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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
IN ITS COMMERCIAL DIVISION

COMM ARBITRATION PETITION (L) NO.25100 OF 2026

Vikas Babulal Khandelwal ... Petitioner

Vs.

1. **Shree Krishna Sai Development Corporation**
2. **Ashok Babulal Khandelwal**
3. **Vijay Babulal Khandelwal**
4. **Babulal Bhagwandas Khandelwal**
5. **Welfare Properties Private Limited**
6. **Parvati Helters Private Limited**
7. **Vishvardan Company Private Limited**
8. **Sea Star Mercantiles Private Limited**
9. **Shree Sai Helters Private Limited**
10. **Advent Helters Private Limited**
11. **Arena Developers Private Limited**
12. **Amiraj Constructions ... Respondents**

Mr. Zal Andhyarujina, Senior Advocate with Mr. Karl Tamboly, Ms. Aakansha Agarwal, Ms. Dipti Das, Mr. Sunil A Vyas, Mr. Aagam Mehta, Mr. Meet Vithalani, Mr. Pranav Ameta, and Ms. Sakshi Verma i/by Fox Mandal & Associates LLP for the Petitioner.

Mr. Pravin Samdani, Senior Advocate with Mr. Mayur Khandeparkar, Mr. AbhiHek Kothari and Ms. Chitra Rao for Respondent No.2.

Mr. Himanshu B. Takke for Respondent No.3.

Mr. Sharan Jagtiani, Senior Advocate with Mr. Akshay Doctir i/by Sneha Vani for Respondent No.4.

Mr. Ashish Kamat, Senior Advocate with Mr. Aditya Mehta, and Mr. Hiren G. Shah for Respondent No.12.

CORAM	**: AMIT BORKAR, J.**
RESERVED ON	**: AUGUST 29, 2026**
PRONOUNCED ON	**: SEPTEMBER 2, 2026**

JUDGMENT:

1. The Petitioner has filed the present Petition under Section 9 of the Arbitration and Conciliation Act, 1996. The Petitioner seeks urgent ad-interim and interim measures for protection and preservation of the property which is the subject matter of the dispute and is more particularly described in the Petition. According to the Petitioner, the need to approach this Court has arisen because Respondent No. 2, without informing the Petitioner and without obtaining him concurrence or consent, executed and registered two Agreements for Sale, both dated 2 July 2026, in favour of Respondent No. 12. The said Agreements relate to Shop Nos. 1 and 2 in the building known as "Khandelwal Tattva". The total consideration stated in the two Agreements is Rs. 11,90,40,000/- (Rupees Eleven Crore Ninety Lakh and Forty Thousand Only). The Petitioner seeks various protective orders. These include an order restraining the Respondents from selling, transferring or creating any third-party rights in the assets and properties of the Firm. The Petitioner seeks protection of the amount received and the amount which may be received under the said Agreements for Sale. He seeks preservation of the books of accounts and other records of the Firm, a direction that the affairs of the Firm be conducted strictly in accordance with the Partnership Deed dated 14 July 2015, and an order restraining Respondent No. 12 from acting upon the said Agreements for Sale until the arbitration proceedings are decided.

2. The facts which, according to the Petitioner, have led to filing of the present Petition are as follows. Respondent No. 1 was constituted and registered as a partnership firm in the year 2001. At the initial stage, the Petitioner and Respondent Nos. 2 to 4 were its partners. A Partnership Deed was executed between them to regulate the constitution, management, business and other affairs of Respondent No. 1 Firm. Thereafter, Respondent No. 1 was reconstituted and Respondent Nos. 5 to 11 were inducted as partners. A fresh Partnership Deed dated 14 July 2015 was accordingly executed between the Petitioner and Respondent Nos. 2 to 11. The said Partnership Deed sets out the respective rights and obligations of the partners and provides for the manner in which the affairs of Respondent No. 1 Firm are to be conducted. Clause 19 of the Partnership Deed contains the arbitration agreement. Under the said clause, disputes, and differences between the partners are required to be dealt with through arbitration. The Petitioner states that on 1 April 2025, Respondent No. 2 had attempted to alienate Shop No. 2 in the building known as "Sai Iconic" without the prior knowledge, concurrence, or consent of the Petitioner. The dispute arising from that transaction was amicably resolved between the parties. However, according to the Petitioner, while resolving that earlier dispute, He never gave his consent or agreed that Respondent No. 2 could in future deal with or transfer the assets of the Firm unilaterally. The Petitioner disputes any suggestion that He had acquiesced in, waived or consented to such future dealings. In spite of this, Respondent No. 2, claiming to act for and on behalf of Respondent No. 1 Firm, executed and registered Agreement for Sale-I dated 2 July 2026 in favour of Respondent No. 12. The said Agreement concerns Shop No. 1 in the building known as "Khandelwal Tattva" and records consideration of Rs. 8,59,50,000/-. The Petitioner states that this Agreement was executed without his prior knowledge, concurrence and/or consent. Respondent No. 2 executed and registered Agreement for Sale-II dated 2 July 2026 in favour of Respondent No. 12 concerning Shop No. 2 in the same building. The consideration stated in that Agreement is Rs. 3,30,90,000/-. According to the Petitioner, this Agreement came to be executed without his prior knowledge, concurrence and/or consent. It is in these circumstances, and particularly because the two Agreements for Sale were executed in respect of the Firm's properties without the Petitioner's consent, that the Petitioner has approached this Court under Section 9 of the Arbitration and Conciliation Act, 1996 seeking interim protection pending arbitration.

3. Mr. Zal Andhyarujina, learned Senior Advocate appearing for the Petitioner, submitted that Respondent No. 2 had no express authority to execute the impugned Agreements for Sale without obtaining the consent of the partners. According to the Petitioner, He had never given any express authority to Respondent No. 2, either by a resolution, power of attorney, agreement, letter or by any other document, to enter into the impugned Agreements for Sale or to sell or otherwise transfer the immovable properties belonging to Respondent No. 1 Firm. It was submitted that Clauses 10 and 15 of the Partnership Deed require the consent of the partners before any partnership property can be dealt with or transferred. The submission of the Petitioner is that Respondent No. 2 could not have acted alone in transferring the partnership properties.

4. Respondent No. 2 and Respondent No. 12 contend that the Petitioner had authorised the transactions in question. For this purpose, they rely upon two alleged Authority Letters dated 13 September 2025 which were addressed to MahaRERA. In reply to this contention, the Petitioner has disputed both the existence and the effect of the said Authority Letters and has made the following submissions. The Petitioner states that he had no knowledge of the alleged Authority Letters until those documents were produced for the first time along with the Affidavits-in-Reply filed by Respondent Nos. 2 and 12. According to the Petitioner these documents were never within his knowledge or possession before they were relied upon by the Respondents in the present proceedings.

5. The Petitioner states that after the alleged Authority Letters were produced, he arranged for an independent forensic examination of the signature appearing in his name on those letters. According to the Forensic Report dated 18 August 2026 prepared by Ms. Nisha Menon, Certified Forensic Expert and Consultant and Director-Technical / Founder of Square Forensic

Advisors Pvt. Ltd., eleven admitted signatures of the Petitioner were examined. The report concluded that the signature appearing on the alleged Authority Letters did not belong to the Petitioner. The Petitioner disputes that he had signed or issued the said letters. The Petitioner states that when He sought inspection of the original Authority Letters, Respondent No. 2 and his Advocate informed him that the original documents were "untraceable". According to the Petitioner, the inability to produce the original documents is a circumstance which requires the alleged Authority Letters to be examined with caution.

6. The Petitioner submits that even assuming that the alleged Authority Letters were in fact executed by him, those letters cannot be understood as giving authority to Respondent No. 2 to execute the impugned sale transactions or to take decisions for creating third-party rights in the Firm's properties. The Petitioner gives several reasons for this submission. First, the alleged Authority Letters are not signed by all the partners of Respondent No. 1 Firm, namely Respondent Nos. 5 to 11. Respondent Nos. 2 and 12 contend that the three persons who signed the letters are shareholders and directors of Respondent Nos. 5 to 11 and their signatures are sufficient. The Petitioner disputes this position. According to him, Respondent Nos. 5 to 11 are separate juristic entities. Their individual corporate identity cannot be ignored merely because the persons signing the letters may be their shareholders or directors. The Petitioner submits that, at the least, the signatures of Respondent Nos. 5 to 11 ought to appear on the Authority Letters. Second, according to the Petitioner, the actual wording of the alleged Authority Letters does not give authority to "execute" the sale agreements. The authority, according to him, relates only to the procedural act of registration of the sale agreements. The Petitioner relies upon the distinction recognised under the Registration Act between execution of a document and its admission or presentation for registration. Third, the Petitioner submits that the wording of the letters shows that the authority was restricted to what was required for submitting documents before the MahaRERA Authority. Thus, according to the Petitioner, the letters could not be treated as a general authority to sell the Firm's immovable properties.

7. The Petitioner points out that Respondent No. 2 has executed those Agreements "for and on behalf of" Respondent No. 1 Firm, but the alleged Authority Letters have not been annexed to the Agreements. Similarly, the Agreements do not enclose the Partnership Deed, any Power of Attorney or any other document showing the authority of Respondent No. 2 to enter into such transactions. According to the Petitioner, such documents would be relevant for a person dealing with a partnership firm and claiming to purchase its immovable property. The Petitioner relies upon the List of Annexures to the Agreements to submit that Respondent No. 12 did not have before it any document showing the alleged authority of Respondent No. 2. The Petitioner submits that Respondent No. 2 cannot rely upon any implied authority under Section 19(2)(g) of the Indian Partnership Act, 1932. According to the Petitioner, the settled legal position is that the implied authority of a partner does not extend to transfer of immovable property belonging to the partnership firm, unless there is a specific contract, usage, or custom permitting such action. On this basis, the Petitioner submits that the impugned transactions cannot bind Respondent No. 1 Firm. The Petitioner has disputed the claim of Respondent No. 2 that there was an "established practice" under which Respondent No. 2 had previously executed Agreements for Sale on behalf of the Firm in respect of other projects entrusted to him. According to the Petitioner, whether such a practice existed, and what its legal effect was, would require evidence and would be matters for consideration in the arbitration. In any event, the Petitioner submits that such a practice has not been shown even prima facie. On the contrary, according to the Petitioner, the earlier transaction relating to Shop No. 2 in "Sai Iconic" in favour of Vincent Mathias is the only previous instance relied upon. In that transaction, Respondent No. 2 had attempted to alienate partnership property without the Petitioner's consent. The Petitioner had objected to it and the dispute was amicably resolved between the partners. According to the Petitioner, that settlement was limited to that particular transaction. It did not amount to consent, waiver by the Petitioner in respect of any future unilateral transaction concerning the assets of the Firm.

