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# LEGAL INSIGHTS:

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## IMPORTANT LEGAL DEVELOPMENT

### | Government Contracts

**BOMBAY HIGH COURT UPHOLDS US$1.13 MILLION STANDBY CHARGES AWARD AGAINST ONGC FOR VESSELS KEPT ASHORE**

In the case titled as '**Oil and Natural Gas Corporation Ltd. v. M/s Great Eastern Shipping Co. Ltd. (Now M/s Great Offshore Ltd.) & Connected Petition'** *[Arbitration Petition Nos. 212 and 211 of 2013] [2026 LLBiz HC(BOM) 624]*, it was held by the Hon'ble Bombay High Court that vessels reserved and kept available for contractual work can qualify for standby charges even if they remain ashore, where the employer's own actions prevent the commencement of work as scheduled.

The Court observed that ONGC's postponement of the offshore project did not alter the vessels' standby status, as they remained committed and available for deployment. It further held that physical presence at the worksite was not a prerequisite for claiming standby charges under the contract. The Court also reiterated that factual findings of an arbitral tribunal cannot be reappreciated in proceedings under Section 34 of the Arbitration and Conciliation Act, 1996. Accordingly, the Court dismissed ONGC's challenge to the arbitral award of US$1,134,500, along with interest and arbitration costs, while declining the separate claim for pre-award interest.

**GOVERNMENT DEPARTMENTS MUST JUSTIFY HOW ELECTION DUTIES PREVENTED TIMELY FILING OF ARBITRATION APPEALS: DELHI HIGH COURT**

In the case titled as '**Department of Land Resources v. M/s Mukesh and Associates'** *[FAO(OS) (COMM) 175/2024 and FAO(OS) (COMM) 233/2024] [2026 LLBiz HC(DEL) 1148]*, it was held by the Hon'ble Delhi High Court that government departments cannot seek condonation of delay in filing arbitration appeals merely by citing deployment of officials for election duties without establishing how such duties prevented timely filing. A Division Bench comprising Acting Chief Justice Nitin Wasudeo Sambre and Justice Amit Sharma refused to condone delays of 119 and 132 days in appeals challenging an arbitral award of approximately Rs. 11.24 crore. The Court observed that a general reference to

reduced office functioning during the 2024 Lok Sabha elections was insufficient and that the Department had failed to explain each day's delay. It further held that initial filings without essential documents, including the impugned orders and arbitral award, could be treated as non-est. Accordingly, the Court dismissed the applications for condonation of delay and consequently the appeals, leaving the arbitral award undisturbed.

## KARNATAKA HIGH COURT APPOINTS SOLE ARBITRATOR IN ₹2.53 CRORE DISPUTE INVOLVING MILITARY ENGINEER SERVICES

In the case titled as '**M/s Varsha Constructions v. Chief Engineer (Air Force)**' *[Civil Misc. Petition No. 150 of 2026] [2026 LLBiz HC (KAR) 199]*, it was held by the Hon'ble Karnataka High Court that where a valid arbitration clause exists and a party has duly invoked the arbitration mechanism under Section 21 of the Arbitration and Conciliation Act, 1996, the Court may appoint a sole arbitrator for adjudication of the contractual disputes. Justice H.T. Narendra Prasad appointed retired District Judge Prabhavathi Hiremath as the sole arbitrator to resolve disputes between Varsha Constructions and the Military Engineer Services concerning construction of an Academic Block at the Air Force Technical College, Jalahalli, Bengaluru. The dispute involved claims of approximately ₹2.53 crore towards additional works, price escalation, prolongation expenses and other contractual dues. The Court noted that despite repeated invocation notices dated 13 June 2024, 30 September 2024 and 6 February 2025, the respondents had failed to respond. Accordingly, the arbitrator was appointed at the Arbitration and Conciliation Centre, Bengaluru, leaving all claims and contentions of the parties open for adjudication.

## DELHI HIGH COURT: INCOMPLETE ADDRESS CANNOT ESTABLISH SERVICE OF ARBITRAL AWARD; GAIL'S LIMITATION PLEA REJECTED

In the case titled as '**GAIL Gas Limited v. Saraswati Concast Pvt. Ltd.**' *[CM(M) 20/2026 & CM APPL. 604/2026] [2026 LLBiz HC (DEL) 1131]*, it was held by the Hon'ble Delhi High Court that the

presumption of service of an arbitral award cannot arise unless the communication is addressed to the recipient's complete and correct address. Justice Ajay Digpaul observed that merely establishing delivery of a postal article within a particular locality does not prove its delivery to the concerned company when the premises number identifying its registered office is missing. In the present case, the postal receipt omitted premises number '26/2' from Saraswati Concast's registered-office address, and the delivery report did not establish receipt of the award by the company. Accordingly, the Court rejected GAIL Gas Limited's contention that limitation for filing objections had commenced in March 2017. Finding no jurisdictional error or perversity in the trial court's order, the High Court dismissed GAIL's petition under Article 227 of the Constitution and upheld the finding that Saraswati Concast's objections under Section 34 of the Arbitration and Conciliation Act, 1996, were within limitation.

