by the Respondent No. 1 to 4 and Late Yellu Bapu Reddy, the Claimant and Respondent No. 1 to 4 along with Late Yellu Bapu Reddy mutually agreed to develop the Subject Property into residential complex with villa/independent houses along with club house and other amenities under name and style of **"Villa Marigold" ("Project")**.
11. In pursuance thereof the Claimant, through its sister concern entered into a Letter of Intent on 22nd July 2016 (**"LOI"**) which was duly executed



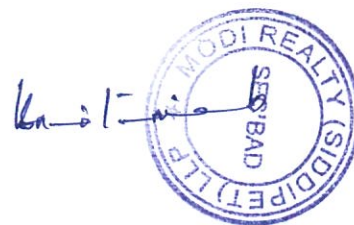
by Respondent No. 1 and Respondent No. 3. The LOI recorded the terms on which the Project would be developed by the Claimant on the Subject Property.

12. In pursuance of the terms of LOI, the Claimant paid a sum of Rs. 10,00,000/- (Rupees Ten Lakhs) as token advance towards the security deposit to the Respondents which was received by the Respondent No. 1 on behalf of all i.e. Late Yellu Bapu Reddy and Respondent No. 2 to 4 by way of a demand draft bearing reference no. 035398 dated 29th July 2016 drawn on HDFC Bank, S.D. Road, an in pursuance of the payment made by the Claimant, the Respondent No. 1 issued a letter of confirmation on 8th August 2016 acknowledging the same.
13. On 6th October 2016, the Claimant obtained the approval for the schematic plan of the Project from Respondent No. 1 on behalf of Late Yellu Bapu Reddy and Respondent No. 2 to 4.
14. Upon obtaining the approval of the schematic plan for the Project, and in pursuance of the terms of the LOI, a Memorandum of Understanding ("**MOU**") was executed between the parties on the same day i.e. 6th October 2016, detailing the terms on which the development of the project was to be undertaken and detailing the rights and obligations of the Claimant, Late Yellu Bapu Reddy and Respondent No. 1 to 4.
15. Subsequent to the execution of the MOU, the Claimant paid an additional sum of Rs. 40,00,000/- (Rupees Forty Lakhs Only) to the parties to the MOU towards security deposit in the following manner:
 - (i) Payment of Rs. 20,00,000/- (Rupees Twenty Lakhs Only) was made by way of RTGS bearing UTR No. HDFCR5201610148470837 dated 14.10.2016 in favour of Respondent No. 1.



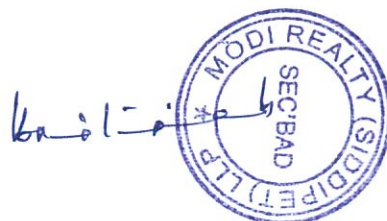
(ii) Payment of Rs. 20,00,000/- (Rupees Twenty Lakhs Only) was made by way of RTGS bearing UTR No. HDFCR5201610148471017 dated 14.10.2016 in favour of Respondent No. 1.

16. It is submitted that, as per Clause 47 of the MOU, to enable Claimant to commence the development of the Project on the Subject Property, the Respondents were obligated, *inter alia* to assist the Claimant to conduct Panchanama and the survey of the Subject Property through the MRO office, irrigation department and other government bodies demarcating the exact area of land forming the Subject Property, to determine the land affected in the proposed 50 wide road on eastern side, land affected in FTL/buffer zone/ NALA on the northern side and land affected in proposed 40 road on south and western side, and the Respondents were obligated to assist and co-ordinate with the Claimant for carrying out due diligence.
17. It is submitted that the possession of the Subject Property was handed over to the Claimant by the Respondents and the Claimant carried out survey of the land to be able to demarcate the boundaries, install Kaddis and place security guards at its cost and expenses.
18. In spite of Claimant's repeated reminders and requests, the Respondents never came forward to comply with their obligations under Clause 47 of the MOU and deliberately violated the terms of the MOU. It is further submitted that, there was no co-operation from the Respondents since the execution of the MOU and all efforts of the Claimant to interact with the Respondents were of no avail.
19. In due course, the Claimant was shocked to find that there are third party claims over the Subject Property by banks when the Claimant



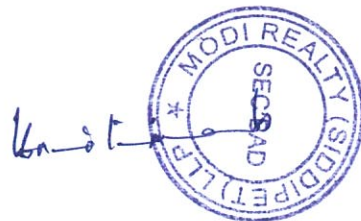
came across an e-auction sale notice issued by Vijaya Bank, Basheerbagh Branch on 06th June 2017. At the time of discussions and deliberations, the Respondents had specifically represented to the Claimant that they are the absolute owners of the Subject Property under the MOU. It is submitted that there was no whisper of any third party claims on the Subject Property.

