Case Citation: (2026) ibclaw.in 5103 HC

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 25.08.2026

CORAM :

THE HON'BLE MR.JUSTICE D.BHARATHA CHAKRAVARTHY

W.P.No.6107 of 2026
and W.M.P.No.6604 of 2026

S.Narasimhan .. Petitioner

Versus

1. The General Manager (Retail),
   Hindustan Petroleum Corporation Limited,
   Thalamuthu Natarajan Building,
   4th Floor, No.1, Gandhi Irwin Road,
   Egmore, Chennai – 600 008.

2. The Deputy General Manager (Retail),
   Hindustan Petroleum Corporation Limited,
   PETRO BHAVAN, 2nd Floor,
   New No. 82, Old No. 47, TTK Road,
   Alwarpet, Chennai – 600 018.

3. S.A.Arulraj .. Respondents

(R3 impleaded vide order dated 08.07.2026
made in W.M.P.No.13294 of 2026 in
W.P.No.6107 of 2026)

Prayer : Writ Petition filed under Article 226 of the Constitution of India seeking a Writ of Mandamus, directing the 1st and 2nd respondents to forthwith restore and hand over the operations of the HPCL retail outlet / petrol bunk operated under the name and style of "Sri NVS Agencies",

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situated in the property measuring an extent of 33,038 square feet, situated in No. 39, Mambakkam Village, Sriperumbudur Taluk, Kanchipuram District, comprised in Survey No. 119/3, to the petitioner as per the binding Mediation Order dated 04.08.2023 passed by the District Legal Service Authority, Chennai and supported by the communication of the 2nd respondent bearing Ref. No. CHRO/KKU/RET dated 16.05.2025 within a time frame fixed by this Court.

For Petitioner : Mr.D.Saikumarran

For Respondents : Mr.Mohammed Fayaz Ali, for RR-1 and 2

: Mr.K.Sukumaran, for R3

ORDER

A. The Writ Petition:

This Writ Petition is filed for a Mandamus directing the respondent Nos. 1 and 2 to forthwith restore and hand over the operations of the HPCL retail outlet/petrol bunk operated under the name and style 'Sri NVS Agencies', situated at the property measuring 33,038 square feet, No. 39, Mambakkam village, Sriperumbudur taluk, Kanchipuram district, comprised in Survey No. 119/3, to the petitioner as per the binding Mediated Settlement Agreement dated 04.08.2023 entered into before the District Legal Services Authority, Chennai, and further supported by the communication of the second respondent dated 16.05.2025.

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B. The Petitioner's Case:

2. The case of the petitioner is that the petitioner was the original owner of the aforementioned property measuring 33,038 square feet. The petitioner was duly selected and awarded a dealership by the respondent Nos.1 and 2 to run a retail petrol outlet. Pursuant thereto, the petitioner executed a valid and registered lease deed dated 17.05.2004 for a period of 15 years, and the lease is valid and subsisting until 2034. Meanwhile, the petitioner faced certain financial difficulties, and the respondents invoked the holiday provision, appointed an ad hoc agency, and claimed that amounts were due from the petitioner. The petitioner also borrowed certain sums from banks by mortgaging the property.

3. On 26.08.2022, a sale deed was fraudulently registered in respect of the subject property in favour of the third respondent by the petitioner's power agent. The petitioner, therefore, instituted a suit in O.S.No.67 of 2025 on the file of the District Munsif Court, Sriperumbudur, for a declaration that the sale is null and void and for consequential relief. The suit is pending. Even in the said fraudulent transaction, a subsequent affidavit was entered into with the third respondent, stating that he is

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bound by the subsisting lease and will not disturb the dealership between the petitioner and respondent Nos.1 and 2. Further, it must be noted that there has been attornment of tenancy in respect of the land in question, and the third respondent is receiving the rent.

4. Under these circumstances, with reference to the dealership claiming amounts to be due, the respondent Nos.1 and 2 intended to file a Commercial Suit against the petitioner herein. Under Section 12A of the Commercial Courts Act, 2015, they invoked pre-litigation mediation. When the mediation request was filed before the District Legal Services Authority, Chennai, and notice was issued, the petitioner participated in the mediation, which succeeded, resulting in a Mediated Settlement Agreement between the parties, which was duly recorded.

