2026:MHC:4140

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 25.09.2026

DELIVERED ON : 08.10.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

Arb O.P(COM.DIV) No. 817 of 2025

Case QR

CNR:{HCMA012987972025}

Manikandan
S/o.S.Sankara Narayanan,
No.63C, Vinai Theertha Vinayagar Kovil Street,
Pettai, Tirunelveli - 627 004.
Presently residing at
14/AS5, John My Royal Apartments,
Pioneer Kumarasamy Nagar, Perumalpuram,
Thirunelveli.

Petitioner

Vs

1.Antony Franklin
S/o.Soosai Micheal,
No.75, Tamil Nagar, Reddiyarpatti,
Thirunelveli.

2.Senthil Kumar
S/o.Thangavelu,
54, Ramalinga Adikalar Street,
Kamadenu Nagar, Vilupuram.

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3.Raj Navaneeth
S/o.Bala Subramanian,
35, VOC 1 Main Road, Kodambakkam,
Chennai - 600 024.

Respondents

PRAYER: Petition filed under Section 11(6) of the Arbitration and Conciliation Act, 1996 to appoint an impartial and independent Arbitrator to adjudicate the disputes between the petitioner and the respondents.

For Petitioner: Mr.Ramalingam.A.

For Respondents: Mr.S.R.Rajagopal
Senior Counsel
for M/s.B.L.S.Prasad

ORDER

This Arbitration Original Petition has been filed under Section 11 of the Arbitration and Conciliation Act, 1996, seeking the appointment of a Sole Arbitrator to adjudicate disputes that have arisen between petitioner and respondents under two separate Partnership Deeds dated 23.09.2016 (pertaining to Annam Metal Industries) and 30.12.2016 (pertaining to Star Craft).

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2.1. Petitioner states that he and respondents entered into two partnership agreements to carry on business under the firm names Annam Metal Industries (registered on 23.09.2016) and Star Craft (registered on 30.12.2016). According to petitioner, all four partners held equal shares in both entities. It is pleaded that, over time, financial differences and administrative operational issues emerged regarding production, statutory compliances and daily accounts. Petitioner alleges that individual and institutional investments and financial transactions occurred between these two firms and another entity named Raddisun Integrated Organic Farm.

2.2. Petitioner claims that despite several personal efforts to settle the differences amicably, respondents refused to cooperate. Consequently, on 07.02.2025, petitioner issued a letter requesting the appointment of a Sole Arbitrator pursuant to Clause 17(k) of the Partnership Deeds. As petitioner did not receive any affirmative response, he issued a formal notice invoking Section 21 of the Arbitration and Conciliation Act, 1996, on 14.08.2025. Respondents issued a reply notice dated 21.08.2025, wherein they denied the

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claims and asserted that petitioner had been removed from the firms. Petitioner maintains that his alleged removal was unlawful and that the arbitration clause ought to be enforced by this Court.

3.1. Respondents vehemently opposed the petition on multiple grounds, raising serious issues regarding the maintainability of the petition and the conduct of petitioner. It is alleged that while respondents were employed abroad, petitioner was entrusted with exclusive operational and financial control over both firms, including sole operation of the bank accounts. It is alleged that petitioner abused this trust by issuing nine unauthorized cheques totaling Rs.1.20 Crores to his immediate family members when the accounts lacked funds, resulting in dishonouring of the cheques. Additionally, audit reviews revealed unauthorized fund transfers amounting to Rs.78,99,373/- from the firms' bank accounts to petitioner's personal accounts, as well as the diversion of inventory worth approximately Rs.45 Lakhs.

3.2. It is further alleged that, on account of gross breach of trust, a meeting of partners was convened on 14.08.2024, wherein

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a resolution was passed expelling petitioner from both partnership firms. The statutory authorities, including the Assistant Inspector General of Registration, Tirunelveli, subsequently approved the reconstitution of the firms on 18.09.2025 and 23.09.2025, confirming that petitioner ceased to be a partner as of 14.08.2024.

