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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% ***Date of Decision: 10.07.2026***

\+ **ARB.P. 794/2026**

MR. IDU .....Petitioner

Through: Dr. Meenakshi Kalra, S.W. Kalra, Mr. Mayank Dhiyania, Ms. Anjali Chaudhary, Mr. Kamal and Ms. Sakshi Gupta, advocates.

versus

HAJI ABRAR & ORS. .....Respondents

Through: Mr. Abuzar Umar, Advocate.

CORAM:
HON'BLE MR. JUSTICE SACHIN DATTA

SACHIN DATTA, J. (*ORAL*)

1. The present petition has been filed by the petitioner under Section 11(6) of the Arbitration & Conciliation Act, 1996 (hereinafter "*the A&C Act*") seeking appointment of a sole arbitrator to adjudicate the disputes between the parties.

2. The disputes between the parties are stated to have arisen in connection with the affairs of a Limited Liability Partnership. The same was incorporated in terms of a LLP Agreement dated 11.04.2023.

3. Thereafter, a supplementary agreement dated 04.09.2023 was executed whereby the petitioner was inducted as a partner in the said LLP.

4. The Arbitration Clause as contained in the original LLP Agreement dated 11.04.2023 is in the following terms:

> *"63. All disputes between the partners or between the Partner and the LLP arising out of the limited liability partnership agreement which cannot be resolved in terms of this agreement shall be referred for arbitration as per the provisions of the Arbitration and Conciliation Act, 1996."*

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5. The disputes between the parties arose whereupon the petitioner invoked the Arbitration Clause *vide* legal notice dated 29.01.2026. The same reads as under:

Upon instructions and on behalf of my client, Mr. Idu S/o Nasrudeen , current address. No. 156, Chandan Hola, Delhi 110074 (hereinafter referred to as "Our Client"), I hereby serve you with the present legal notice, the contents of which are as under:

1. That pursuant to the original agreement, Mr. Idu (the third party) communicated with Mr. Haji Abrar and Mr. Mohd Hazla in a scheme to arrange funds from the firm. Following this, our client conducted a cursory investigation into the LLP's assets. Through their deliberate misrepresentations, the parties cultivated a belief in our client that the firm was on a trajectory of substantial growth. They fostered the specific impression that the LLP could generate returns amounting to Four times the principal investment. Having been persuaded by these claims, our client placed his complete trust in the venture. In reliance on their inducements, he committed ₹50 lakhs of his personal funds and was enrolled as a designated partner in the LLP.

2. That Our Client was introduced to the existing entity, HSK Agro Foods LLP, with the objective of participating in and advancing its business operations. Consequently, Our Client, designated as a third party in the relevant agreements, acquired a 25% equity stake in the LLP, constituting an investment of ₹27,500 (Rupees Twenty-Seven Thousand Five Hundred Only) in the year 2023.

3. That Our Client operated under the bona fide belief of being an integral constituent of the LLP and has consistently acted to further its best interests. It is therefore a matter of profound grievance that Our Client has been summarily and unlawfully terminated/retired from the LLP, in flagrant violation of the stipulated procedures enshrined within the governing agreement. For your immediate reference, the prescribed procedure for the retirement of a partner, as per Clause 63, is reproduced herein:

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63." If any of the partner shall at any time during the subsistence of the partnership is desirous of retiring of the LLP it shall be competent for him to do so provided always that he shall in such a case give at least 3 calendar months of his intention to do so. Partners may cease to be partner of the LLP by giving a notice in writing of not less than 30 days to the other partners of his intention to resign as partner."

A plain perusal of the facts unequivocally demonstrates that no such notice of voluntary retirement was ever issued by Our Client to the designated partners.. It is also pertinent to note that as to how the our client has come to know about the reinterment even though not having being shown any intention to do so. The same is explained in the flowing paragraph.

4. That our client had, through some inadvertent information being received, had come to know about the purchase of property in the name of designated partners of the LLP. It is categorially stated that the purchase of property has to be cogently established and registered in the name of the present designated partner. However no such notice of the purchase has been issued and has been fraudulently purchased by concealing the purchase of the same. Therefore upon the information being sought by our client from the other colleague or partners of LLP, no clarification had been provided for same. Rather it was stated that there have been only two designated partners in the firm at the time of purchase. This transaction was fraudulently concealed, and no formal notice of the purchase was ever disclosed. Upon Our Client's legitimate inquiries, the other partners offered no substantive clarification, instead falsely maintaining that only two designated partners existed at the material time. This orchestrated concealment constitutes a prima facie case of fraudulent misconduct.. Our client has also instituted a civil suit for declaration and permanent injunction bearing no. CS 201/2025 which is pending in the court of learned ACJ [SD]-01, Ferozepur Jhirka, for restraining LLP and its partners from creating any third party interest in the property which is still pending in the aforementioned court.