5. Pursuant thereto, the petitioner was to pay a sum of Rs.34,14,311/- and the same was accepted as full quit towards all claims by the respondent Nos.1 and 2. Upon payment of the same, it was further agreed that the dealership would be handed over and continued, and the petitioner would also operate the outlet on a cash-and-carry basis, and that the working capital of Rs.50,00,000/- would also be maintained by the

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petitioner. Therefore, pursuant to the said Mediated Settlement Agreement dated 04.08.2023, the petitioner made the payment as per clauses A and B of the Mediated Settlement Agreement, and the same was accepted as full quit. Thereafter, when the request was made by the petitioner for continuation of the agency, a letter was issued by the second respondent on 31.01.2024 directing the petitioner to provide a concrete action plan to operate the outlet in terms of financial backup with working capital of Rs.50,00,000/- in order to generate and maintain the trading area average volume.

6. Thereafter, yet another communication was issued on 27.05.2024, stating that in view of the rental attornment being carried out in favour of the third respondent, the petitioner was directed to provide suitable alternate land for re-siting the petitioner's outlet. Thereafter, the petitioner made a detailed representation on 04.04.2025. A reply was given on 16.05.2025, once again requesting the petitioner to make the Rs.50,00,000/- working capital ready and to furnish the plan as per the settlement agreement. Once again, the petitioner issued a reply on 05.01.2026, enclosing the bank statement, in which he showed Rs.50,00,000/- as the balance and requested the authorities to hand over

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the site. However, since the same is not done, the petitioner is before this Court.

C. The Respondents' Case:

7. The respondent Nos.1 and 2 have filed a counter-affidavit. While the facts up to the stage of the Mediated Settlement Agreement are broadly agreed, it is stated that upon receipt of the sum, the dues were accepted as full quit, with reference to the allotment of the outlet, the averments are made in paragraph Nos.10 to 13, which are extracted hereunder for ready reference:-

> "10. I submit that property stood transferred in favour of Mr. Arul Raj. Consequent thereto, the revenue records were mutated in favour of the said purchaser and rental attornment was effected by the Respondent Corporation in favour of the new owner. Thereafter, the Respondent Corporation has been paying the rentals to the present Landlord, Mr. Arul Raj, and Mr. Arul Raj has submitted a Notarized Affidavit dated 02.01.2024 agreeing to the terms and conditions of the Lease Deed dated 17.05.2004."
>
> 11. I submit that thereafter the Petitioner made various representations seeking restoration of dealership operations pursuant to the Settlement Agreement dated 04.08.2023. The Respondent Corporation informed the Petitioner that restoration of the outlet could be considered only upon satisfactory compliance with the conditions stipulated in the Settlement Agreement.
>
> 12. I submit that by letter dated 05.01.2026, the Petitioner requested the Respondent Corporation to hand over the retail outlet operations to him and claimed that he had maintained a balance of Rs.50,00,000/- towards working capital. Since verification of the Petitioner's financial

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> capability was necessary, the Respondent Corporation called upon the Petitioner to furnish the bank account statements for the preceding three months.
> 13. I submit that the Petitioner thereafter addressed another representation dated 18.02.2026 reiterating his request for restoration of dealership operations. The Respondent Corporation once again requested the Petitioner to furnish the account statements and supporting records for the preceding three months in order to verify compliance with the conditions stipulated under the Settlement Agreement."

8. The Writ Petition is also resisted by the third respondent. It is the contention of the third respondent that after the purchase and putting into possession of the property and since the ad-hoc dealership is also now granted to a third party the petitioner is completely out of the picture for running of the dealership. After selling the property to the third respondent, a frivolous suit is now filed in O.S.No.67 of 2025 and already, the third respondent has filed an application for rejection of the plaint. The third respondent has also made averments relating to the financial credentials of the petitioner and submits that there are other proceedings pending against the petitioner, including I.P.No.2 of 2023 before the learned District Judge, Kanchipuram. Therefore, he would also pray that the dealership cannot be restored to the petitioner.

