

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)

CHIEF EVIDENCE AFFIDAVIT OF CLAIMANT WITNESS 1

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_____ **JUNE 2025**

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CHIEF EVIDENCE AFFIDAVIT OF CLAIMANT WITNESS 1:

I, G. Kanka Rao, S/o. G. Subba Rao, Aged about 66 years, Occ – General Manager, Modi Properties Private Limited, R/o. H. No. 1-1-364/18/A, Jawahar Nagar, RTC X Road, Hyderabad 500020 , do hereby solemnly affirm and sincerely state on oath as follows:

1. I state that I am General Manager of Modi Properties Private Limited, which is the group company of the Claimant and the Company which was originally involved in negotiations with the Respondents. I was associated with the persons involved in the present transaction and hence well aware of the facts of the case and competent to depose as under.



2. I further place on record that the Statement of Claim in the present proceedings were signed by Mr. Sitaramanjeneyulu and he was introduced as CW1, however, on account of his current medical condition, he had to undergo an eye-surgery and hence is indisposed to depose before this Hon'ble Tribunal. It is thus in these circumstances, the Claimant Company, by way of Resolution Letter dated 10.06.2025 has authorized me to depose on behalf of the Claimant in the present proceedings. I state that I am aware of the contents of the Statement of Claim and the documents filed therewith.
3. I state that the Claimant herein is a limited liability partnership firm incorporated under the Limited Liability Partnership Act, 2008 *vide* Limited Liability Partnership Agreement, dated 12th October, 2015 and is engaged in the business of real estate construction and development either through itself or through its group companies.
4. I state that the Claimant was specifically incorporated for purposes of business of *inter alia* real estate development of residential houses, apartments and villas in respect of the Subject Property.
5. I state that the Respondents are admittedly the joint owners of total extent of land admeasuring Ac. 4-19 Gts situated in Sy. No. 2013, 2014 and 2016 situated in Siddipet Village, Siddipet Mandal, Siddipet District (formerly Medak District), Telangana ("**Subject Property**") which forms the subject matter of the Memorandum of Understanding dated 06th October 2016 executed



between the Claimant, one Late Mr. Yellu Bapu Reddy and Respondent No's. 1 to 4 ("**Original Land Owners**").

6. I state that 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 they are the sole owners, pattadars and right holders of the Subject Property and that the Subject Property is free from all encumbrances and liens.
7. I state that 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**").
8. I state that 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 which recorded the terms on which the Project would be developed by the Claimant on the Subject Property.
9. I state that 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 Y. Ravinder Reddy on behalf of 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, and 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.

10. I state that 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. Upon obtaining the approval of the schematic plan for the Project, and in pursuance of the terms of the LOI, the Claimant entered into a Memorandum of Understanding ("**MOU**") with Late Yella Bapu Reddy, Respondent No. 1 to 4 on the same day i.e. 6th October 2016, which detailed the terms on which the development of the project was to be undertaken and detailed the rights and obligations of the Claimant, Late Yellu Bapu Reddy and Respondent No. 1 to 4.
11. I state that subsequent to the execution of the MOU, the Claimant had paid Late Yellu Bapu Reddy and Respondent No. 1 to 4 an additional sum of Rs. 40,00,000/- (Rupees Forty Lakhs Only) 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.

12. I state 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.
13. I state that the Claimant and the Respondents mutually agreed that, upon completion of due-diligence and obtaining the necessary permissions and sanction, the Claimant shall execute a General Power of Attorney or a General Power of Attorney cum Joint Development Agreement or a General Power of Attorney cum Agreement of Sale in favour of the Respondent as also outlined in Clause 28 of the MOU.
14. I state 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



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boundaries, installed Kaddis and place security guards at their own cost.

15. I state that in spite of the 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. I further state 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.
16. I state that 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.
17. I state that, the Claimant requested the Respondents to provide clarification regarding the e-auction sale notice issued in respect of the Subject Property. However, instead of providing clear and direct responses, the Respondents furnished evasive replies to the Claimant's requests for clarification, assuring that they would provide further details at the earliest but failed to do so. It was only in their Statement of Defense that they revealed that the e-auction notice pertained to a different property, despite the Claimant having raised this concern on multiple occasions.
18. 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.

19. I state that 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.
20. I state 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. 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, denying their liability to refund the security deposit inspite of categorical acceptance of the same in the MOU.
21. I state 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.