## CALCUTTA HIGH COURT GRANTS CONDITIONAL STAY ON SHAPOORJI PALLONJI'S ARBITRAL AWARD AGAINST WEST BENGAL HOUSING BOARD

In the case titled as **'West Bengal Housing Board v. M/s Shapoorji Pallonji and Company Private Limited'** *[AP-COM/188/2026] [2026 LLBiz HC (CAL) 254]*, it was held by the Hon'ble Calcutta High Court that a stay on the enforcement of an arbitral award under Section 36(2) of the Arbitration and Conciliation Act, 1996, may be made subject to appropriate security arrangements to balance the financial interests of both parties. Justice Gaurang Kanth directed the West Bengal Housing Board to secure the entire awarded amount by depositing 50% of the amount, along with up-to-date interest, in cash and furnishing a bank guarantee for the remaining 50%. The cash deposit was directed to be maintained in an interest-bearing fixed deposit with a nationalised bank. The Court granted eight weeks for compliance and clarified that the award dated 13 September 2025 would remain stayed only upon furnishing the prescribed security within the stipulated period. In default, the stay would not operate. Accordingly, the Court disposed of the petition by granting a conditional stay of the arbitral award.

## KARNATAKA HIGH COURT REFUSES TO INTERFERE WITH ₹1.10 CRORE ARBITRAL AWARD AGAINST BHEL

In the case titled as **'Bharat Heavy Electricals Ltd. v. Sterling Bio Energy Systems Pvt. Ltd. & Ors.'** *[Miscellaneous First Appeal No. 1268 of 2017] [2026 LLBiz HC (KAR) 190]*, it was held by the Hon'ble Karnataka High Court that interference with an arbitral award under Section 37 of the Arbitration and Conciliation Act, 1996, is not warranted merely because another interpretation of the contractual terms or evidence is possible.

A Division Bench comprising Justices Anu Sivaraman and Venkatesh Naik T refused to interfere with the arbitral award directing BHEL to pay ₹1,10,93,642 to Sterling Bio Energy Systems, along with interest at 18% per annum, towards expenses incurred in connection with a pilot project for evaluating an automatic meter reading system. The Court observed that the arbitrator had duly considered the contractual provisions, pleadings and evidence, including the expense allocation under Annexure B of the agreement. Relying on Konkan Railway Corporation Ltd. v. Chenab Bridge Project Undertaking, the Bench reiterated that proceedings under Sections 34 and 37 do not confer ordinary appellate jurisdiction to reappreciate evidence or substitute another possible view. Accordingly, the High Court dismissed BHEL's appeal, finding no sustainable grounds for interference.

## HIMACHAL PRADESH HIGH COURT SETS ASIDE ARBITRAL AWARD DUE TO UNILATERAL APPOINTMENT OF ARBITRATOR WITHOUT STATE'S CONSENT

In the case titled as **'State of Himachal Pradesh v. BMD Pvt. Ltd.'** *[CARBA Nos. 10 & 11 of 2025] [2026 LLBiz HC (HP) 34]*, it was held by the Hon'ble Himachal Pradesh High Court that an arbitrator cannot be unilaterally appointed without the consent of the other party where such appointment is contrary to the agreed arbitration procedure. A Division Bench comprising Chief Justice G.S. Sandhawalia and Justice Jiya Lal Bhardwaj held that the State had consistently objected to the appointment of the sole arbitrator and had sought appointment of an independent arbitrator, thereby establishing that it had not waived its objection. The Court further

observed that the arbitrator proceeded with the proceedings despite the absence of consent and failed to decide the State's application challenging his appointment under Section 13 of the Arbitration and Conciliation Act, 1996. Holding that the unilateral constitution of the arbitral tribunal went to the root of its jurisdiction, the Bench declared the appointment void ab initio and set aside the arbitral award.

## | Pharma & Bio-Technology

### BOMBAY HIGH COURT PROTECTS 414 GOATS AND ANTIBODY PRODUCTION MATERIAL PENDING ARBITRATION

In the case titled as **'Advy Biosciences Private Limited v. Swaraj Lifesciences Private Limited'** *[COMM ARBITRATION PETITION (L) NO. 32064 OF 2026] [2026 LLBiz HC(BOM) 623]*, it was held by the Hon'ble Bombay High Court that interim protection under Section 9 of the Arbitration and Conciliation Act, 1996, can be granted to preserve the subject matter of a contractual dispute pending arbitration. Justice Amit Borkar restrained Swaraj Lifesciences from selling, transferring, shifting, slaughtering or disposing of 414 goats maintained for producing Anti-Human IgG (Fc) Serum (Goat), and also prohibited the sale or supply of plasma and related products to third parties.