8. The Petitioner submits that the conduct of the parties before the impugned transactions does not support the case of Respondent No. 2 regarding any established authority or practice. According to the Petitioner, on 1 July 2026, that is, one day before the impugned transactions, Respondent No. 4, who is the father of the Petitioner and Respondent Nos. 2 and 3, sent a WhatsApp message to the partners of Respondent No. 1 Firm. In that message, it was expressly stated: “... Accordingly, no partner, director, or any person acting on behalf of the partnership/company shall negotiate, agree to, execute, or complete any sale, transfer, assignment, or creation of any third-party rights in any immovable property having a transaction value exceeding Rs. 3 crore without first disclosing the complete terms of the proposed transaction, including the identity of the proposed purchaser, the full disclosed consideration, and mode of payment to all partners/ directors”. The Petitioner submits that, despite this communication being made before the impugned transactions, Respondent No. 2 proceeded to execute the Agreements for Sale without obtaining the Petitioner's consent and without disclosing the proposed transactions to him or to the other partners.

9. The Petitioner relies upon a communication made by him in February 2026. According to the Petitioner, he had stated: "Since there is so much mistrust in the environment, I want my signature on all sale documents as well as of the sites that we are incurring debt for." The Petitioner relies upon this statement to show that He had expressed him position that his signature should be obtained on sale documents. According to him, this circumstance is inconsistent with the suggestion that Respondent No. 2 was understood to have unrestricted authority to enter into sale transactions concerning the Firm's properties.

10. The Petitioner submits that the transaction in favour of Respondent No. 12 is, at the first sight, at a grossly undervalued consideration and raises serious questions regarding the manner in which the transaction was entered into. According to the Petitioner, the circumstances indicate that the transaction was not an ordinary arm's length transaction. The Petitioner submits that the impugned Agreements for Sale were executed by Respondent No. 2 in favour of Respondent No. 12 for an aggregate consideration of approximately Rs. 25,98,80,000/-, which works out to approximately Rs. 30,000/- per square foot. According to the Petitioner, this is substantially below the prevailing market value. He relies upon the sales mandate of JLL India, according to which the prevailing market rate was Rs. 1,00,000/- per square foot. He relies upon a feasibility report prepared in 2023 by the son of Respondent No. 2, which records a rate of Rs. 80,000/- to Rs. 85,000/- per square foot. The Petitioner relies upon the CBRE Market Research Report dated 20 August 2026, which records nine comparable transactions at an average rate of Rs. 94,689.22/- per square foot. It is stated that the Petitioner had received an offer from a prospective purchaser at Rs. 90,000/- per square foot and that this offer was communicated to all the partners, including Respondent No. 2. The Petitioner submits that there is a large difference between the consideration mentioned in the impugned Agreements for Sale and the market value which, according to him, was available for the same properties. It is his case that such a difference is harmful to the interest of Respondent No. 1 Firm. The Petitioner questions the arrangement relied upon by Respondent Nos. 2 and 12 regarding adjustment of contractual dues against the sale consideration. According to the Petitioner, this arrangement does not appear credible when the documents relied upon by the Respondents are compared with the terms of the impugned Agreements for Sale. First, Respondent No. 2 relies upon alleged letters of adjustment dated 2 July 2026 and 6 July 2026. The Petitioner submits that the terms of these letters are inconsistent with the terms of the impugned Agreements for Sale, even though the letters are stated to have been executed on the same dates as the relevant transactions. Second, under the alleged letters of adjustment, Respondent No. 12 states that it would not demand payment of the dues payable by the Firm under the Work Order until the Firm paid the corresponding sale consideration. It is stated that the installments payable by Respondent No. 12 under the impugned Agreements would correspond with the running construction bills becoming due after certification and acceptance by the site engineer of Respondent No. 1 Firm. According to the Petitioner, this arrangement is inconsistent with the impugned Agreements for Sale. Under those Agreements, Respondent No. 12 was required to pay almost the entire sale consideration, except the amounts of Rs. 1,00,000/- and Rs. 5,00,000/- respectively, upon obtaining the Occupational Certificate, which was stated to be on or before 31 December 2030. Third, the impugned Agreements for Sale do not refer to the alleged set-off arrangement, although the arrangement is said to have been made on the same day. Fourth, the Agreements contain an Entire Agreement clause. The Petitioner submits that the alleged letters of adjustment cannot be relied upon to vary the written terms of the Agreements.

11. The Petitioner submits that he was never informed about these arrangements and that the work on the concerned projects was still only at the plinth level. According to him, there was no crystallised debt payable to Respondent No. 12 which could reasonably explain the alleged set-off arrangement. The Petitioner relies upon subsequent transactions between Respondent Nos. 1 and 12 after this Court passed the status quo Order dated 31 July 2026. According to the Petitioner, Respondent No. 12 transferred an aggregate amount of approximately Rs. 49,50,000/- to Respondent No. 1 Firm. Thereafter, on 5 August 2026, an amount of Rs. 23,52,014/- was transferred from the account of Respondent No. 1 Firm to Respondent No. 12. The Petitioner states that neither of these transactions was disclosed to him. He submits that, according to the payment schedule contained in the impugned Agreements for Sale, no sale consideration was due from Respondent No. 12 at that stage. According to the Petitioner, these subsequent transfers raise a serious question as to the genuineness of the alleged set-off arrangement and show an attempt by Respondent Nos. 2 and 12 to create subsequent documents and entries supporting the impugned transactions. The Petitioner submits that the impugned transaction does not adequately deal with the consequences which would follow if Respondent No. 12 fails to pay the balance sale consideration or fails to perform its obligations under the Work Order. According to the Petitioner, the risk arising from such default cannot be permitted to fall upon Respondent No. 1 Firm merely because Respondent No. 2 and Respondent No. 12 entered into the disputed arrangement. The

Petitioner submits that the terms of the transaction require protection of the Firm's interest until the dispute is decided.

12. On the basis of the above circumstances, the Petitioner submits that the nature of the transaction requires immediate protection of the Firm's properties. According to the Petitioner, the transaction involves sale of valuable partnership assets to the Firm's own contractor at a price which is substantially below the alleged market value. It is alleged that the transaction is connected with a set-off arrangement which was neither disclosed to nor approved by the Petitioner in his capacity as a partner. The Petitioner submits that these circumstances prima facie show a transaction involving a conflict of interest and self-dealing by Respondent No. 2, contrary to his duties towards the Firm.

13. The Petitioner relies upon the judgment of the Division Bench of this Court in *Girish Mehta v. Mahesh Mehta,* 2009 SCC OnLine Bom 1986. According to the Petitioner, the said judgment holds that the jurisdiction of the Court under Section 9 of the Arbitration and Conciliation Act, 1996 is wide. The Court exercises this jurisdiction on equitable considerations and can grant protection where such protection is necessary to ensure that the eventual arbitral award can be effectively implemented. The Petitioner submits that the power under Section 9 is not necessarily restricted to orders against persons who are parties to the arbitration agreement or the arbitral proceedings. According to the Petitioner, in an appropriate case, an order can be passed against a third party, particularly where such third party claims through or under a party to the arbitration agreement and does not have an independent right in the subject matter. On this basis, the Petitioner submits that this Court has sufficient jurisdiction under Section 9 to protect the partnership properties even where the person against whom protection is sought is not a party to the arbitration agreement. In this context, the Petitioner submits that the rights claimed by Respondent No. 12 are derivative in nature. According to him, Respondent No. 12 claims its rights under the impugned Agreements for Sale executed by Respondent No. 2 on behalf of Respondent No. 1 Firm. Its alleged rights depend upon the authority of Respondent No. 2 to enter into those Agreements. The Petitioner submits that the mere fact that there is no separate arbitration agreement between the Petitioner and Respondent No. 12 does not prevent this Court from exercising jurisdiction under Section 9. According to the Petitioner, where a third party claims through or under a party to the arbitration agreement, the Court can pass appropriate protective orders against such third party when necessary to preserve the subject matter of the dispute. The Petitioner submits that Respondent No. 12 has a direct and substantial connection with the disputed transactions. According to the Petitioner, Respondent No. 12 is not merely a third party having an incidental connection with the dispute. It is the contractor engaged in respect of two projects and is the purchaser under the impugned Agreements for Sale. The Petitioner submits that Respondent No. 12 has actively participated in the transactions which are under challenge. Unless Respondent No. 12 is before the Court and is subjected to appropriate protective directions, according to the Petitioner, an effective order for preservation and protection of the partnership assets cannot be passed. The Petitioner submits that its presence in the proceedings is necessary for giving meaningful effect to any interim protection granted by the Court. Finally, the Petitioner submits that the balance of convenience is in his favour. According to him, the reliefs sought are mainly intended to preserve the existing position and prevent any sale, transfer, or creation of third-party rights in the partnership assets, including the shops covered by the impugned Agreements for Sale, until the disputes are decided in arbitration. The Petitioner submits that refusal of such protection may cause serious and irreparable loss to the Firm. In particular, He apprehends permanent loss of valuable partnership properties at prices which, according to him, are approximately one-third of their true market value. He apprehends that partnership funds or profits may be diverted through Respondent No. 12. The Petitioner submits that the interests of justice require interim protection of the partnership properties and the other reliefs sought in the Petition pending arbitration.

14. Mr. Pravin Samdani, learned Advocate appearing for Respondent No. 2, submitted that the Petitioner and Respondent Nos. 2 to 4 belong to the same family. According to him, each of them has, or indirectly, a 25% interest in Respondent No. 1 Firm. He submitted that the Petitioner and Respondent Nos. 2 to 4 hold partnership interests in Respondent Nos. 5 to 11, which are partners of Respondent No. 1. Thus, according to Respondent No. 2, the relationship between the parties and their respective interests in the Firm have to be understood in the background of this family arrangement and the manner in which the business has been conducted. It was submitted that the Petitioner, who is the brother of Respondent Nos. 2 and 3 and the son of Respondent No. 4, has filed the present Petition under Section 9 of the Arbitration and Conciliation Act, 1996. The Petition is based on Clause 19 of the Partnership Deed dated 14 July 2015, which contains the arbitration agreement between the partners of Respondent No. 1. Respondent No. 1 is carrying on the business of real estate development. In the ordinary course of that business, its stock-in-trade consists of residential and units which are developed for sale. According to Respondent No. 2, the Petitioner has filed the present Section 9 Petition seeking, amongst other reliefs, an order restraining transactions which were entered into in the ordinary course of the Firm's business. The impugned Agreements for Sale were executed by Respondent No. 2 on behalf of Respondent No. 1 in favour of Respondent No. 12. They concern the sale of units forming part of the stock-in-trade of Respondent No. 1 in two redevelopment projects being carried out by the Firm. These projects are known as Khandelwal Tattva ("Tattva Project") and Khandelwal Acropolis ("Acropolis Project"). The details of the Agreements for Sale relied upon by Respondent No. 2 are as follows:

Sr. No.	Concerned Project	Unit No.	AFS Date	Price
1.	Khandelwal Tattva	Shop No. 1	02.07.2026	Rs. 8,58,50,000/-
2.	Khandelwal Tattva	Shop No. 2	02.07.2026	Rs. 3,30,90,000/-