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D. The Arguments:

9. The learned Counsel for the petitioner, relying upon the Mediated Settlement Agreement and the subsequent communications, would submit that the Mediated Settlement Agreement should be honoured by the respondent Nos.1 and 2, being the arm of the State. They cannot enter into a settlement agreement and thereafter wriggle out of it. Initially, they asked the petitioner to provide an alternative site. When the petitioner filed a reply, duly enclosing the sale deed and the subsequent document, they asked the petitioner to show the working capital. Even after the petitioner showed the working capital, the dealership was not handed over to the petitioner. Therefore, the Mandamus, as prayed for, should be granted by this Court.

10. Per *contra*, the learned Counsel appearing on behalf of the respondent Nos.1 and 2 would submit that it is true that the petitioner was directed to show Rs.50,00,000/- as working capital; however, the other communication directing the respondents to provide an alternative site was also not superseded. Therefore, if the petitioner provides an alternative site, the respondents are ready to grant him the dealership and continue the same as per the Mediated Settlement Agreement.

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11. Additionally, it is the legal submission of the learned Counsel for the petitioner that when a Mediated Settlement Agreement is entered into by way of pre-litigation mediation under Section 12A(5) of the Commercial Courts Act, 2015, it has the effect of an award of an Arbitrator passed on consent. Therefore, even if there is any violation, the petitioner can file an Execution Petition only before the concerned Civil Court. If an Execution Petition is filed today, with reference to the continuation of the agreement as per the award, it will not be enforced as specific performance of the continuation of agency cannot be granted. Therefore, the petitioner has filed the Writ Petition under Article 226 of the Constitution of India.

12. The learned Counsel for the third respondent would submit that, with reference to the property in question, the petitioner had gone back and filed a frivolous suit only to disturb the third respondent's possession and enjoyment of the property. The application to reject the plaint was already filed on account of inadequate payment of Court fee. The ad-hoc dealership has been given to a third party. The petitioner is not at all entitled to the dealership, and even if his bank balance is taken for the

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next week, it will not show the amount of Rs.50,00,000/-, being the minimum as per the Mediated Settlement Agreement. Therefore, the third respondent would also oppose the continuation of the lease once the lease has been determined and the petitioner had gone out of possession.

E. The Questions:

13. I have considered the rival submissions made on either side and perused the material records of the case. The following questions arise for consideration :

(i) Whether the petitioner has to be relegated to the alternative remedy of filing an Execution Petition?

(ii) Whether the second limb of the Mediated Settlement Agreement is enforceable?

(iii) Whether the first and second respondents are justified in insisting upon an alternate site for continuation of dealership?

F. The Discussion & Findings:

14. The dispute between the petitioner and the third respondent is before the District Munsif Court, Sriperumbudur in O.S.No.67 of 2025 and this Court is not expressing any opinion with reference to the same.

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The issue in the present Writ Petition is with reference to the continuation of the dealership. As far as the continuation of dealership is concerned, *prima facie*, when the sale deed is during the subsistence of lease pursuant to a registered lease agreement, the purchasers' rights will obviously be subject to the earlier lease agreement. It can be seen that the lease subsists upto the year 2034 and has not been terminated. It is seen that the tenancy is attorned and the third respondent is receiving the rent.

15. The crux of the prayer relates to the enforcement of the Mediated Settlement Agreement. When the amounts were due and a dispute arose between the first respondent Corporation and the petitioner, the first respondent Corporation sought to proceed under the Commercial Courts Act by filing a commercial suit against the petitioner. Since Section 12A of the Act mandates pre-litigation mediation, as per Section 12A and the rules framed thereunder, the respondent Nos.1 and 2 approached the District Legal Services Authority for pre-litigation mediation. It is evident that the parties were referred to mediation and the issue was settled during pre-litigation mediation. Clauses 1 to 4 of the agreement are only formal clauses, stating that the dispute was referred and that the parties have voluntarily settled in mediation. Clauses 5 and 6 form