The Court directed preservation of plasma stocks, relevant records and existing veterinary and immunisation procedures. It further ordered an inspection and inventory of the goats and plasma. Advy was directed to deposit Rs. 57.34 lakh towards pending invoices, Rs. 20.25 lakh as security and bear provisional monthly maintenance expenses of Rs. 28.07 lakh. The Court clarified that ownership and contractual disputes would remain open for arbitration.

## | Food & Beverages

### ARBITRAL TRIBUNAL CANNOT AWARD INTEREST CONTRARY TO EXPRESS CONTRACTUAL TERMS: DELHI HIGH COURT

In the case titled as **'MMTC Limited v. Aust Grain Exports Pty Ltd.'** *[FAO(OS) (COMM) No. 210 of 2023] [2026 LLBiz HC (DEL) 1187]*, it was held by the Hon'ble Delhi High Court that an arbitral tribunal cannot award interest contrary to an express contractual provision prohibiting payment of interest on a Performance Bank Guarantee

(PBG). A Division Bench comprising Justices Avneesh Jhingan and Shail Jain held that such an award, to the extent of granting interest, conflicts with the contractual terms and falls within the scope of the public policy of India under Section 34(2)(b)(ii) of the Arbitration and Conciliation Act, 1996. The Court further clarified that Section 34(2A), which provides for setting aside domestic arbitral awards on grounds of patent illegality, does not apply to international commercial arbitration. Relying on Gayatri Balasamy v. ISG Novasoft Technologies Ltd., the Court held that a severable portion of an arbitral award can be set aside without disturbing the remaining findings. Accordingly, it set aside only the portion awarding interest on the PBG.

## | Engineering, Procurement, Construction

### ARBITRATION CLAUSE NEED NOT BE REPRODUCED IN WORK ORDERS IF GENERAL CONDITIONS OF CONTRACT ARE INCORPORATED: BOMBAY HIGH COURT

In the case titled as **'Shivkumar Enterprises v. TATA Projects Limited'** *[Arbitration Application (L) No. 15672 of 2026] [2026 LLBiz HC (BOM) 554]*, it was held by the Hon'ble Bombay High Court that an arbitration clause need not be separately reproduced in individual work orders where the General Conditions of Contract (GCC) containing the arbitration clause have been incorporated by reference. Justice Amit Borkar observed that under Section 7(5) of the Arbitration and Conciliation Act, 1996, an arbitration agreement can be incorporated through reference to another document, provided the parties intended the terms of that document to govern their contractual relationship.

The Court further held that multiple work orders governed by a common arbitration agreement can be referred to a single arbitration, even if individual claims require separate examination. It also clarified that objections concerning compliance with amicable settlement procedures and outstanding GST documentation would not, by themselves, negate the existence of an arbitration agreement.

Accordingly, the Court appointed Advocate Shadab Jan as the sole arbitrator to adjudicate disputes arising out of all four work orders issued by TATA Projects Limited.

**| Clubs & Associations**

## DELHI HIGH COURT REFERS FOOTBALL CLUBS' MEMBERSHIP AND ELECTORAL RIGHTS DISPUTES TO ARBITRATION

In the case titled as '**Ajmal FC and Anr. v. Sh. Anuj Gupta and Ors. (and connected matters)'** *[O.M.P.(I) Nos. 15/2026, 16/2026, 17/2026, 18/2026, 19/2026 and 20/2026] [2026 LLBiz HC (DEL) 1137],* it was held by the Hon'ble Delhi High Court that disputes concerning disciplinary action, membership and electoral rights of football clubs arising under an arbitration agreement can be referred to an already appointed arbitrator for consistent adjudication.

Justice Om Prakash Shukla referred disputes involving six football clubs against the Delhi Soccer Association to Advocate Manisha Suri, the sole arbitrator previously appointed in connected proceedings. The disputes arose from disciplinary actions allegedly affecting the clubs' membership and participation in the association's elections scheduled for 18 October 2026. The Court directed that the clubs' applications seeking interim protection be treated as applications under Section 17 of the Arbitration and Conciliation Act, 1996. Considering the proximity of the elections, the arbitrator was requested to hear the applications expeditiously and endeavour to pass appropriate orders before the scheduled elections. The Court clarified that all rights and contentions of the parties on the merits were left open for adjudication by the arbitrator.

# KEY CONNECT



**Deepak Panwar**
Managing Partner
Infolex Consultants
M.: 8890 23 8352
E.: deepak@infolexconsultants.com
W.: www.infolexconsultants.com

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