3.	Khandelwal Acropolis	Shop No. 1	06.07.2026	Rs. 2,67,70,000/-
4.	Khandelwal Acropolis	Shop No. 2	06.07.2026	Rs. 3,55,80,000/-
5.	Khandelwal Acropolis	Shop No. 3	06.07.2026	Rs. 1,43,10,000/-
6.	Khandelwal Acropolis	Shop No. 4	06.07.2026	Rs. 3,80,00,000/-
7.	Khandelwal Acropolis	Shop No. 5	06.07.2026	Rs. 2,59,80,000/-

15. Respondent No. 2 submits that the present Section 9 Petition is mainly based on two allegations made by the Petitioner. The first is that Respondent No. 2 did not have authority to independently enter into Agreements for Sale on behalf of Respondent No. 1 Firm. The second is that the units in the Tattva Project and the Acropolis Project were sold to Respondent No. 12 at prices below their market value. Respondent No. 2 disputes both these allegations. It is the case of Respondent No. 2 that Respondent No. 1 is a partnership firm constituted under the Deed of Partnership dated 14 July 2015. The Petitioner and Respondent Nos. 2 to 4 are partners in several other partnership firms which are, amongst other things, engaged in real estate development. According to Respondent No. 2, there has been a family practice in these firms under which each brother is entrusted with the operation and management of particular real estate projects being undertaken by the concerned firm. This arrangement, according to Respondent No. 2, is based upon mutual trust between the family members. Such responsibility is not limited to day-to-day management. It includes signing and executing Agreements for Sale relating to the projects entrusted to the concerned partner. Respondent No. 2 submits that the present case is governed by Section 19(1) of the Indian Partnership Act, 1932, and not by Section 19(2). According to him, his authority arose from the usual manner in which the partners had conducted the Firm's business.

16. Respondent No. 2 submits that, in any event, there was specific written authority in relation to the Tattva Project and the Acropolis Project. According to him, the Petitioner and Respondent Nos. 3 and 4 executed letters authorising Respondent No. 2, amongst other things, to sign, execute and register Agreements for Sale. Respondent No. 2 alleges that the Petitioner has not disclosed the authority letter dated 21 February 2020 concerning Khandelwal Tattva and the authority letter dated 5 December 2024 concerning Khandelwal Acropolis. According to him, both these documents were executed by the Petitioner well before the impugned transactions and show that Respondent No. 2 had been authorised to deal with the sale of units in these projects. Respondent No. 2 relies upon the conduct of the Petitioner in other projects. According to him, whenever particular projects were entrusted to the Petitioner for implementation and management, the Petitioner had, on several occasions, signed and executed Agreements for Sale without obtaining a separate consent from all the partners. It is submitted that the Petitioner cannot now contend that Respondent No. 2 had no similar authority. Respondent No. 2 states that Respondent No. 12 was selected through a transparent and competitive tender process and was appointed as the contractor for both the Tattva Project and the

Acropolis Project.

17. Respondent No. 2 explains the circumstances in which the impugned Agreements for Sale came to be entered into with Respondent No. 12. According to him, Respondent No. 1 had earlier attempted to obtain finance from ICICI Finance Ltd. to meet its liquidity requirements. That attempt was allegedly stalled because of the actions of the Petitioner. Respondent No. 2 submits that, because the Firm could not obtain the required finance, it fell into default in several obligations. These included obligations towards members of the concerned housing societies relating to transit arrangements and other commitments, as well as obligations towards financiers and other operational creditors. Respondent No. 2 submits that, in these circumstances, an arrangement had to be made so that the Tattva Project and the Acropolis Project could continue and be completed. Both projects are redevelopment projects of housing societies. According to Respondent No. 2, Respondent No. 12 was the contractor for these projects. The Agreements for Sale were entered into as part of a arrangement which, in substance, operated like a barter or adjustment arrangement. Under this arrangement, Respondent No. 12 would raise its construction bills against Respondent No. 1. At the same time, Respondent No. 1 would raise corresponding sale consideration against Respondent No. 12 for the units agreed to be sold. The amounts payable by one side to the other would then be adjusted against each other. Respondent No. 2 submits that this arrangement was made to ensure that the projects did not stop for want of funds.

18. Respondent No. 2 submits that Respondent No. 1 is a real estate developer and that the petitioner has accepted in the present Section 9 Petition that the Firm's business includes sale of residential and units. According to Respondent No. 2, the units sold to Respondent No. 12 were part of the stock-in-trade of Respondent No. 1. The sale of such units was consequently part of the ordinary business of the Firm. He submits that neither the Partnership Deed dated 14 July 2015 nor the Indian Partnership Act, 1932, contains any prohibition against such sale. Respondent No. 2 submits that there was no legal bar preventing him from entering into the impugned Agreements for Sale in the course of the Firm's business. It is submitted that, in any event, Respondent No. 2 executed the impugned Agreements for Sale in exercise of the authority available to him under Sections 19(1) and 21 of the Indian Partnership Act, 1932. According to him, his authority to bind the Firm arose from the nature of the business, the manner in which the partners had previously conducted their affairs and the responsibility entrusted to him for the concerned projects.

19. Respondent No. 2 points out that Respondent No. 1 Firm has not been dissolved. There is, according to him, no allegation made by the Petitioner that the funds of Respondent No. 1 have been misappropriated or siphoned off. In these circumstances, Respondent No. 2 submits that the Court should be slow in granting an injunction which may interfere with the continuing business of a real estate development firm. Such an order, according to him, may adversely affect the Firm's ability to complete ongoing redevelopment projects and discharge its obligations towards the concerned housing societies and other persons connected with the projects. Respondent No. 2 submits that Respondent No. 1 is involved in several real estate projects and is not confined only to the Tattva Project and the Acropolis Project. According to him, different projects have been entrusted to different partners for implementation and management. Therefore, if an injunction is granted only against the projects managed by Respondent No. 2, an unequal and unfair situation would arise. The two projects being implemented by Respondent No. 2 on behalf of Respondent No. 1 would be stopped or restricted, while projects being implemented by Respondent No. 3 or by the Petitioner, if any, would be allowed to continue. Respondent No. 2 submits that such an order would affect the functioning of the Firm in an unequal manner.

20. Respondent No. 2 submits, without prejudice to his principal contentions, that the question whether the units were sold at an under-value is a matter which has to be decided in arbitration. According to him, the Petitioner has made allegations regarding the valuation of the units and the manner in which the transactions were entered into. These allegations require evidence and final adjudication. If the Arbitral Tribunal finds that Respondent No. 2 acted improperly or committed any of the acts alleged by the Petitioner, Respondent No. 2 submits that he would be bound by the final Award and would meet the consequences in accordance with law. On this basis, it is submitted that there is no present necessity to grant an injunction which may interfere with the continuing business and ongoing redevelopment projects of

Respondent No. 1.

21. Mr. Sharan Jagtiani, learned Senior Advocate appearing for Respondent No. 4, submitted that the Petitioner and Respondent Nos. 2 and 3 are siblings and Respondent No. 4 is their father. According to him, the understanding between the partners regarding the management and affairs of Respondent No. 1 Firm is recorded in the Partnership Deed dated 14 July 2015. He particularly relied upon Clause 10, which requires the partners to act faithfully towards each other and towards the Firm. He relied upon Clause 15, which does not permit any partner to assign, mortgage, alienate or otherwise deal with the Firm's properties without the consent of all the partners. He referred to Clause 19, which contains the arbitration agreement between the partners. According to Respondent No. 4, these provisions have to be considered while examining whether Respondent No. 2 had authority to enter into the impugned transactions. As regards the contention that the sales made by Respondent No. 2 in favour of Respondent No. 12 were without authority, Mr. Jagtiani submitted that Respondent No. 2 executed seven registered Agreements for Sale in respect of the Retail Shops without informing the other partners and without obtaining their written consent. According to him, this was a clear violation of Clauses 10 and 15 of the Partnership Deed. He submitted that the transactions are contrary to the duties and obligations of partners under the Indian Partnership Act, 1932, particularly Sections 9, 12, 16 and 19. It was submitted that Respondent No. 4 had communicated to the Petitioner, Respondent No. 2 and Respondent No. 3 that no partner could undertake or complete any sale, transfer, assignment or creation of third-party rights in any Firm asset or property without first disclosing the complete details of the transaction and obtaining the prior written consent of the partners. According to Respondent No. 4, this requirement was intended to maintain transparency in the Firm and to protect the interests of the Firm and all its partners. It was particularly necessary, according to him, to prevent a transaction which might be at an undervalue or otherwise cause loss to the Firm or its partners.

22. As regards the Authority Letters, Mr. Jagtiani submitted that Respondent No. 12 has relied upon two Authority Letters dated 13 September 2025. According to Respondent No. 4 these letters do not give Respondent No. 2 authority to enter into the impugned Agreements for Sale or any general authority to sell or transfer the Firm's properties. He submitted that the authority contained in the letters was essentially for carrying out administrative or procedural acts after the Firm had taken the relevant decision. Any such decision would necessarily have to be taken in accordance with the Partnership Deed and, wherever required under the Deed, with the written consent of all the partners. The letters, according to him, did not permit Respondent No. 2 to take a unilateral decision on behalf of the Firm or the other partners. The nature of the acts mentioned in the letters, such as dealing with documents, signing them and giving possession, has to be understood in this limited context. Mr. Jagtiani submitted that even otherwise, the authority contained in the letters was restricted to acts arising in the ordinary course of the business and functioning of Respondent No.

1 Firm. According to him, transferring seven Retail Shops to the Firm's contractor, Respondent No. 12, as an alleged advance payment towards construction work to be performed in future cannot be treated as an ordinary transaction of the Firm's business. He submitted that the Authority Letters were issued for the limited purpose of complying with MahaRERA requirements and did not confer any general or unrestricted power upon Respondent No. 2 to alienate the Firm's properties. It was submitted that the Authority Letters do not even refer to the Partnership Deed. They cannot be treated as documents by which the partners intended to give up or waive the requirement contained in Clause 15 that the consent of all partners be obtained before dealing with partnership property. Mr. Jagtiani pointed out that neither the impugned Agreements for Sale nor the Work Orders make any reference to these Authority Letters. According to him, this is significant because, if the Agreements had been entered into in exercise of the authority said to have been granted by those letters, the documents would have referred to such authority. On this basis, Respondent No. 4 submits that the Authority Letters are being relied upon for a purpose which is not supported by their actual terms.

23. As regards the contention that the transaction with Respondent No. 12 is a sham transaction, Mr. Jagtiani submitted that the circumstances surrounding the transfer of seven Retail Shops show that the transaction is questionable. According to him, Respondent Nos. 2 and 12 rely upon two letters dated 2 July 2026 and 6 July 2026 to contend that the consideration payable for the

Retail Shops would be adjusted against amounts payable to Respondent No. 12 under the Work Orders.

