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

Date of decision: 31st AUGUST, 2026

IN THE MATTER OF:

CNR No. DLHC010347062026

+ **O.M.P. (T) (COMM.) 86/2026 & I.A. 20617/2026**

MUKESH GUPTA AND ORS

.....Petitioners

Through: Ms. Geeta Luthra, Sr. Adv., Mr. Kartik Malhotra, Mr. S. Santanam Swaminadhan, Ms. Shreya Singh, Ms. Shreya Mansi James, Ms. Anika Pande, Mr. Priyesh Parthasarthy, Ms. Varnika Bhardwaj, Mr. Aadarsh Kothari, Advocates

versus

PAWAN GUPTA AND ORS

.....Respondents

Through: Mr. Sandeep Sethi, Sr Adv with Mr. Harshit Khanduja, Mr Shivam Sachdeva, Ms Simran Mulchandani, Adv. for R-1 & 2
Mr. Himanshu Satija & Mr. Vishal Sharma, Adv. for R-17

CORAM:

HON'BLE MR. JUSTICE SUBRAMONIUM PRASAD

JUDGMENT

1. The present Petition has been filed under Section 14 of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**"), seeking termination of the mandate of the Learned Sole Arbitrator, appointed by this Court *vide* order dated 22.03.2024 in *ARB. P. 1010/2022* for adjudication of disputes that arose between the parties out of the Oral Family Settlement dated 30.09.2014, as recorded in the Family Settlement Deed dated 20.06.2015



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and followed by a Family Settlement Deed/Memorandum of Understanding dated 09.07.2019 (“**MoU**”).

2. It is the case of the Petitioners that during the pendency of the Arbitration proceedings, the learned Sole Arbitrator became *dejure* and *defacto* unable to perform the functions as an impartial and independent adjudicator of disputes between the parties. It is stated that the Learned Sole Arbitrator, undertook private interactions with one Mr. Sanjeev Abrol, who had been involved in the disputes between the parties. It is therefore stated that the fact that the Learned Sole Arbitrator entered into discussions with him and received dispute-related factual inputs outside the Arbitration proceedings and without the presence and consent of the parties, it raises a reasonable doubt on his impartiality.

3. A brief contextual background to the instant Petition is that the parties herein are family members who jointly established their business under the flagship of “P.P. Jewellers Private Limited” [**P.P. Jewellers**]. Due to certain differences relating to business operation, the assets, including immovable properties and liabilities were allegedly divided amongst the parties *vide* the MoU. Disputes arose between the parties *inter alia* with respect to the division of assets and liabilities of P.P. Jewellers, execution of the MoU, and compliance of the terms thereunder.

4. It is noted that the said MoU was entered into after the Family Settlement in 2015, the authenticity of which has been contested by the Petitioners, as it is not signed by all the parties. Perusal of the MoU shows that it categorically bifurcates the distribution of assets and liabilities between two groups, *viz.*, Kamal Gupta Group (the Petitioner Group) and Pawan Gupta Group (the Respondent Group). Subsequent thereto, disputes arose between the parties as the Pawan Gupta Group/Respondents herein



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were aggrieved due to non-fulfilment of obligations under MoU by the Kamal Gupta Group/ Petitioners herein. In view thereof, a Petition under Section 9 of the Arbitration Act was filed by Respondents No. 1 and 2 wherein, their grievance was that the Karol Bagh Showroom of P.P. Jewellers, bearing No. 2700 Desh Bandhu Gupta Road, Karol Bagh, New Delhi, falling to the share of the Respondent No.1 i.e., Pawan Gupta, as per the MoU, has not been transferred to them. *Per contra*, the Petitioners contended that the MoU categorically recorded that only draft of settlement had been exchanged and that there was no final and binding settlement between the parties. Further, it was alleged that the Respondents have not been able to discharge their liabilities as per the terms of the MoU. Subsequently, *vide* Order dated 05.07.2022, this Court restrained the Petitioners herein from selling, transferring, alienating or creating any third-party rights in relation to immovable properties, including the said Karol Bagh showroom, till the time the matter is considered by the Arbitral Tribunal.