20. As a result of the above, the Claimant called upon the Respondents to clarify the e-auction sale notice being issued in respect of the Subject Property. However, the Respondents gave evasive replies to the Claimant's requests for clarification and assured that they will respond with further details at the earliest. It shall not be out of place to mention that it is on account of such false representations and existence of third-party claims that the Respondents deliberately did not co-operate with the Claimant and thereby failed to comply with Clause 47 of the MOU to prevent general public from knowing about the proposed development transaction with the Claimant.
21. Considering that investment had already been made by the Claimant and the Claimant had began the process of applying for approvals for developing the Subject Property, the Claimant patiently awaited the response of the Respondents. The evasive tactics adopted by the Respondents made it amply clear that the Respondents, with the malafide intention of duping the Claimant and encashing money from them made false representations with no intention of honoring the terms of the MOU.
22. It is submitted that, the Claimant constrained by the actions of the Respondents had no other option, but to terminate the MOU and called upon the Respondents to refund the security deposit of Rs.50,00,000/- (Rupees Fifty Lakhs) along with an interest of 18% per annum under



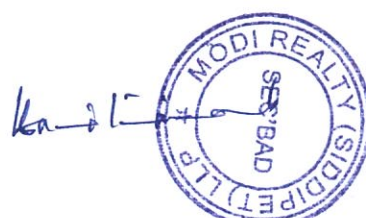
Clause 48 of the MOU, and the same was intimated to the Respondents by way of letter dated 23rd May 2019.

23. In response to the Claimant's letter dated 23rd May 2019, the Respondent No. 3 and Respondent No. 4 by way of reply letters dated 17th June 2019 and 09th July 2019 made false, frivolous and concocted allegations against the Claimants and denying their liability to refund the security deposit inspite of categorical acceptance of the same in the MOU.
24. It is submitted that in view of the malafide approach of the Respondents and having terminated the MOU, the Claimant withdrew from the Subject Property by vacating from the Subject Property and withdrawing its security personnel.
25. It is submitted that, as the Claimant suffered huge reputational loss, financial loss and hardship on account of deliberate breach on part of the Respondents, in view of their unreasonable conduct and since the Respondents did not show any interest in resolving the issue amicably, the Claimant had no other option but to invoke arbitration under Clause 54 of the MOU.
26. The Claimant as per Clause 54 of the MOU issued a notice for commencement of arbitration on 19 July 2019, for refund of the security deposit i.e. Rs. 50,00,000/- (Rupees Fifty Lakhs) along with an interest of 18% per annum as damages towards the losses incurred by the Claimant as a result of breach of terms of the MOU by the Respondents and nominating Retd. Justice C. V. Ramulu as the arbitrator.
27. Further, instead of complying with the notice dated 19th July 2019, the Respondents, by way of reply dated 14th August 2019, once again raised



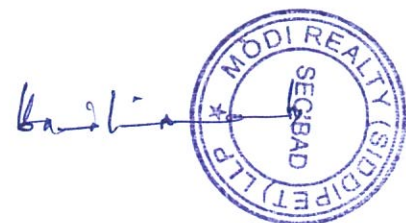
false and frivolous claims against the Claimant on misleading and baseless allegations.

28. It is brought to the kind notice of this Hon'ble Tribunal that, under the garb of false and baseless allegations, by denying the Claimant their legitimate rights and entitlements under the MOU, the Respondents have tried to unjustly enrich themselves at the cost of the Claimant and tried to escape their liability under the MOU. This clearly reflects the intention of the Respondent to cause wrongful loss to the Claimant and defraud the Claimant.
29. In the above circumstances and concerned with the deliberate omissions and commissions of the Respondents, the Counsel of the Claimant filed a Petition under Section 9 of the Arbitration and Conciliation Act, 1996 on 26th September 2019, bearing Arb O.P. No. 108 of 2019 before the Hon'ble III Additional Chief Judge, City Civil Court, Hyderabad.
30. Despite the lapse of a considerable amount of time since the issuance of the notice for arbitration in July, 2019, the Respondents did not come forward to commence the arbitration. As such upon filing of the Petition bearing Arb O.P. No. 108 of 2019, the Counsel of the Claimant issued a Reminder Notice for the initiation of the arbitration proceedings on the 24th December 2019 to the Respondents while simultaneously refuting the claims made in the Reply issued on behalf of the respondents dated 14th August. 2019.
31. It is relevant to bring to the notice of this Hon'ble Tribunal, the conduct of the Respondents in pursuing the application filed under Section 9 of the Act. In spite of the nature of the said Petition and acute urgency, the Respondents have only protracted the matter. After entering appearance, the Claimant was informed only on 30th January 2020 that