24. Mr. Jagtiani submitted that the terms of the Work Orders do not support such an arrangement. Clause 3(II) of the Work Order provides for payment upon receipt of material at the construction site. Clauses 4 and 5 deal with submission, certification, and payment of running account bills and final bills. Clause 7 read with Clause 8(II)(c) records that the profit of Respondent No. 12 is to be 20% of the Material Cost and Labour Cost incurred. According to Respondent No. 4, these provisions show that payment under the Work Orders was linked to the actual progress of construction and the expenditure incurred. It was submitted that the arrangement contemplated by the Work Orders was essentially a pay-as-you-go arrangement. Payment was to be made according to the work performed and the material and labour costs incurred. According to Mr. Jagtiani, the impugned transactions are completely different because seven Retail Shops were transferred to Respondent No. 12 even before the corresponding construction work was completed. In substance Respondent No. 12 is alleged to have received the benefit of the sale before performing the work for which the alleged adjustment was being made.

25. Mr. Jagtiani submitted that this arrangement is contrary to the terms of the Work Orders, under which payments were to depend upon the progress of work and the actual material and labour costs incurred. He submitted that the alleged adjustment or set-off arrangement does not find any place in the seven registered Agreements for Sale. The Work Orders dated 9 March 2026 relating to Khandelwal Tattva and 27 June 2026 relating to Khandelwal Acropolis do not provide for any such adjustment of the sale consideration against future construction payments. According to Respondent No. 4, the alleged set-off arrangement does not appear to make sense. It would effectively mean that Respondent No. 1 has given the benefit of the entire sale consideration to Respondent No. 12 even though the construction work for which payment was to become due was still to be carried out in future. Mr. Jagtiani submitted that the claim of Respondent No. 12 that it had carried out substantial construction work is not supported by reliable documentary material. According to him, there are no measurement Heets, running account bills or certificates issued by an independent engineer or architect to establish the extent of work allegedly performed.

26. Mr. Jagtiani submitted that the letters relied upon by Respondent Nos. 2 and 12 are inconsistent with the Work Orders, which provide for payment on the basis of actual work and actual costs. He submitted that the Authority Letters did not authorise Respondent No. 2 to take such decisions and bind Respondent No. 1 Firm. Thus, according to Respondent No. 4, there is both absence of authority and clear prejudice to the Firm. This is particularly so because the construction work is admittedly at a early stage. The transfer of seven Retail Shops in these circumstances, according to him, amounts to misuse of whatever authority may have been given to Respondent No. 2. As regards the allegation that the seven Retail Shops were sold at a grossly undervalued price, Mr. Jagtiani submitted that the total consideration under the seven Agreements for Sale is Rs. 25,98,80,000/-. This consists of two Retail Shops in Khandelwal Tattva for an aggregate consideration of Rs. 11,90,40,000/-. Shop No. 1, admeasuring approximately 2,865 square feet, was agreed to be sold for Rs. 8,59,50,000/-, while Shop No. 2, admeasuring approximately 1,103 square feet, was agreed to be sold for Rs. 3,30,90,000/-. The remaining five Retail Shops are in Khandelwal Acropolis. Shops Nos. 1 to 5 on the Ground Floor, having a total area of approximately 4,573 square feet, were agreed to be sold for an aggregate consideration of Rs. 14,08,40,000/-.

27. Mr. Jagtiani submitted that the above transactions were entered into at an average rate of approximately Rs. 30,000/- per square foot. According to him, the material placed on record by the Petitioner indicates that the prevailing market rate for such Retail Shops is substantially higher and ranges approximately between Rs. 90,000/- and Rs. 1,30,000/- per square foot. On the basis of even the lower end of the alleged prevailing market value, Respondent No. 4 submits that the seven Retail Shops ought to have fetched at least approximately Rs. 76,80,00,000/-. The submission is that the difference between the actual consideration under the impugned Agreements and the alleged market value is substantial and requires serious consideration while examining whether Respondent No. 2 acted in the interest of the Firm.

28. Mr. Jagtiani submitted that the Petitioner has placed several documents on record in support of the alleged market value. One of them is the Market Research Report prepared by CBRE South Asia Pvt. Ltd. dated 20 August 2026. According to the report, quotations for comparable Retail Shops in five nearby developments ranged from Rs. 1,05,000/- to Rs. 1,30,000/- per square foot. The rates referred to are Rs. 1,25,000/- to Rs. 1,30,000/- per square foot for Bharat Altavistas, Rs. 1,20,000/- to Rs. 1,25,000/- per square foot for Bharat Auravistas, Rs. 1,10,000/- to Rs. 1,15,000/- per square foot for The Park Luxury Residences, Rs. 1,05,000/- to Rs. 1,10,000/- per square foot for HubTown Premier and Rs. 1,05,000/- to Rs. 1,10,000/- per square foot for Pecan Yura. The report refers to registered transactions obtained from the records of IGR Maharashtra. Those transactions show sale rates ranging from Rs. 70,137/- to Rs. 1,28,154/- per square foot. The rates referred to are Rs. 1,28,154/- for Bharat Altavistas, Rs. 1,06,173/- for Royal Classic, Rs. 98,684/- and Rs. 91,116/- in two other transactions and Rs. 70,137/- for Lashkaria Indrasukh. The Petitioner relies upon the observation in the CBRE report that a substantial part of registered retail sale transactions generally records consideration below the actual consideration paid. According to Mr. Jagtiani, this material provides prima facie support to the submission that the price of approximately Rs. 30,000/- per square foot under the impugned transactions requires close examination.

29. Mr. Jagtiani relied upon a feasibility report prepared in 2023 by the son of Respondent No. 2. According to him, that report had assessed the value of the subject properties at Rs. 85,000/- per square foot and was circulated by Respondent No. 2 to all the partners. He submitted that even the assessment relied upon by the family of Respondent No. 2 in 2023 was almost three times the rate at which the present transactions were entered into. According to Respondent No. 4, the position is even more serious because the market rate is stated to have increased since 2023. He referred to the market assessment report of JLL India, which identifies a ground-floor rate of Rs. 1,00,000/- per square foot for both projects. On this basis, Mr. Jagtiani submitted that the sale at approximately Rs. 30,000/- per square foot raises a serious prima facie issue regarding the manner in which Respondent No. 2 exercised his authority. As regards the submission that Respondent No. 12 is bound by the arbitration agreement and is a necessary party to the present proceedings, Mr. Jagtiani submitted that several circumstances support this position. According to him, the principal dispute concerns the alleged unlawful sale of seven Retail Shops by Respondent No. 2 in favour of Respondent No. 12. These shops admittedly form part of the property of Respondent No. 1 Firm. The transaction cannot, according to Respondent No. 4, be treated as an ordinary arm's length transaction between an independent purchaser and the Firm. Respondent No. 12 was the contractor appointed for the Tattva Project and the Acropolis Project. The appointment of Respondent No. 12, according to Respondent No. 4, was made by Respondent No. 2 without the necessary authority.

30. Mr. Jagtiani submitted that the dispute regarding the alleged unlawful transfer of the Retail Shops in violation of the Partnership Deed and the Indian Partnership Act concerns the rights and obligations of the partners and falls within the scope of the arbitration agreement. When Respondent No. 12 entered into the transaction, it was aware that the properties being acquired belonged to Respondent No. 1 Firm. It cannot claim to be an independent purchaser having no connection with the partnership dispute. Respondent No. 4 submits that Respondent No. 12 is a necessary party to proceedings concerning the Firm's properties because it has knowingly entered into transactions for acquiring those properties. Respondent No. 12 claims its rights through Respondent No. 1 and Respondent No. 2. Therefore, according to Mr. Jagtiani, any determination concerning the validity of the transactions and the rights in the subject properties would necessarily affect Respondent No. 12. He submits that Respondent No. 12 cannot avoid the effect of such determination merely by pointing out that it was not an original signatory to the Partnership Deed. In support of these submissions, Mr. Jagtiani placed reliance upon the judgments of the *Supreme Court in Cox and Kings Ltd. v. SAP India Pvt. Ltd.,* (2024) 4 SCC 1, *and Cheran Properties Ltd. v. Kasturi & Sons Ltd.,* (2018) 16 SCC 413. According to him, these judgments support the proposition that, in appropriate circumstances, a person who was not an original signatory to an arbitration agreement may nevertheless be affected by or bound by the arbitration proceedings where the circumstances establish that such person claims through or under a party to the arbitration agreement.

31. Mr. Jagtiani submitted that the powers of the Court under Section 9 of the Arbitration and Conciliation Act, 1996 are wide. According to him, the purpose of these powers is to protect the subject matter of the arbitration and to ensure that the eventual arbitral proceedings are not rendered ineffective. The subject matter in the present case includes the seven Retail Shops which, according to Respondent No. 4, are partnership properties. He submitted that, where necessary to protect such property, the Court can exercise its Section 9 jurisdiction even against a person who is not a signatory to the arbitration agreement. In support of this submission, he relied upon *Prabhat Steel Traders Pvt. Ltd. v. Excel Metal Processors Pvt. Ltd.,* 2018 SCC OnLine Bom 2347, and *Blue Coast Infrastructure Development Pvt. Ltd. v. Blue Coast Hotels,* 2020 SCC OnLine Del 1897. According to Respondent No. 4, the facts of the present case justify such protection because Respondent No. 12 claims rights through the impugned transactions and the subject matter of those transactions is the property of Respondent No. 1 Firm.

32. Mr. Ashish Kamat, learned Senior Advocate appearing for Respondent No. 12, submitted that Respondent No. 12 is not a party to the arbitration agreement contained in the Partnership Deed dated 14 July 2015. According to him, Clause 19 of the Partnership Deed provides for arbitration only in respect of a dispute arising "between the Partners or amongst their legal representatives". Respondent No. 12 is neither a partner of Respondent No. 1 Firm nor the legal representative of any partner. Therefore, according to Respondent No. 12, it cannot be treated as a party to the arbitration agreement merely because it has entered into the impugned Agreements for Sale with Respondent No. 1 Firm. In support of this submission, Mr. Kamat relied upon the judgment of the Supreme Court in *Hindustan Petroleum*

Corporation Ltd. v. BCL Secure Premises (P) Ltd., (2026) 3 SCC 711. According to him, the Court has held that, at the prima facie stage, it must be shown that the non-signatory is a veritable party to the arbitration agreement. For this purpose, the relevant factors include mutual intention, the relationship of the non-signatory with a signatory, commonality of the subject matter and the composite nature of the transaction. A mere legal or connection between the parties, according to Respondent No. 12, is not enough to make a non-signatory a party to the arbitration agreement.