5. Due to the subsistence of disputes, the parties were eventually referred to Arbitration for resolving disputes arising out of the MoU. Accordingly, *vide* Order dated 22.03.2024, a Sole Arbitrator was appointed to adjudicate the disputes between the parties.

6. In the Arbitration proceedings, the pleadings stand completed before the Learned Sole Arbitrator and the date fixed for framing of points of determination is 31.08.2026.

7. It is the case of the Petitioners that during the Arbitral proceedings, the parties started negotiating for settling the matter amicably. Consequently, it was agreed that the Learned Sole Arbitrator may interact with the parties to determine if there is any scope for mediation or amicable



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settlement of disputes. In view thereof, the Learned Sole Arbitrator met with the parties and during the course of hearing on 16.01.2026 and 17.01.2026, the counsel appearing for the Petitioners, on instructions suggested that the Learned Sole Arbitrator may also interact with one Mr. Sanjeev Abrol for exploring talks for settlement of disputes and ascertain if Mr. Abrol would act as the mediator. This was suggested, as Mr. Sanjeev Abrol was already familiar with the disputes between the parties and had played a central role during execution of the MoU.

8. It is stated by Learned Senior Counsel for Petitioners that on 28.01.2026, the Learned Sole Arbitrator met Mr. Sanjeev Abrol privately, sans the presence of the parties. It is stated that during the meeting, Petitioner No. 3, one Mr. Ajai Goyal, who is the advisor to the Petitioners along with Petitioner's counsel were also present at the office of the Learned Sole Arbitrator. However, despite their presence, Learned Sole Arbitrator met with Mr. Abrol privately and their meeting went about for an hour.

9. It is also stated by Learned Senior Counsel for Petitioners that on 01.05.2026, the Petitioners during a social call with Mr. Sanjeev Abrol learnt that on 28.01.2026, the meeting between Mr. Sanjeev Abrol and Learned Sole Arbitrator was not restricted to him acting as a mediator, but also extended to him discussing the key aspects of the disputes and facts of the present Arbitration proceedings. It is therefore stated that Learned Sole Arbitrator has been involved in the matter to an extent and in a manner which renders him incompatible for discharging duties as an Arbitrator. It is also stated that communications happened outside the regular arbitration proceedings, without the presence of the parties, thereby making it more questionable.



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10. It is stated that the Petitioners sent an email to the Learned Sole Arbitrator on 01.05.2026 to express their grievance and asking the Arbitrator to withdraw from the mandate. However, *vide* Procedural Order dated 01.05.2026, Learned Arbitrator rejected the request of the Petitioners.

11. The Petitioners have therefore approached this Court by way of the instant Petition seeking termination of mandate of the Arbitrator on the ground that once the Learned Sole Arbitrator indulged into private discussions with a third party who had already been involved with the parties in relation to their *inter se* disputes, he has become *de jure* incapable to perform his role as an independent adjudicator.

12. Learned Senior Counsel for the Petitioners submits that the disputes pertaining to the Arbitration proceedings, must be solely decided on the basis of material brought on record before the Arbitral Tribunal. The Arbitrator cannot extract information about the dispute through any outside sources and any information beyond the purview of the proceedings cannot be taken. It is further submitted that since the Learned Sole Arbitrator in the instant case made such an endeavour, he became *de jure* incapable of acting as an adjudicator within the meaning of Section 14(1)(a) read with the Seventh Schedule, Entry No 16 of the Arbitration Act. Reliance is placed upon the cases HRD Corpn. v. GAIL (India) Ltd., (2018) 12 SCC 471; Bhadra International (India) (P) Ltd. v. Airports Authority of India, 2026 SCC OnLine SC 7; Norbrook Laboratories Ltd. v. Tank, [2006] APP.I.05/12 / [2006] EWHC 1055 (Comm).