22. I state 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.
23. I state that the Claimant 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 and damages towards the losses incurred by the Claimant as a result of breach of terms of the MOU.
24. I state that 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.
25. I state that 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 Counsel of the Claimant issued a Reminder Notice for the initiation of the arbitration proceedings on the 24th of December 2019.
26. I state that it is only on 30th January 2020 that the Claimant was informed that Late Yellu Bapu Reddy had demised. I state 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 until 20th September 2023.

27. I reiterate that, the Claimant has rightfully terminated the MOU and got issued a legal notice dated 19.07.2019 commencing arbitration as per clause 54 of MOU as the Claimant suffered huge financial and reputational loss on account of the Respondents failure to fulfil their obligations under the MOU and since the Respondents did not show any interest in resolving the issue amicably. Had the Claimant taken up an alternative project during the time and with the resources invested in the present project, it would have successfully completed that venture and realized significant profits. The opportunity cost incurred by the Claimant due to its engagement with this project has caused immense financial and operational setbacks to the Claimant and thereby the Claimant is entitled to claim an amount of Rs.25,00,000 (Rupees Twenty Five Lakhs) towards damages along with reimbursement of expenditure incurred and return of security deposit with interest.

28. In support of my submissions I am placing reliance on the following documents:

Annexure No.	Date	Description of document
1	12.10.2015; 02.05.2016	LLP Agreement dated 12.10.2015 and Admission Deed 02.10.2016
2	02.05.2016	Letter of Authorization issued in favour of me




3	22.07.2016	Letter of Intent
4	08.08.2016	Letter issued by Respondent No.1 to the Claimant acknowledging the receipt of the token advance
5	06.10.2016	Letter of approval of schematic plan of the Project along with copy of the Schematic plans
6	06.10.2016	Memorandum of Understanding
7	06.06.2017	E-auction sale notice issued by Vijaya Bank, Basheerbagh
8	23.05.2019	Copy of letter terminating the MOU issued by the Claimant to the Respondent dated 23.05.2019
9	17.06.2019; 09.06.2019	Copy of the letters issued by the Respondents
10	19.07.2019	Notice issued by the Claimant commencing the arbitration
11	14.08.2019	Reply Notice issued by the Respondent along with the postal receipt and tracking report
12	24.12.2019	Reminder Notice issued by the Claimant
13	20.09.2023	Copy of the memo filed by the Respondent No.1 to 4 intimating the names of the legal heirs of Late Yella Bapu Reddy
14	26.03.2024	Order passed by the Hon'ble High Court of Telangana appointing




		Hon'ble Justice Yethirajulu as the sole arbitrator
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The following documents may be marked as Ex. CD-1 to CD -14 on my behalf and the following reliefs may be granted in favour of the Claimant and against the Respondent –

- A. Directing the Respondents to jointly and severally pay the Claimant a sum of Rs. **1,19,98,795/-** (Rupees One Crore Nineteen Lakhs Ninety Eight Thousand Seven Hundred and Ninety Five Only) i.e. the security deposit along with accrued interest (as on 30th June 2024), along with interest at the rate of 18% until date of actual payment, payable to the Claimant towards the refund of Security Deposit.
- B. Directing the Respondents to jointly and severally pay a sum of Rs. 4,47,669/- (Rupees Four Lakhs Forty Seven Thousand Six Hundred and Sixty Nine) to the Claimant towards expenses incurred on the Subject Property.
- C. Directing the Respondents to jointly and severally pay a sum of Rs. 25,00,000/- (Rupees Twenty Five Lakhs Only) towards damages, by the Respondent to the Claimant.
- D. Pass an order that the Respondents pay all costs of, and associated with, these arbitration proceedings, including the fees and expenses of the Claimant, including but not limited to the legal fees and expenses of their legal counsel, the fees and expenses of witnesses, experts and consultants, plus post-award interest on those costs so awarded.
- E. Pre- and post-award interest on all sums awarded to the Claimant at a rate of SBI PLR +2% per annum;



F. Any other relief or other reliefs as the Hon'ble Tribunal may deems fit and proper in the circumstances of the case.

The documents pertaining to the expenditure incurred by the Claimant towards the Subject Property are dealt with by the accounts team of the Claimant and the necessary documents shall be filed by the concerned person from the Claimant's accounts team.

I hereby declare that the above statements made by me in connection with the Subject Property and the transaction with the Respondents are true and correct to the best of my knowledge and belief and nothing has been concealed therein.

DATE: 21.06.2025
PLACE: Hyderabad



CLAIMANT

ADVOCATE