33. Mr. Kamat relied upon the judgment of this Court in *Mukesh Patel v. Pant Nagar Ganesh Krupa Co-op. Hsg. Society Ltd.,* 2025 SCC OnLine Bom 6393. According to him, where a non-signatory is not a related party or a group company, has no common ownership, management or control, is not an alter ego of a party and has not participated in a wider, integral and composite transaction, the principles relating to a "veritable party" cannot be applied. He submitted that a contract entered into in the past cannot be used to bring a party within an arbitration agreement relating to a completely different contract executed several years later merely because both transactions concern the same subject matter. He relied upon *Hemant D. Shah HUF v. Chittaranjan D. Shah HUF,* 2026 SCC OnLine Bom 5044, particularly paragraphs 21 to 28, in support of the same submission. According to Respondent No. 12, there is no relationship between Respondent No. 12 and Respondent No. 2 which can justify treating Respondent No. 12 as a party to the arbitration agreement.

Respondent No. 12 is not a partner, shareholder, director, relative, nominee, or associate of Respondent No. 1 Firm or of Respondent Nos. 2 to 11. It entered into the transaction with Respondent No. 1 at arm's length. Its rights arise from the registered Agreements for Sale entered into with Respondent No. 1 Firm and in the prescribed statutory form. Mr. Kamat submitted that the Partnership Deed was executed in 2015 and its arbitration clause was intended to deal with disputes between the partners. It could not have contemplated a dispute arising in 2026 between the partners and an independent third-party purchaser. Respondent No. 12 had no intention or consent to submit its disputes to arbitration under a Partnership Deed to which it was not a party. It is submitted that Respondent No. 12 is not bound by Clause 19 of the Partnership Deed.

34. As regards the validity of the Agreements for Sale, Mr. Kamat submitted that this issue does not fall within the arbitration agreement. The Petitioner describes the Agreements for Sale as illegal, void ab initio and non est. However, those Agreements are contracts between Respondent No. 1 Firm as seller and Respondent No. 12 as purchaser. According to Respondent No. 12, a dispute regarding the validity of these contracts is not a dispute "between the Partners" within the meaning of Clause 19 of the Partnership Deed. Such a dispute cannot be finally decided in an arbitration to which Respondent No. 12 is not a party. He submitted that no final relief can be granted against Respondent No. 12 in such arbitration. If the Arbitral Tribunal cannot grant any final relief against Respondent No. 12, according to him, there is no basis for granting interim relief against Respondent No. 12. Similarly, a matter which cannot form part of the arbitration cannot, according to Respondent No. 12, be preserved by an order under Section 9 of the Arbitration and Conciliation Act, 1996. Respondent No. 12 submits that the Petitioner is taking inconsistent positions regarding the validity of the Agreements for Sale. Mr. Kamat submitted that the Petitioner has pleaded that the Agreements for Sale are void ab initio. At the same time, by prayers (b) and (b1), the Petitioner seeks a direction to Respondent No. 12 to deposit "the entire balance consideration remaining due and payable under the said Agreements". The Petitioner has pleaded that the consideration "received and/or receivable" under those Agreements belongs to Respondent No. 1 Firm and requires to be secured. According to Respondent No. 12, these prayers necessarily proceed on the basis that the Agreements for Sale are valid and continue to operate. If the Agreements were truly void from the beginning, there could be no legally payable balance consideration under them. Respondent No. 12 submits that the Petitioner cannot, for one purpose, treat the Agreements as void and, for another purpose, seek relief on the basis that those same Agreements are valid and enforceable.

35. In support of this submission, Mr. Kamat relied upon *Verschures Creameries Ltd. v. Hull and Netherlands Steamship Co. Ltd.,* (1921) 2 KB 608, wherein it was held: “A person cannot say at one time that a transaction is valid and thereby obtain some advantage, to which he could only be entitled on the footing that it is valid, and then turn round and say it is void for the purpose of securing some other advantage." He relied upon the judgment in *Burn & Co. Ltd. v. Thakur Sahib Sree Lukhdhirji of Morvi State,* 1925 SCC OnLine PC 37. According to Respondent No. 12, the principle arising from these decisions applies because the Petitioner cannot simultaneously challenge the Agreements as void and seek preservation of the consideration allegedly payable under those Agreements.

36. As regards the question of express written authority in favour of Respondent No. 2, Mr. Kamat submitted that two Authority Letters dated 13 September 2025 were issued on the letterhead of Respondent No. 1 Firm and addressed to MahaRERA. The letters were titled "Authority letter for signing of documents". According to Respondent No. 12, by these letters the partners authorised Respondent No. 2 "to deal, sign, give possession, collect payment, execute and register Agreement for Permanent Alternate Agreement, Register Sale Agreement or any other documents" concerning the Khandelwal Tattva and Khandelwal Acropolis plots. Respondent No. 2 was shown on the MahaRERA portal as the authorised signatory of the promoter in respect of both projects. Respondent No. 12 submits that it dealt with Respondent No. 1 Firm on the basis of this publicly available representation of authority. According to Mr. Kamat, the language of the Authority Letters is wide and expressly includes the power to sign and execute sale agreements. The impugned Agreements for Sale were entered into on the basis of an authority which had been expressly granted. Mr. Kamat submitted that the Authority Letters bear the signatures of three partners, namely Respondent No. 4, Respondent No. 3 and the Petitioner. Although the Petitioner now disputes the signature appearing against him name, Respondent Nos. 3 and 4, who signed the documents, have not disputed the genuineness of the Authority Letters in their respective reply affidavits. According to Respondent No. 12, there is no sufficient basis at this stage to hold that the Authority Letters are not genuine.

37. Without prejudice to this submission, Mr. Kamat submitted that any dispute raised by the Petitioner against Respondent No. 1 regarding the execution or scope of the Authority Letters concerns the internal management of the Firm. According to him, Respondent No. 12 was entitled to rely upon the authority reflected in the documents and in the public records. He pointed out that there has been no change in the relevant public records on the MahaRERA portal. It is submitted that, so long as Respondent No. 2 continued to be shown as the authorised signatory for the projects, Respondent No. 12 was entitled to proceed on that basis. Respondent No. 12 disputes the suggestion that the Petitioner was unaware of the Authority Letters, particularly when those documents formed part of the public and statutory record.

38. Mr. Kamat submitted that the Authority Letters have not been annexed to, or even referred to, in the present Petition. This is significant because the principal case of the Petitioner is that Respondent No. 2 had no authority to enter into the impugned Agreements for Sale. According to Respondent No. 12, if the Petitioner was aware of the Authority Letters and was relying upon the absence of authority as the foundation of the Petition, those documents ought to have been disclosed. Reliance was placed upon the judgment of the Supreme Court in *Bhaskar Laxman Jadhav v. Karamveer Kakasaheb Wagh Education Society,* (2013) 11 SCC 531, wherein it was held that a litigant cannot decide which facts are material for the Court and suppress other relevant facts. The litigant is required to disclose the relevant facts and leave it to the Court to decide their significance. Respondent No. 12 submits that the alleged suppression of the Authority Letters is sufficient reason to reject the Petition insofar as reliefs are sought against Respondent No. 12. As regards the allegation that the transactions were not bona fide and did not benefit the Firm, Mr. Kamat submitted that Respondent No. 12 is a civil contractor appointed for both the Tattva Project and the Acropolis Project. The appointments were made under Work Orders dated 9 March 2026 and 27 June 2026, having contract values of Rs. 10,93,67,802/- and Rs. 10,67,98,869/- respectively. According to Respondent No. 12, by letters dated 2 July 2026 and 6 July 2026, which were accepted and agreed to by Respondent No. 1 Firm, Respondent No. 12 agreed not to demand payment of its dues under the Work Orders until it had paid the corresponding sale consideration under the impugned Agreements for Sale.

39. According to Mr. Kamat, this arrangement provided a practical means of funding the construction work of the Firm. Respondent No. 1 could continue construction without arranging separate funds or taking additional borrowings. It avoided the burden of interest on such borrowing. The sale transactions therefore, according to Respondent No. 12, were not harmful to the Firm. On the contrary, they enabled the Firm to obtain construction services while adjusting its liabilities against the consideration payable for the Retail Shops. Respondent No. 12 disputes the Petitioner's allegation that it paid only Rs. 1,00,000/- for each shop. According to Mr. Kamat, as on the date of the hearing, Respondent No. 12 had paid approximately Rs. 46,53,000/- towards the consideration for the two shops in Khandelwal Tattva and approximately Rs. 49,50,000/- towards the consideration for the five shops in Khandelwal Acropolis. In addition to these amounts, Respondent No. 12 had paid stamp duty and registration charges of Rs. 72,02,423.60 and Rs. 86,00,470.80 respectively, together with applicable tax deducted at source. It is submitted that the transaction cannot be characterised as one in which Respondent No. 12 paid only a nominal amount and obtained the benefit of the properties without consideration.

40. Mr. Kamat submitted that, once the authority of Respondent No. 2 is established, his acts undertaken on behalf of Respondent No. 1 Firm bind the Firm. According to him, the other partners cannot challenge the registered Agreements for Sale against Respondent No. 12 merely because they subsequently consider that the properties were sold at an undervalue. The internal dispute between the partners regarding the price or valuation of the properties, according to Respondent No. 12, cannot invalidate the rights of an outside purchaser who entered into registered Agreements for Sale on the basis of the authority of the person representing the Firm. In support of this submission, Mr. Kamat relied upon *Bank of Bengal v. Ramanathan Chetty,* (1915) LR 43 IA

48, where the Privy Council held: "if authority is established the mere fact that the principal did not receive any benefit does not rid him of his liability." According to Respondent No. 12, the principle applies with greater force where the purchaser has acted upon the apparent and recorded authority of the Firm's authorised signatory. Any dispute regarding whether the properties ought to have been sold at a higher price is, according to him, an internal dispute between the partners. Such dispute cannot be used to disturb the rights created in favour of Respondent No. 12 under the registered Agreements for Sale.

41. On the above basis, Mr. Kamat submitted that the Petition, insofar as it seeks any relief against Respondent No. 12, is liable to be dismissed. According to Respondent No. 12, it is neither a party to the arbitration agreement nor a person against whom the disputes between the partners can be finally adjudicated in arbitration. It submits that the impugned Agreements for Sale were entered into on the basis of express authority, that the transactions were part of a arrangement intended to assist Respondent No. 1 in completing its projects, and that Respondent No. 12 has made substantial payments and incurred stamp duty and registration expenses. It is submitted that no interim order should be passed against Respondent No. 12 affecting its rights under the registered Agreements for Sale.

REASONS AND FINDINGS:

42. I have considered the submissions made by the learned Advocates appearing for the Petitioner, Respondent Nos. 2, 4 and

12 and the authorities relied upon by them. The issues which arise for consideration are different, though they are connected with each other. The first issue is whether Respondent No. 2 had, prima facie, authority to enter into the impugned Agreements for Sale. The second issue is whether the Authority Letters relied upon by the Respondents in fact confer such authority upon Respondent No. 2. The third issue is whether the transactions entered into with Respondent No. 12 require protection under Section 9 of the Arbitration and Conciliation Act, 1996. The fourth issue is whether such protection can be granted against Respondent No. 12 even though it is not a signatory to the arbitration agreement. The final issue is as to what relief is required to be granted in the facts and circumstances of the present case.