13. Learned Senior Counsel for the Petitioners also submits that the language of Section 14 of the Arbitration Act and the usage of the words “shall terminate” indicate that termination is mandatory and not a mere formality. A conjoint reading of Section 14(1)(a) along with Entry 16 of the



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Seventh Schedule of the Arbitration Act indicates that Arbitrator's previous involvement in the case would also include Arbitrator's involvement during the proceedings.

14. It is further stated that in view of Section 12(5) of the Arbitration Act, the Arbitrator is duty bound to maintain the sanctity of the adjudication process and maintain an optimum distance from the dispute so that it does not impinge upon his neutrality. Since the Arbitration Act rests upon the principles of neutrality, independence and impartiality of the Arbitrator, the conduct of the Arbitrator as elaborated above, falls foul of principles embodied in the Arbitration Act.

15. *Per contra*, learned Senior Counsel for Respondents submits that by way of the Procedural Order dated 08.01.2026, it has been categorically recorded that it was the Counsel for the Petitioner who made a suggestion to call Mr. Sanjeev Abrol. On the contrary, it was the Respondents who expressed their reservation for holding talks with him. However, the Learned Sole Arbitrator acceded to the pleas of the Petitioners and decided to meet him. It is submitted that Petitioners, therefore, cannot be allowed to approbate and reprobate at the same time.

16. It is further submitted by the Learned Senior Counsel for the Respondents that remedy lies with the Petitioners under Section 13(2) of the Arbitration Act and in the eventuality of no success, challenge the award, if it is adverse, under Section 34 of the Arbitration Act.

17. Learned Senior Counsel for the Respondents places reliance upon Section 30 of the Arbitration Act to state that the Learned Arbitrator was obligated to encourage the parties for settlement and look for ways to make the parties amicably resolve their disputes.



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18. This Court has heard the arguments of the Parties and perused the material on record.

19. The moot question which arises for consideration is whether the Arbitrator by conducting a private meeting with Mr. Abrol, became *de jure* ineligible to act as an independent adjudicator within the meaning of Section 12(5) read with Seventh Schedule of the Arbitration Act and resultantly, can the mandate of the Arbitrator be terminated under the purview of Section 14(1)(a) read with Section 15 of the Arbitration Act.

20. It becomes pertinent to consider the law pertaining to termination of the mandate of an Arbitrator, the grounds under which the mandate can be terminated and scope of such grounds. The statutory scheme encapsulated under Sections 12 to 15 of the Arbitration Act is mentioned as under:

“12. Grounds for challenge.— [(1) When a person is approached in connection with his possible appointment as an arbitrator, he shall disclose in writing any circumstances,—

- (a) such as the existence either direct or indirect, of any past or present relationship with or interest in any of the parties or in relation to the subject-matter in dispute, whether financial, business, professional or other kind, which is likely to give rise to justifiable doubts as to his independence or impartiality; and
- (b) which are likely to affect his ability to devote sufficient time to the arbitration and in particular his ability to complete the entire arbitration within a period of twelve months.

Explanation 1.—The grounds stated in the Fifth Schedule shall guide in determining whether circumstances exist which give rise to justifiable doubts as to the independence or impartiality of an arbitrator.



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Explanation 2.—The disclosure shall be made by such person in the form specified in the Sixth Schedule.]

(2) An arbitrator, from the time of his appointment and throughout the arbitral proceedings, shall, without delay, disclose to the parties in writing any circumstances referred to in sub-section (1) unless they have already been informed of them by him.

(3) An arbitrator may be challenged only if—

- (a) circumstances exist that give rise to justifiable doubts as to his independence or impartiality; or*
- (b) he does not possess the qualifications agreed to by the parties.*

(4) A party may challenge an arbitrator appointed by him, or in whose appointment he has participated, only for reasons of which he becomes aware after the appointment has been made.

[(5) Notwithstanding any prior agreement to the contrary, any person whose relationship, with the parties or counsel or the subject-matter of the dispute, falls under any of the categories specified in the Seventh Schedule shall be ineligible to be appointed as an arbitrator:

Provided that parties may, subsequent to disputes having arisen between them, waive the applicability of this sub-section by an express agreement in writing.]