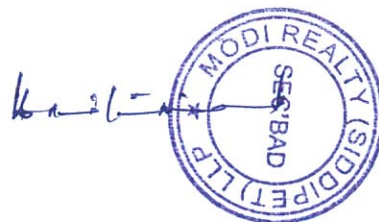


Late Yellu Bapu Reddy had demised. It is submitted that in spite of repeated requests and representations, the Respondent No. 1 to 4 did not furnish the details of all the legal heirs of Late Yellu Bapu Reddy for over three years as a delaying tactic. It is only on 20th September 2023 that Respondent No. 1 to 4 filed a memo before Hon'ble III Additional Chief Judge, City Civil Court, Hyderabad intimating the names of the legal heirs of Late Yellu Bapu Reddy.

32. It is further submitted that despite appearing in 2019, the Respondents did not file their counter to the Section 9 application till date, only to frustrate the rights of the Claimant and further harass the Claimant.
33. It is further submitted that, on account of lack of co-operation from the Respondents in appointing an arbitrator, the Counsel of the Claimant filed an Arbitration Application in compliance with Section 11(5) and 11(6) of the Arbitration and Conciliation Act, 1996 R/W Scheme for Appointment of Arbitrators before the Hon'ble Telangana High Court, bearing ARBAPPL No. 224/2022 for the Appointment of Sole Arbitrator to adjudicate the claims and disputes that arose between the parties pursuant to the Memorandum of Understanding dated 6th October 2019 and it is after a period of two years that the Hon'ble High Court of Telangana *vide* order dated 26th March 2024 appointed Hon'ble Justice (Retd.) Sri .G. Yethirajulu as the sole arbitrator to adjudicate this matter.
34. It is most humbly submitted that the facts and circumstances stated above make it amply clear that the Respondents have deliberately, with malafide intent breached the terms of the MOU since inception and encashed a sum of Rs. 50,00,000/- from the Claimant and as they do not intend to refund the same with interest, the Respondents have tried to prolong the arbitral proceedings to frustrate the rights of the Claimant.



35. Thus, it is clear that the Respondents' object is to frustrate, obstruct or delay any arbitral award passed against them. It is therefore evident from the Respondents' conduct that they will seek to evade the arbitral award that is inevitably passed in these proceedings. The amount in dispute must therefore be secured.
36. It is a settled position of law that the intention behind Section 17 of the Act is the issuance of an order for preservation of the subject matter of an arbitration agreement. Section 17(ii)(b) of the Act provides that the Arbitral Tribunal may pass an order to secure the amount in dispute in the arbitration and Section 17(ii)(e) that the Arbitral Tribunal may pass such interim measure of protection as may appear to the court to be just and convenient.
37. The Respondents are admittedly in receipt of the Security Deposit of Rs. 50,000/- and have admitted to execution of the MOU are bound by the terms of the MOU which categorically provides for the refund of the Security Deposit along with interest at 18% per annum. As such, the Claimant shall succeed in its claim, both under law and equity and hence the Claimant has a prima facie case for refund of admitted amount of Security Deposit.
38. The Claimant's concern was aggravated upon learning about the auction notices issued by banks in respect of the Schedule Property. The Claimant is unaware of the present position of these auctions. The Claimant has reliably learnt that the Respondents do not have requisite financial capability to refund the Claimant its legitimate dues. Further, in view of the past conduct of the Respondents, the Claimant apprehends that the Respondents may secretly siphon off and divert their assets or otherwise seek to dissipate their assets to deprive the Claimant of the benefits of the arbitral award for the aforesaid claims which will in all likelihood be awarded to the Claimant in the arbitral



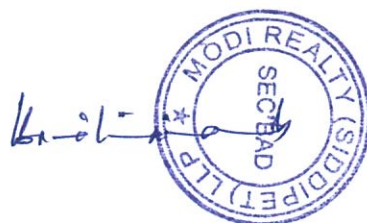
proceedings leaving the award to a mere paper decree on account of financial inability of the Respondents. In such an event, the Claimant will suffer irreparable loss. On the other hand, no prejudice will be caused to the Respondents if they are directed to secure the claims likely to be awarded in the Claimant's favour. In the unlikely event that the claims are rejected, the security furnished by the Respondents will be released to them. Viewed thus, the balance of equity and convenience is clearly in favour of the Claimant.