43. The Partnership Deed dated 14 July 2015 has to be looked at first because it contains the terms regulating the relationship between the partners and records their respective rights and obligations. Clause 10 provides:

> "Each of the partners shall be just and faithful to the other partners in ll transactions relating to the partnership and shall render true accounts and fill information of all things affecting the partnership and shall carry on the business of the partnership firm to the greatest common advantage."

44. The requirement under this clause is that the partners have to act faithfully towards each other in all matters relating to the Firm. They are required to give true accounts and full information regarding matters affecting the partnership. The business of the Firm is required to be carried on for the common advantage of all the partners. Therefore, a partner cannot treat the property and affairs of the Firm as his own individual property. Where a transaction affects the property of the Firm, the same has to be considered keeping in view the rights and interests of the other partners.

45. Clause 15 places a restriction upon the authority of a partner. It provides:

> "None of the partners shall, without consent in writing of the other partner, assign or mortgage his/its share or interest in the partnership or dispose of, pledge, sell or otherwise transfer his/its share or interest in the partnership or in partnership property."

46. Thus, even if a partner may have authority to conduct the day-to-day business of the Firm, the partners have agreed that written consent is necessary when the partnership interest or partnership property is assigned, mortgaged, pledged, sold or otherwise transferred. Therefore, the mere fact that Respondent No. 1 is engaged in real estate development and that sale of flats or shops is part of its business cannot establish authority for every sale of the Firm's immovable properties. The particular transaction has to be examined with reference to Clause 15. The seven Retail Shops are admittedly properties of the Firm and the impugned Agreements for Sale concern their sale. The restriction contained in Clause 15 becomes relevant.

47. Respondent No. 2 relies upon Section 19(1) of the Indian Partnership Act, 1932 and submits that an act of a partner done in the usual manner of the business carried on by the Firm binds the Firm. This submission cannot be disputed. But Section 19 cannot be read by taking only sub-section (1) and leaving aside the other provisions. Section 19(2)(g) provides that, in the absence of any usage or custom to the contrary, the implied authority of a partner does not empower him to "transfer immovable property belonging to the firm". The Act makes a distinction between an act done by a partner in the ordinary course of the Firm's business and the authority to transfer immovable property belonging to the Firm. In the present case, the restriction under the Act is supported by Clause 15 of the Partnership Deed. Therefore, it is not enough for Respondent No. 2 to state that he was entrusted with the Tattva Project and the Acropolis Project or that sale of units is an ordinary part of the business of Respondent No. 1. He has to show, at least prima facie, that he was authorised to undertake the particular transactions concerning the seven Retail Shops despite the written restriction contained in Clause 15. The fact that the transactions relate to the ordinary business of a real estate developer may be one circumstance. It cannot conclude the question of authority.

48. Respondent No. 2 has relied upon an alleged family practice under which individual projects were entrusted to particular brothers and the concerned brother was permitted to sign and execute Agreements for Sale. This submission requires consideration because Section 19 recognises usage or custom in an appropriate case. At the same time, the existence, and extent of the alleged family practice are disputed. The Petitioner relies upon the earlier transaction concerning Shop No. 2 in "Sai Iconic" and states that He had objected to that transaction and that the subsequent settlement was limited to that particular transaction. Respondent

No. 2 relies upon earlier transactions said to have been undertaken by the petitioner in other projects. Thus, there are two different versions before the Court. The question whether such practice existed and, if so, what was its extent may require evidence. At this stage, the material cannot be treated as conclusively establishing either a general authority in favour of Respondent No. 2 or a absence of such authority.

49. The Petitioner relies upon the communication dated 1 July 2026 addressed by Respondent No. 4 to the partners. This communication was issued only one day before the two Tattva transactions. It stated:

> "... Accordingly, no partner, director, or any person acting on behalf of the partnership/company shall negotiate, agree to, execute, or complete any sale, transfer, assignment, or creation of any third-party rights in any immovable property having a transaction value exceeding Rs. 3 crore without first disclosing the complete terms of the proposed transaction, including the identity of the proposed purchaser, the full disclosed consideration, and mode of payment to all partners/ directors".

50. The timing of this communication is important. It was issued before the impugned transactions and not after the dispute had arisen. The Petitioner states that the complete terms of the seven transactions were not disclosed to him and that He did not give written consent to the transactions after receiving such disclosure. On the material before the Court, Respondent No. 2 has not shown any subsequent written consent of the Petitioner after disclosure of the complete terms of the impugned sales. This circumstance has to be kept in view while considering whether Respondent No. 2 had the necessary authority.

51. The Petitioner relies upon his statement made in February 2026:

> "Since there is so much mistrust in the environment, I want my signature on all sale documents as well as of the sites that we are incurring debt for."

52. This statement cannot finally determine the authority of Respondent No. 2. But it does show the position expressed by the Petitioner at that time. He was stating that his signature should be present on the sale documents. When the transactions subsequently entered into concern valuable properties of the Firm and are alleged to have been completed without informing him, the statement has some relevance. It gives prima facie support to the Petitioner's case that He did not understand the arrangement between the partners as permitting Respondent No. 2 to independently complete all sale transactions without his participation.

53. The main defence of Respondent Nos. 2 and 12 is based upon the Authority Letter dated 13 September 2025. Respondent No. 12 submits that the letter expressly authorised Respondent No. 2 "to deal, sign, give possession, collect payment, execute and register Agreement for Permanent Alternate Agreement, Register Sale Agreement or any other documents" in relation to the two projects. If the Authority Letter is genuine and is to be understood in the manner suggested by the Respondents, they are material documents. Their importance cannot be disregarded merely because the Petitioner disputes their effect.

54. The Petitioner states that he had not seen the Authority Letters until they were produced in the present proceedings and disputes the signature attributed to him. He relies upon a forensic report dated 18 August 2026 which, according to his case, records that after examination of eleven admitted signatures, the questioned signature did not belong to him. At the same time, the original Authority Letters have not been produced before the Court. The explanation given is that the originals are "untraceable". In these circumstances, it would not be proper at this stage to record a final finding that the Authority Letters are forged. Such a question would require evidence and final adjudication. But, at the same time, because the originals are not before the Court and the Petitioner has denied the signature and relies upon a forensic report, the Court cannot proceed on the footing that the Petitioner's consent is conclusively established by these disputed documents.

55. Clause 15 requires written consent of the other partner before partnership property can be dealt with in the manner stated therein. Therefore, if the Authority Letters are relied upon as the written consent contemplated by Clause 15, their exact scope becomes important. The Court has to consider whether the letters only authorised Respondent No. 2 to sign and complete documents for regulatory purposes or whether they authorised him to take the decision to sell the partnership properties and to bind the Firm to the terms of such sale.

56. The Authority Letter is important because the names of three partners appear in the document and there is a signature against the name of Mr. Vikas B. Khandelwal at Serial No. 3. The body of the letter states:

> "This is to inform you that we have appointed ASHOK BABULAL KHANDELWAL PARTNER of SHREE KRISHNA SAI DEVELOPMENT CORPORATION to deal, sign, give possession, collect payment, execute and register Agreement for Permanent Alternate Agreement, Register Sale Agreement or any other documents for Plot No.86, Survey No.141-A, Achyutrao Patwardhan Marg, Four Bungalows, Andheri West, Mumbai - 400 053, as required for submission of the documents to the MahaRERA authority."

57. On a plain reading of this language, it cannot be said that the Authority Letter merely authorised Respondent No. 2 to appear before MahaRERA or to submit papers on behalf of the Firm. The expression used is "appointed". Respondent No. 2 was appointed "to deal, sign, give possession, collect payment, execute and register" the documents concerning the identified property. The property is described by its Plot Number, Survey Number and address. Therefore, the document does contain an express conferment of authority in favour of Respondent No. 2 for specified acts concerning the identified property. The word "deal" is required to be given some meaning. It cannot be ignored. It is used along with the words "sign, give possession, collect payment, execute and register". When these expressions are read together, the authority appears to be wider than a mere authority to submit documents before MahaRERA. The ordinary meaning of "deal" may include handling or negotiating matters concerning a transaction., authority to “give possession” and “collect payment” indicates that Respondent No. 2 was expected to perform acts connected with the transaction. Thus, the submission that the letter was confined only to filing or submitting papers before MahaRERA does not, on the plain language of the document, explain all the words used therein.

58. I am unable to accept the Petitioner's submission in its widest form that the Authority Letter gives no express authority whatsoever to Respondent No. 2. If the question is whether the document records an express authority in favour of Respondent No. 2 to act for the Firm concerning the identified property and to execute and register the documents mentioned therein, the answer has to be in the affirmative. The words used in the document do confer authority of some substance.

59. This does not mean that the Authority Letter gives Respondent No. 2 an unrestricted power to sell or transfer the Firm's immovable property. The extent of the authority has still to be determined. The letter does not expressly state that Respondent No. 2 is "authorised to sell the property". It does not state that he is "authorised to execute the Sale Deed" or that he is "authorised to transfer the immovable property belonging to the partnership firm". The words used are:

> “execute and register Agreement for Permanent Alternate Agreement, Register Sale Agreement or any other documents”

60. The distinction between an Agreement for Sale and the final document by which title in immovable property is transferred cannot be overlooked. The Court has to be careful in deciding whether the authority to deal with and execute an Agreement for Sale necessarily includes authority to complete the final transfer of title. This distinction is important because Section 19(2)(g) of the Indian Partnership Act provides that, in the absence of usage or custom to the contrary, the implied authority of a partner does not empower him to:

> “transfer immovable property belonging to the firm”

61. Therefore, Respondent No. 2 cannot claim an unrestricted power to transfer the Firm's immovable property merely because he is a partner. Such authority has to be established either from the agreement between the partners or from other material showing that such authority was expressly or otherwise validly conferred. At the same time, the Authority Letter cannot be read by considering only the words “Register Sale Agreement” and ignoring the other words appearing in the same document. The expressions “deal”, “give possession”, “collect payment”, “execute and register” and “or any other documents” form part of the same authority. The document must be read as a whole. If the intention was only to permit Respondent No. 2 to submit papers before MahaRERA, then the inclusion of authority to “give possession” and “collect payment” becomes difficult to explain. These words indicate that some authority was intended to be given. The expression “or any other documents” requires to be considered. Depending upon the transaction, this expression may cover documents required for completing the transaction. But it cannot be treated as giving a blanket power to sell or transfer all properties of the Firm. The expression has to be understood with reference to the property identified in the Authority Letter, the transaction contemplated and the purpose for which the authority was given. Its scope cannot be enlarged beyond what the document, when read as a whole, reasonably permits.

62. The Respondents have relied upon the fact that the Authority Letters bear the signatures of three partners, namely Respondent Nos. 3 and 4 and the Petitioner. The Petitioner disputes the signature attributed to him. Respondent Nos. 3 and 4 do not dispute the genuineness of the letters. This circumstance is relevant while considering whether Respondent No. 2 was expressly authorised. However, the dispute regarding the Petitioner's signature cannot be finally decided in the present proceedings merely by looking at the disputed document, particularly when the original Authority Letters have not been produced and a forensic report has been relied upon by the Petitioner. The issue remains open for appropriate determination upon evidence.