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the operative portion of the terms of settlement, as extracted hereunder:-

> "5. The following settlement has been arrived at between the parties hereto:
> A. The Opposite party agreed to pay a sum of Rs. 34,14,311.00/- (Rupees Thirty Four Lakhs Fourteen Thousand Three Hundred and Eleven Only) to the Applicant and hereby pays to the Applicant the aforesaid sum by way of a Demand Draft bearing No. "476425" drawn on Indian Overseas Bank favouring Hindustan Petroleum Corporation Limited.
> B. The Applicant receives the aforesaid Demand Draft in full and final satisfaction of all claims as against the Opposite Party subject to realization of the same.
> C. The applicant agrees to handover the operation of the dealership to the opposite party within a period of two months.
> The opposite party agrees to operate the outlet as per following conditions:
> (I) The opposite party will strictly operate the outlet on cash and carry basis with sufficient stock and working capital of Rs.50Lacs for further loads.
> (II) Opposite party agrees to operate the outlet in line with trading area average volume.
> If he is unable to do so, agrees to avail the holiday scheme as per the instruction of the applicant corporation.
> 6. By signing this Agreement, both the Parties hereto state that they have no further claims or demands against each other with respect to CD No.70 of 2023 and the disputes therein have been amicably settled by the Parties hereto through the process of conciliation/Mediation."

Thus, on a perusal of the same, it can be seen that, as against the total balance, a sum of Rs.34,14,311/- was agreed to be paid, and upon payment thereof, the same is accepted by the respondent Nos.1 and 2 as full quit. The parties carried out the same, and there is no dispute with reference to clauses A and B.

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16. The second limb of the mediation agreement provides that upon payment, the continuation of the dealership was also agreed. It was stated that the outlet can be operated by the parties on the condition that there will be a working capital of Rs.50,00,000/- and that the party should operate the outlet in line with the trading area average volume. If the petitioner is unable to do so, an option is given to avail the holiday scheme. The petitioner states that he is not availing the holiday scheme, but has made working capital of Rs.50,00,000/- ready and wants to operate the outlet in line with the trading area average volume. Therefore, when the petitioner made a further representation on 19.01.2024 in respect of the same, it can be seen that, for the first time, the petitioner divulged that he had already sold the property in question. Therefore, the respondents replied that the petitioner now had to make the alternative site ready. However, the petitioner further submitted a reply stating that the subsisting lease will bind the third respondent, there was also attornment of tenancy, and there was a further tripartite agreement, whereby the third respondent agreed that he will not in any manner interfere with the rights of the Hindustan Petroleum Corporation Limited with reference to the lease.

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17. Be that as it may, now, the first objection raised by the respondents is that the petitioner has to approach the Execution Court for executing the Mediated Settlement Agreement. It is true that the petitioner's pre-litigation mediated settlement amounts to an Arbitrator's award by consent under the Arbitration and Conciliation Act, 1995, and the said legal position was also categorically laid down by the Hon'ble Supreme Court of India in ***Patil Automation Private Limited and Ors. Vs. Rakheja Engineers Private Limited***[1]. In that scenario, the petitioner is also entitled to file execution proceedings as if it were a decree of the Civil Court of competent jurisdiction. However, the Writ Petition has been entertained, and both sides have also filed counter-affidavits on merits. Secondly, the third respondent is also now involved. As such, when the Writ Petition is already entertained and parties having contested on merits, at this stage, the petitioner is not relegated to the alternative remedy.