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5. That our client upon receiving the information of the sale and purchase of the property has also enquired at his personal best level with all his best endeavours, to find out his current and present position in the LLP and therefore he was informed that he has been retired as a partner. The act of removal of our client has been contrived and confabulated by First and Second party mentioned in the original agreement. There manifests an absurdity that the first and second parties in the agreement who are the designated partners of the LLP must have had forged the sign in the process of retirement, thereby leading to the illegal termination our client. It is clear that the partner of an LLP is considered to be owner of the LLP in terms of the profit sharing ratio and therefore cannot be terminated on any account. The only method to emancipate an partner from the LLP can be a voluntary retirement, in relation to the present factual matrix, which is not true and therefore gives rise to a latent defect and that is forging sign in the process of retirement which was never initiated by my client.

Moreover it is also required that our client shall be furnished with information, namely records of the illegal retirement of the partner and documents thereon.

6. That the formal process of retirement mandatorily requires the passage of a board resolution, which was never convened. Should any such resolution be alleged, the signature of Our Client thereon is denounced as a forgery, executed with mala fide intent. It is a manifest absurdity to purportedly terminate a partner holding a 25% profit share without due process or cause.

7. That our client has been eagerly tried to inquire into the books of account and had not been given the same. Our client has also seek information in the profit of the LLP in the past two years so as to calculate his profit according to his profit sharing ratio but the profit is also not been disclosed due to which the exact profit has not been calculated as so far. The clause 9 of the main original agreement states the profit sharing ratio-

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"The net Profits or Losses of the of the Partnership business as per the accounts maintained by the Partnership after deduction of all the expenses relating to manufacturing and/or trading activities of the partnership including rent, salaries and other establishment expenses shall be divided and distributed amongst the partners in the same ratio in which they have contributed to the LLP."

8. That Our Client's total capital contribution to the LLP aggregates to approximately ₹55 Lakhs (Rupees Fifty-Five Lakhs Only), infused in 2023. Despite this substantial investment, Our Client has been denied any share of profits, access to financial records, or the annual audit reports of the LLP. representing a gross breach of fiduciary duty and contractual obligation.

9. Clause 63 is reproduced below for your ready reference:

"Al disputes between the partners or between the Partner and the LLP arising out of the limited liability partnership agreement which cannot be resolved in terms of this agreement shall be referred for arbitration as per the provisions of the Arbitration And Conciliation Act, 1996."

10. In terms of the said clause, Our Client hereby seeks to appoint an arbitrator to adjudicate upon the disputes between the parties. You are called upon to confirm your consent and also appoint an arbitrator to adjudicate the issue and propose an nominee within 30 (thirty) days from the date of receipt of this notice, failing which Our Client shall be constrained to take appropriate legal steps for the appointment of an arbitrator through the Hon'ble Court at your risk as to costs and consequences.

11. You are therefore formally demanded and required to Disburse the full and rightful share of profits accruing to Our Client as per his 25% shareholding. along with compensatory interest at the rate of 18% per annum and consequential damages. Moreover provide complete, unhindered access to all books of accounts, financial statements, and audit reports of the LLP from the date of Our Client's investment and propose your nominee for the arbitral proceedings within the stipulated period of 30 days. Take

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notice that your non-compliance with any of the aforementioned demands will result in the immediate initiation of formal legal proceedings for the appointment of an arbitrator and the pursuit of comprehensive remedial relief, including costs, before the appropriate judicial forum.

This notice is issued without prejudice to all other legal rights, remedies and proceedings available to my client in law and equity.

Hoping for your prompt compliance to avert further legal consequences

Copy kept.

Yours sincerely,

Dr. Meenakshi Kalra
Advocate-on -Record
Supreme Court of India

Dr. MEENAKSHI KALRA
AOR No.-2988 AOR.
Ch. No.-48
Supreme Court of India
New Delhi-02
Ph.-011-40349719
M. No.-9873448030

6. Since the respondents failed to appoint an arbitrator or respond to the aforesaid legal notice within the prescribed statutory period, the present petition has been filed.

7. A common reply has been filed by the respondents to the present petition.

8. After some hearing, it is agreed by respective counsel for the parties that since the existence of the arbitration agreement is not disputed, an independent sole arbitrator be appointed in these proceedings to adjudicate the disputes between the parties.

9. Accordingly, as jointly prayed, Mr. Syed Mehdi Imam, Advocate (Mobile No. +91 9810300950), is appointed as the Sole Arbitrator to adjudicate the disputes between the parties.

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10. The respondents shall be at liberty to raise preliminary objections as regards arbitrability/jurisdiction, if any, which shall be decided by the arbitrator, in accordance with law.

11. The learned Sole Arbitrator may proceed with the arbitration proceedings subject to furnishing to the parties the requisite disclosure as required under Section 12 of the A&C Act.

12. Let the arbitration take place under the aegis of and as per the rules of the Delhi International Arbitration Centre (DIAC).

13. All rights and contentions of the parties in relation to the claims/counter claims are kept open, to be decided by the learned Sole Arbitrator on merits, in accordance with law.

14. Needless to say, nothing in this order shall be construed as an expression of opinion of this court on the merits of the case.

15. The present petition stands disposed of in the above terms.

SACHIN DATTA, J

JULY 10, 2026/*at/ss*

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