3.3. The respondents also stated that prior to invoking arbitration, petitioner instituted a comprehensive commercial suit in C.O.S.No.3 of 2024 before the Principal District Court, Tirunelveli. In that suit, petitioner himself raised elaborate pleadings and issues regarding the exact same monetary investments and fund allocations involving Annam Metal Industries, Star Craft and Raddisun Integrated Organic Farm.

4. This Court has given its thoughtful consideration to the submissions made by learned counsel on both sides, carefully examined the affidavits filed, and scrutinized the documents placed on record.

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5. The crucial issue that falls for consideration before this Court is whether petitioner can seek a reference to arbitration under Section 11 of the Arbitration and Conciliation Act, 1996, while having already instituted a civil suit before a competent judicial forum covering the exact same subject matter and financial transactions.

6. Upon a careful examination of the plaint filed by petitioner in C.O.S.No.3 of 2024 before the Principal District Court at Tirunelveli, it is evident that petitioner has already approached the Civil Court to resolve disputes surrounding these entities.

7. In paragraph 14 of the said civil plaint, petitioner explicitly pleaded that a sum of Rs.85,92,453/- was transferred/borrowed from the accounts of Annam Metal Industries to Raddisun Integrated Organic Farm across various dates between 08.02.2018 and 12.05.2022. He further claimed that his purported share in those funds, calculated as Rs.21,48,113/-, was treated as his personal capital contribution towards Raddisun Integrated Organic

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Farm, taking his total claimed investment in that entity to Rs.62,28,113/-.

8. A comparison of the pleadings in the present arbitration petition and the civil suit demonstrates a complete identity of subject matter:

(a) In paragraph 3 of his supporting affidavit dated 11.11.2025 filed before this Court, petitioner specifically relies upon the selfsame financial transactions and capital movements between Annam Metal Industries, Star Craft, and Raddisun Integrated Organic Farm as the core foundation of his dispute.

(b) The aforesaid financial transactions, fund allocations and inter-firm claims form the central core of the civil suit initiated by petitioner in Tirunelveli.

9. The legal consequence of this prior civil action is decisive. Having opted to file a regular commercial suit before the civil court, where the rights, fund flows and financial adjustments between

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Annam Metal Industries, Star Craft, and Raddisun Integrated Organic Farm are *sub judice*, petitioner cannot simultaneously invoke the extraordinary jurisdiction of this Court under Section 11 of the Arbitration and Conciliation Act, 1996, to seek a parallel adjudication through arbitration.

10. The doctrine of election of remedies and the principle against multi-forum litigation strictly preclude a party from pursuing two parallel judicial proceedings for the resolution of identical financial claims and partnership disputes. Petitioner cannot be allowed to initiate a civil suit before a court on complex financial matters involving third-party firms and thereafter pursue a summary reference to a private arbitral tribunal for the very same underlying cause of action.

11. Furthermore, the issues surrounding the utilization, diversion and accounting of funds from Annam Metal Industries and Star Craft are so thoroughly intertwined with the claims made in the civil suit involving Raddisun Integrated Organic Farm, which is not even a party to the arbitration clause in the Partnership Deeds of

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the former two firms, that any split adjudication would inevitably lead to conflicting judicial decisions and insurmountable procedural confusion.

12. Since petitioner has already submitted the entire subject matter of the dispute, including the utilization and accounting of funds from the two partnership firms, to the jurisdiction of the civil court in Tirunelveli, the present petition seeking appointment of an arbitrator is wholly non-maintainable and impermissible in law.

For the aforegiven reasons, Arb. O.P. (Comm. Div.) No. 817 of 2025 stands dismissed, sans costs.

(SUSHRUT ARVIND DHARMADHIKARI,CJ)
08.10.2026

Index : Yes
Neutral Citation : Yes
bbr/sasi

To

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

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THE HON'BLE CHIEF JUSTICE

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Arb.O.P.(Com.Div) No.817 of 2025

08.10.2026

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