Hence this Petition.

PRAYER:

In the view of the facts and circumstances set out herein above, the Claimant humbly prays that this Hon'ble Tribunal may be pleased to grant the following interim relief in exercise of its power under Section 17 of the Act:

- a. Grant an order, directing the Respondents to, jointly and severally, furnish security commensurate with the claims of the Claimant aggregating to Rs. 1,49,46,464/- (Rupees One Crore Forty Nine Lakhs Forty Six Thousand Four Hundred and Sixty Four) by furnishing a Bank Guarantee, or any other suitable security which the Hon'ble Court deems fit pending conclusion of the arbitration proceeding, and the enforcement of the award made therein;
- b. In the alternative, and without prejudice to the above, if it is contended and held that the Claimant is not entitled to the security for the entire claim (including the claim for damages), grant an order directing the Respondents to, jointly and severally, furnish security at least in the sum of Rs. 1,19,98,795/- (Rupees One Crore Nineteen Lakhs Ninety Eight Thousand Seven Hundred and Ninety Five Only) i.e. Security Deposit along with interest;



- c. Upon failure of the Respondents to furnish security as mentioned above, grant an order of attachment of the Schedule Property being land area to the extent of Ac 4-19 Gts., forming part of Sy. Nos. 2013, 2014 & 2016, Siddipet Village, Siddipet Mandal, Siddipet District (formerly part of Medak District), Telangana, defined in detail in the Schedule appended to this petition.
- d. Pass any such other order in favour of the Claimant that this Hon'ble Tribunal deems fit in the facts and circumstances of the case and in the interest of justice and equity.

SCHEDULE OF PROPERTY

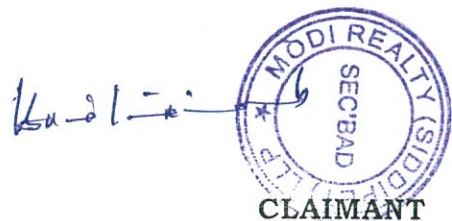
All that portion of the land area to the extent of Ac 4-19 Gts., forming part of Sy. Nos. 2013, 2014 & 2016, Siddipet Village, Siddipet Mandal, Siddipet District (formerly part of Medak District), Telangana and bounded by:

North: Neighbours land in Sy. No. 2013, 2014 & 2015

South: 24' Road

East: 50' Road

West: 24' Road



DATE: 06.07.2024

PLACE: HYDERABAD

COUNSEL FOR CLAIMANT

BEFORE THE ARBITRAL TRIBUNAL
Comprising of
HON'BLE JUSTICE (RETD.) SRI. G. YETHIRAJULU
(Sole Arbitrator)

I.A.NO. OF 2024
IN
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IN THE MATTER OF ARBITRATION

BETWEEN:

M/s. Modi Realty (Siddipet) LLP

CLAIMANT

AND

Y. Ravinder Reddy & Ors.

RESPONDENTS

VERIFICATION AFFIDAVIT

I, Sitarmanjaneyulu Burri, S/o. Koteswar Rao Burri, Aged about ____ years, R/o, 6-107/1, Plot No. 1, Sri Venkateshwara Colony, near Grampanchayati, Injapur, Hayatnagar, Ranga Reddy, Telangana – 501510, the General Manager and the Authorized Representative of the Claimant company herein, do hereby solemnly affirm and declare as follows:

1. That I am the General Manager/Authorised Representative of the Claimant in the present Arbitral Proceedings and competent to sign and verify the instant Statement of Claim. I am fully aware of the facts and circumstances of this matter and hence, I am competent to swear this affidavit.
2. That I have gone through the contents of the paragraph 1 to 38 of the accompanying Petition which has been drafted by the Counsel at my




- instance based on the records maintained by the Claimant Company, in the normal course of business and believed to be true and correct and the contents of the petition may be read as part and parcel of this affidavit and the same are not repeated herein for the sake of brevity.
3. I say that there is no false statement or concealment of any material fact, documents or record and having included information which according to me is relevant for the present matter.
 4. I say that I am aware that for any false statement or concealment, I shall be liable for action against me under the law.

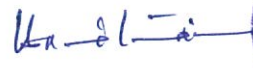


DEPONENT

VERIFICATION

I, the above named deponent, do hereby verify that the contents of this affidavit are true to my knowledge and belief; no part of it is false and nothing material has been concealed therefrom.

Verified at Hyderabad on July 06th 2024



DEPONENT