63. I find substance in the submission that an Authority Letter should not be understood as permitting Respondent No. 2 to act contrary to the Partnership Deed unless its language shows that the partners intended to give such authority. Clause 15 requires written consent for dealing with partnership property in the manner stated therein. Therefore, when the Respondents rely upon the Authority Letters as the written consent contemplated by Clause 15, the Court has to determine what exactly was consented to. The mere fact that an Authority Letter exists does not settle the question of the extent of the authority granted under it.

64. The Petitioner's submission that the Authority Letters were issued for MahaRERA purposes requires consideration. The concluding part of the letter states:

> "as required for submission of the documents to the MahaRERA authority."

65. This part gives some support to the Petitioner's submission that the authority was connected with regulatory requirements. But this sentence cannot be read separately from the earlier words "deal, sign, give possession, collect payment, execute and register". The reference to MahaRERA cannot make the earlier words ineffective. The document has to be read in its entirety. The fact that the impugned Agreements for Sale do not refer to the Authority Letters is a circumstance which may be considered. However, the absence of such reference by does not destroy an authority which may otherwise have been validly conferred. The Court has to consider the entire material. This would include the Authority Letters, the Partnership Deed, the MahaRERA record, the conduct of the partners and the terms of the impugned Agreements for Sale. No single document can be read in complete isolation from the surrounding circumstances.

66. I do not accept, at this stage, the submission of Respondent No. 12 that the dispute concerning the Authority Letters is merely a matter of indoor management and cannot affect the purchaser. The doctrine cannot be applied mechanically where the execution, genuineness and scope of the authority are disputed. This becomes more relevant when the Partnership Deed contains an express written restriction concerning partnership property and the transactions involve properties of substantial value. Whether Respondent No. 12 acted bona fide and whether it was entitled to rely upon the authority appearing from the public record are matters which may require final determination upon evidence.

67. The finding at this stage is that the Petitioner has shown a serious dispute concerning the authority of Respondent No. 2 to enter into the impugned Agreements for Sale. I am not recording a final finding that Respondent No. 2 had no authority. Equally, I am not accepting that the Authority Letters conclusively establish an unrestricted power of sale. The present material does establish an express authority in favour of Respondent No. 2 to the extent stated in the Authority Letters. However, the exact extent of that authority, particularly whether it extended to the actual transfer of the Firm's immovable property in the manner undertaken through the impugned transactions, remains a serious question requiring consideration of the remaining documents and surrounding circumstances.

68. I now turn to the question of consideration and the allegation of undervaluation of the seven Retail Shops. The aggregate consideration under the seven impugned Agreements for Sale is stated to be Rs. 25,98,80,000/-. The transactions are stated to have been undertaken at approximately Rs. 30,000/- per square foot. The Petitioner has placed material showing substantially higher market rates. Reliance is placed upon the CBRE Market Research Report dated 20 August 2026, the JLL material and the earlier feasibility report. According to the material relied upon by the Petitioner, comparable quotations and registered transactions indicate substantially higher rates, including registered transactions ranging from approximately Rs. 70,137/- to Rs. 1,28,154/- per square foot. The JLL material is stated to indicate a rate of Rs. 1,00,000/- per square foot. The 2023 feasibility report relied upon by the Petitioner is stated to have assessed the rate at about Rs. 85,000/- per square foot. At this stage, the Court is not required to finally determine the market value of the seven Retail Shops. The question of valuation can be finally decided only after proper evidence is led. Market rates may vary because of several factors. Therefore, it would not be proper to record a final finding regarding the market value merely on the basis of the material available. However, for deciding whether interim protection is necessary, the Court need not finally determine the market value. The material placed by the Petitioner does show a substantial difference between the rate at which the seven Retail Shops have been agreed to be sold and the rates appearing from the comparable material relied upon by him. The difference is sufficiently large to raise a serious prima facie question as to whether the transactions were in the interest of Respondent No. 1 Firm. This circumstance assumes importance when considered along with the dispute concerning the authority of Respondent No. 2 and the Petitioner's case that the transactions were not disclosed to him before they were entered into.

69. Respondent No. 2 has given a explanation for the lower consideration. It is submitted that Respondent No. 12 was the contractor for the two projects and that the sale consideration was to be adjusted against the amounts payable to Respondent No. 12 under the Work Orders. There is nothing inherently improper merely because parties choose to structure a transaction by way of adjustment or set-off. In a suitable case, such an arrangement can be a genuine arrangement. Therefore, the mere fact that the purchaser was the contractor does not establish that the transaction was sham or collusive. The difficulty is that the alleged adjustment arrangement is disputed. The Respondents rely upon letters dated 2 July 2026 and 6 July 2026. The Petitioner points out that the Work Orders dated 9 March 2026 and 27 June 2026 do not contain any provision for such set-off. According to the material placed before the Court, the Work Orders contemplate payment according to work, material and running bills. The impugned Agreements for Sale contain their own payment terms. The relationship between the Work Orders, the Agreements for Sale and the subsequent letters requires examination. There is substance in the submission that if a substantial part of the sale consideration was intended to be adjusted against future construction dues, some reflection of such arrangement in the relevant transaction documents would be expected. The absence of a corresponding provision in the Agreements for Sale is a relevant circumstance. It does not establish that the adjustment letters are false. But it does show that the arrangement is a disputed issue which requires evidence and cannot be accepted as an unquestionable explanation for the substantial difference in the transaction price.

70. Respondent No. 12 submits that the arrangement benefited the Firm because construction could continue without the Firm having to borrow funds and incur interest. This is a possible explanation. But even such an arrangement has to be shown to have been entered into by a person having authority to bind the Firm. Its fairness requires consideration. Therefore, even if the set-off arrangement is possible, the questions of authority and valuation continue to remain relevant. Respondent No. 12 states that it has paid approximately Rs. 46,53,000/- towards the two shops in Khandelwal Tattva and approximately Rs. 49,50,000/- towards the five shops in Khandelwal Acropolis, apart from stamp duty, registration charges and tax deducted at source. These payments show that transactions have taken place between the parties. But the payment of money does not by establish that the underlying Agreements for Sale were validly authorised. The question whether Respondent No. 2 had authority remains separate.

71. The transfer of Rs. 23,52,014/- from the Firm's account to Respondent No. 12 on 5 August 2026 requires consideration. The Petitioner submits that no consideration was then payable under the impugned Agreements for Sale. Respondent No. 12 relies upon the larger arrangement. At this stage, I am not prepared to hold that the transfer conclusively establishes mala fides. But this movement, when considered together with the disputed adjustment arrangement, gives reason for preserving the relevant records and the properties until the dispute is adjudicated.

72. Respondent No. 2 has submitted that Respondent No. 12 was appointed through a competitive tender process and that it was appointed as contractor for both projects. If established, this may support the bona fide nature of Respondent No. 12's appointment as contractor. But that is not the complete issue before the Court. The present dispute concerns the subsequent sale of seven Retail Shops to the same contractor. The authority, legality and terms of those subsequent transactions have to be considered. The submission that the seven Retail Shops are merely stock-in-trade of a real estate developer does not answer the Petitioner's case. It may be accepted that sale of residential and commercial units forms part of the ordinary business of a developer. But the partners have incorporated Clause 15 in the Partnership Deed. Section 19(2)(g) and Clause 15 continue to remain relevant. The fact that the shops are stock-in-trade may have some relevance while considering whether a particular sale was in the ordinary course of business. But it cannot by establish authority contrary to the express terms agreed between the partners.

73. I find that the allegation of undervaluation is not finally established at this stage. At the same time, there is sufficient prima facie material giving rise to a serious concern. The difference between the transaction rate and the comparable rates relied upon by the Petitioner is substantial. The explanation for that difference depends upon an adjustment arrangement which is disputed. The authority under which the transactions were entered into is disputed. These circumstances, when considered together, are sufficient to require the Court to issue direction for preservation of the properties.

74. The next question is whether Respondent No. 12 can be subjected to an interim protective order under Section 9 although it is not a signatory to the arbitration agreement. Respondent No. 12 relies upon Clause 19 of the Partnership Deed and points out that the arbitration clause concerns disputes "between the Partners or amongst their legal representatives". Respondent No. 12 is neither a partner nor the legal representative of a partner. Respondent No. 12 relies upon *Cox & Kings Ltd.*, particularly paragraphs 70, 79 to 86. The judgment deals with the importance of consent when the Court is considering whether a non-signatory is to be treated as a party to an arbitration agreement. Paragraph 70 states:

> "The important determination is whether such a non-signatory intended to effect legal relations with the signatory parties and be bound by the arbitration agreement."

75. Paragraph 84 similarly states:

> "the decisive question before the Courts or tribunals is whether a non-signatory consented to be bound by the arbitration agreement."

76. The Petitioner submits that the judgments relied upon by Respondent No. 12 concerning the concept of a "veritable party" arise in the context of deciding whether a non-signatory can be treated as a party to the arbitration agreement and do not answer the question arising in the present Section 9 proceedings. There is substance in this distinction. Those judgments principally concern whether a person can be treated as a party to the arbitration agreement and arises out of issues under section 8 and 11 of the Act. But it does not follow from this that the Court's jurisdiction under Section 9 disappears merely because the person who may be affected by an interim protective order is not a signatory to the arbitration agreement.

77. The decision in *Girish Mulchand Mehta*, considers the scope of Section 9. In paragraph 12, the Division Bench held:

> "Section 9 does not limit the jurisdiction of the Court to pass order of interim measures only against party to an Arbitration Agreement or Arbitration Proceedings"

78. The Division Bench observed:

> “The fact that the order would affect the person who is not party to the Arbitration Agreement or Arbitration Proceedings does not affect the jurisdiction of the Court under section 9 of the Act which is intended to pass interim measures of protection or preservation of the subject-matter of the Arbitration Agreement.”

79. The principle which emerges is that the fact that a person is not a party to the arbitration agreement does not prevent the Court from passing an interim measure affecting that person where such measure is required for protection or preservation of the subject matter of the arbitration.

80. The decision in *Prabhat Steel Traders Pvt. Ltd.*, supports this position. In paragraph 49, the Court observed that Section 9 permits a party to seek interim protection against a person who "need not be either party to the arbitration agreement or to the arbitration proceedings". Paragraph 55 records that there is "no total bar" against impleading a third party and that, depending upon the facts and contractual relationship, a third party may be joined where the facts are interconnected and interdependent.