18. The further argument is that if the petitioner files an execution petition, the prayer to continue the dealership cannot be enforced. The argument based on Section 14 of the Specific Relief Act, 1963 cannot be countenanced. These arguments apply to agreements *per*

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se. A Mediated Settlement Agreement, though it contains the term agreement, once recorded pursuant to pre-litigation mediation under Section 12A of the Commercial Courts Act, is deemed to be an Arbitral Award by consent under Section 12A(5) of the Commercial Courts Act, 2015. Thus, it is deemed an award passed as per Section 30 of the Arbitration and Conciliation Act, 1995. It is binding and final on the parties as per Section 35 Arbitration and Conciliation Act, 1995 and is enforceable as if it were a decree of the civil court as per Section 36 Arbitration and Conciliation Act, 1995. It is apt to quote paragraph No.91.3 from ***Patil Automation Private Limited***'s case (cited *supra*) :

> "**91.3.** As to what would happen, if the parties arrive at the settlement, is provided for in Section 12-A sub-section (4). The settlement is to be reduced into writing and signed by the parties to the dispute and the mediator. The effectiveness of a settlement arrived at in the course of the pre-institution mediation contemplated in Section 12-A, has been dealt with in Section 12-A sub-section (5). Parliament has accorded the settlement, the same status and effect as if it is an arbitral award, on agreed terms under sub-section (4) of Section 30 of the Arbitration and Conciliation Act, 1996."

As such, once agreed, it will be binding and enforceable on respondent Nos.1 and 2, and they cannot raise the plea of Section 14 of the Specific Relief Act, 1963. It is a matter of public policy. The parties are not compelled to enter into any settlement in mediation. But, once, they

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enter into settlements, it will be the duty of every Court or Tribunal not to allow parties to wriggle out of the same on any pretext. Thus, the ground raised, as if it is an enforcement of the agreement, is misplaced.

19. Now, there are disputes between the petitioner and the third respondent with reference to the property and the matter is pending before the Civil Court in O.S.No.67 of 2025. In that background, firstly, I agree with the learned Counsel for the respondent Nos.1 and 2 that the petitioner, for the first time, only after the Mediated Settlement Agreement, while making the representation dated 19.01.2024, disclosed the execution of the sale deed. In this regard, it must be seen that, while originally entering into the lease agreement, the petitioner undertook that he would not sell the property or convey his rights as the lessor without due notice to the Corporation and without giving the Corporation the first option to purchase as per clause 2(vi) of the registered lease agreement. Secondly, even after the sale, this is not a simple case of attornment of tenancy. The petitioner himself has filed a civil suit claiming the transaction is fraudulent. Thus, there is a serious dispute regarding the site. In the teeth of the dispute between the petitioner and the third respondent, when respondent Nos.1 and 2 now agree that they are not claiming any further dues, but will

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continue the dealership with the petitioner if a proper alternative site is offered, the same cannot be found fault with. Therefore, I am of the view that the petitioner will be entitled to continue the dealership if the petitioner provides an alternative site or obtains the decree as contended by him in the civil suit restoring his title. Further, he has to satisfy the respondents with reference to the working capital and agree to conduct the dealership in line with the trading area average volume. Therefore, keeping it open to the petitioner to offer an alternative site to respondent Nos.1 and 2, the prayer to continue the dealership at the same site cannot be countenanced.

G. The Result:

20. In view thereof, this Writ Petition is disposed of on the following terms:-

(i) If the petitioner is desirous of continuing the dealership, if the petitioner finds an alternative site and offers the same to the respondent Nos.1 and 2, within twelve weeks from the date of receipt of a web-copy of the order, due agreement of continuing the dealership shall be entered into, upon satisfaction of the other criteria and the same can be continued;

(ii) In the meanwhile, it will also be open for the petitioner to

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invoke the holiday arrangement if he is not immediately in a position to offer the alternative land;

(iii) If the petitioner succeeds before the Civil Court during the holiday period, thereafter produces proof of the same before the first and second respondents, or if the issue of title/possession is otherwise resolved between the petitioner and the third respondent, the dealership of the petitioner can be continued at the same site;

(iv) There shall be no order as to costs. Consequently, the connected miscellaneous petition is closed.

25.08.2026

Neutral Citation : yes
grs

To

1. The General Manager (Retail),
   Hindustan petroleum Corporation Limited,
   Thalamuthu Natarajan Building,
   4th Floor, No.1, Gandhi Irwin Road,
   Egmore, Chennai – 600 008.

2. The Deputy General Manager (Retail),
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D.BHARATHA CHAKRAVARTHY, J.

grs

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