81. These judgments do not mean that every third party having some connection with a disputed transaction can be restrained under Section 9. The Court has to examine the subject matter of the arbitration and the nature of the protection sought. It has to consider whether the order is necessary and whether it is just and convenient to grant such relief in the facts of the particular case. In the present case, the seven Retail Shops are the properties concerning which the dispute between the partners has arisen. The Petitioner's case is that Respondent No. 2 acted contrary to the Partnership Deed and dealt with Firm property by creating rights in favour of Respondent No. 12. Respondent No. 12 is the purchaser under the impugned Agreements for Sale and is the contractor under the related Work Orders. The rights claimed by Respondent No. 12 arise from the transactions which are under challenge. I do not consider it necessary, for the limited purpose of granting interim protection under Section 9, to finally hold that Respondent No. 12 is a "party" to the arbitration agreement. At the same time, I cannot accept the submission that this Court has no power to pass any order affecting Respondent No. 12. The Court is not finally deciding the rights of Respondent No. 12 under Clause 19. The limited question is whether the disputed properties should be preserved so that the arbitral proceedings do not become ineffective.

82. The judgments concerning "veritable party" do not require dismissal of the Petition against Respondent No. 12. Those judgments would become decisive if the Court were required to finally declare Respondent No. 12 to be a party to the arbitration agreement and subject it to the final jurisdiction of the Arbitral Tribunal as if it had signed Clause 19. That is not the issue which is required to be finally decided for granting limited interim protection under Section 9.

83. I do not accept the submission that the Petitioner has taken inconsistent positions by challenging the impugned Agreements for Sale as void and, at the same time, seeking protection of the consideration. The prayers have to be understood in the context in which they are made. They are protective and, where necessary, alternative in nature. A person challenging a transaction can seek preservation of the property and may seek preservation of the money or benefit which may be found to belong to the Firm. Seeking protection of the consideration does not amount to a final acceptance of the validity of the Agreements for Sale.

84. The principle relied upon from *Verschures Creameries Ltd.* and *Burn & Co. Ltd.* does not require dismissal of the Petition on this ground. The validity of the impugned Agreements for Sale, the authority of Respondent No. 2 and the rights claimed by Respondent No. 12 are disputed. At this stage, the Court is concerned with preservation of the subject matter while leaving the final rights of the parties to be decided in the appropriate proceedings.

85. I now consider whether interim protection is necessary. In my view, it is necessary. The seven Retail Shops are immovable properties forming part of the assets of Respondent No. 1 Firm. The impugned Agreements for Sale are registered. If Respondent No. 12 is permitted to create third-party rights in respect of the shops, rights may come into existence. The dispute may then become more complicated and the relief which may be granted by the Arbitral Tribunal may become difficult to implement. Preservation of the subject matter is necessary in the present circumstances.

86. The balance of convenience lies in preserving the properties in their present position. If protection is refused and Respondent No. 12 deals with the shops, third-party interests may arise. The Petitioner and the Firm may then have to face disputes with persons who are not before the Court. On the other hand, if Respondent No. 12 is restrained only from creating third-party rights, it continues to retain whatever rights it claims under the impugned Agreements for Sale, subject to the final result of the proceedings. The proposed protection preserves the position without finally deciding title or contractual validity.

87. I have considered the submission that Respondent No. 1 is carrying on ongoing redevelopment projects and that an injunction may affect its business. This submission has some substance. Section 9 should not be used to stop the normal business of a partnership merely because a dispute has arisen between its partners. But the protection required in the present case can be confined to the seven Retail Shops which are the subject matter of the dispute and to the records and transactions connected with them. There is no necessity to stop the construction or redevelopment activities of Respondent No. 1 in respect of other properties or units. The absence of any established case of siphoning of funds or dissolution of the Firm is relevant. I do not find it necessary to pass a blanket order taking over the entire affairs of Respondent No. 1. Such a direction would go beyond what is required for preserving the subject matter of the dispute. The protection granted by the Court has to remain connected with the actual circumstances and the danger shown before the Court.

88. For the same reason, I do not find it necessary at this stage to appoint the Court Receiver over the entire business or all the units of Respondent No. 1 Firm. The decision in *Girish Mulchand Mehta* recognises that the powers under Section 9 are wide and that, in an appropriate case, a Receiver can be appointed. But the existence of such wide power does not mean that the widest possible relief should be granted in every case. The relief has to correspond with the danger established before the Court.

89. On an overall consideration of the material, the Court finds that the Petitioner has established sufficient grounds for limited protection under Section 9. Such protection is required to preserve the seven Retail Shops covered by the impugned Agreements for Sale and to prevent creation of third-party rights in respect thereof. At the same time, such protection should not stop the construction or redevelopment activities of Respondent No. 1 in relation to its other properties and units.

90. I hold that the Petitioner has made out a case for protection under Section 9. This finding is not that the impugned Agreements for Sale are finally void. It is not a finding that Respondent No. 12 has finally acquired no rights under those Agreements. The finding is that the authority of Respondent No. 2 and the validity and nature of the transactions are disputed and that the circumstances appearing from the record are sufficient to require preservation of the subject properties until the dispute is finally adjudicated.

91. I have considered the submission of Respondent No. 12 that it acted on the public record and has incurred substantial expenditure. This circumstance will have to be considered while finally determining the rights of the parties. However, registration of the Agreements for Sale by cannot prevent the Court from preserving disputed partnership property where the authority of the person who entered into the transactions is questioned and the property is the subject matter of the dispute between the partners. The relief must be moulded in such a manner that the subject matter is preserved without finally deciding the rights which are to be determined in the arbitral proceedings. The status quo in respect of the seven Retail Shops is required to be maintained. Respondent No. 12 cannot be permitted, during the subsistence of the interim order, to create any third-party rights in respect of the said shops on the basis of the impugned Agreements for Sale.

92. The remaining prayers seeking control over the entire affairs of Respondent No. 1 Firm are not required to be granted in the form in which they are sought.

93. In the result, the Petition deserves to be partly allowed by granting protective relief in respect of the seven Retail Shops covered by the impugned Agreements for Sale and by directing preservation of the records and documents connected with those transactions. The final validity of the Agreements for Sale, the exact scope of Respondent No. 2's authority, the genuineness and legal effect of the Authority Letters, the allegation of undervaluation, the legality and effect of the alleged set-off arrangement and the ultimate rights of Respondent No. 12 are left open for final determination in the arbitral proceedings in accordance with law. Nothing stated in this order shall be treated as a final adjudication of those issues.

94. In view of the findings recorded above, the Petition is partly allowed in terms of the following order:

i) Respondent Nos. 2 to 11, whether by or through any person claiming through or under them, are restrained from selling, transferring, alienating, disposing of, encumbering, parting with possession of or creating any third-party rights or interests in respect of the assets and properties of Respondent No. 1 Firm, except in accordance with the Partnership Deed dated 14 July 2015 and the provisions of the Indian Partnership Act, 1932, including wherever required, obtaining the requisite consent in writing of the partners;

ii) Respondent Nos. 2 to 11 shall conduct and manage the affairs of Respondent No. 1 Firm in accordance with the

Partnership Deed dated 14 July 2015 and the provisions of the Indian Partnership Act, 1932. Respondent Nos. 2 to 11 shall not take any unilateral action in respect of the partnership assets or properties which is contrary to the said Partnership Deed or the provisions of law;

iii) Respondent Nos. 2 to 11 shall preserve and maintain all books of accounts, statutory records, bank statements, title documents, agreements, deeds, correspondence and other records and documents relating to the business, affairs, assets and properties of Respondent No. 1 Firm. Respondent Nos. 2 to 11 shall not destroy, alter, conceal or part with custody of any such records or documents;

iv) Respondent No. 12, whether by or through any person claiming through or under it, is restrained from acting upon or giving effect to the Agreements for Sale dated 2 July 2026 in respect of Shop Nos. 1 and 2 in the project known as "Khandelwal Tattva", and from selling, transferring, alienating, encumbering, parting with possession of or creating any third-party rights or interests in respect of the said shops;

v) Respondent No. 12, whether by himself or through any person claiming through or under it, is restrained from acting upon or giving effect to the Agreements for Sale dated 7 July 2026 in respect of Shop Nos. 1 to 5 in the project known as "Khandelwal Acropolis", and from selling, parting with possession of or creating any third-party rights or interests in respect of the said shops;

vi) Respondent Nos. 2 and 12 shall preserve the original Agreements for Sale dated 2 July 2026 and 7 July 2026, together with all documents executed in connection therewith. They shall not cancel, alter or otherwise deal with the original documents in a manner which may affect the rights of the parties or the subject matter of the arbitration;

vii) Respondent Nos. 2 to 11 shall disclose on oath, within a period of four weeks from today, a complete and true statement of the assets and properties of Respondent No. 1 Firm, including the assets which are sold, unsold, booked or otherwise encumbered, together with the particulars of ongoing or proposed negotiations, arrangements or transactions in respect thereof and the consideration received or receivable in relation thereto;

viii) The disclosure under clause (vii) above shall contain particulars of the seven Retail Shops forming the subject matter of the impugned Agreements for Sale, the consideration received or receivable thereunder, the amounts paid or adjusted towards such consideration, and the corresponding entries in the books of account and bank accounts of Respondent No. 1 Firm;

ix) The prayer seeking deposit before the Registry of this Court of the entire balance consideration under the impugned Agreements for Sale is not granted at this stage;

x) Respondent Nos. 2 to 12 shall preserve all records relating to the alleged adjustment or set-off arrangement, including the letters dated 2 July 2026 and 6 July 2026, the Work Orders dated 9 March 2026 and 27 June 2026, invoices, running account bills, measurement sheets, payment records and correspondence relating to the said arrangement. No such document shall be destroyed and altered;

xi) The prayer for appointment of the Court Receiver, High Court, Bombay, in respect of Shop Nos. 1 and 2 in "Khandelwal Tattva" and Shop Nos. 1 to 5 in "Khandelwal Acropolis" is not granted at this stage;

xii) The prayer for appointment of the Court Receiver in respect of all units comprised in "Khandelwal Tattva" and "Khandelwal Acropolis" is rejected at this stage;

xiii) It is clarified that Respondent Nos. 2 to 11 shall remain entitled to carry on the ordinary construction and development activities of Respondent No. 1 Firm, subject to the Partnership Deed dated 14 July 2015, the Indian Partnership Act, 1932 and the orders passed herein. Nothing contained in this order shall prevent Respondent No. 1 Firm from carrying out construction, redevelopment or other activities which do not involve creation of third-party rights in the properties protected by this order;

xiv) The interim protection granted by this order shall continue during the arbitral proceedings and shall remain subject to such or final orders as may be passed by the Arbitral Tribunal or this Court in accordance with law;

xv) It is clarified that the observations and findings recorded in the judgment are prima facie findings for the purpose of deciding the present Petition under Section 9 of the Arbitration and Conciliation Act, 1996. The Arbitral Tribunal shall decide the disputes finally on the basis of the pleadings and evidence placed before it, uninfluenced by any observation made in this order;

xvi) All contentions of the parties are expressly kept open for determination in accordance with law;

xvii) The Petition is accordingly partly allowed in the above terms.

xviii) There shall be no order as to costs.

(AMIT BORKAR, J.)