13. Challenge procedure.—(1) Subject to sub-section (4), the parties are free to agree on a procedure for challenging an arbitrator.

(2) Failing any agreement referred to in sub-section (1), a party who intends to challenge an arbitrator shall, within fifteen days after becoming aware of the Constitution of the arbitral tribunal or after becoming aware of any circumstances referred to in



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sub-section (3) of Section 12, send a written statement of the reasons for the challenge to the arbitral tribunal.

(3) Unless the arbitrator challenged under sub-section (2) withdraws from his office or the other party agrees to the challenge, the arbitral tribunal shall decide on the challenge.

(4) If a challenge under any procedure agreed upon by the parties or under the procedure under sub-section (2) is not successful, the arbitral tribunal shall continue the arbitral proceedings and make an arbitral award.

(5) Where an arbitral award is made under sub-section (4), the party challenging the arbitrator may make an application for setting aside such an arbitral award in accordance with Section 34.

(6) Where an arbitral award is set aside on an application made under sub-section (5), the Court may decide as to whether the arbitrator who is challenged is entitled to any fees.

14. Failure or impossibility to act.—(1)³⁶[The mandate of an arbitrator shall terminate and he shall be substituted by another arbitrator, if]—

- (a) he becomes de jure or de facto unable to perform his functions or for other reasons fails to act without undue delay; and*
- (b) he withdraws from his office or the parties agree to the termination of his mandate.*

(2) If a controversy remains concerning any of the grounds referred to in clause (a) of sub-section (1), a party may, unless otherwise agreed by the parties, apply to the Court to decide on the termination of the mandate.

(3) If, under this section or sub-section (3) of Section 13, an arbitrator withdraws from his office or



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a party agrees to the termination of the mandate of an arbitrator, it shall not imply acceptance of the validity of any ground referred to in this section or sub-section (3) of Section 12.

15. Termination of mandate and substitution of arbitrator.—(1) *In addition to the circumstances referred to in Section 13 or Section 14, the mandate of an arbitrator shall terminate—*

(a) where he withdraws from office for any reason; or

(b) by or pursuant to agreement of the parties.

(2) Where the mandate of an arbitrator terminates, a substitute arbitrator shall be appointed according to the rules that were applicable to the appointment of the arbitrator being replaced.

(3) Unless otherwise agreed by the parties, where an arbitrator is replaced under sub-section (2), any hearings previously held may be repeated at the discretion of the arbitral tribunal.

(4) Unless otherwise agreed by the parties, an order or ruling of the arbitral tribunal made prior to the replacement of an arbitrator under this section shall not be invalid solely because there has been a change in the composition of the arbitral tribunal.”

21. The scheme of the Arbitration Act envisages an independent adjudicatory process outside the confines of the traditional Court system. Accordingly, the Arbitration Act provides requisite safeguards to ensure that the Arbitrator is impartial and independent and is neither influenced by the parties nor any extraneous circumstances thereby affecting the outcome of Arbitration Proceedings. A conjoint reading of Sections 12, 13, 14, 15, and Schedules 5, 6 and 7 demonstrates that the Arbitration. Act draws a distinction between circumstances which render an Arbitrator statutorily



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ineligible to act and circumstances which give rise to justifiable doubts as to his independence or impartiality. The legal consequence and the procedure for examining these two categories are materially different.

22. Section 12(5) of the Arbitration Act is a non obstante clause which states that notwithstanding any prior agreement to the contrary, a person falling within any of the categories specified in the Seventh Schedule shall be ineligible to be appointed as an Arbitrator, subject to the exception contained in the *proviso* therein. It is pertinent to note that statutory ineligibility does not mean that Arbitrator's independence is questionable, rather such a disqualification operates by virtue of law. Thus, when an Arbitrator falls within any of the categories specified in Seventh Schedule, he becomes *de jure* ineligible to act, which in turn renders him *de jure* unable to perform his functions within the meaning of Section 14(1)(a) of the Arbitration Act. It is to be noted that since such a challenge is based on a statutory disqualification, i.e., disqualification by virtue of law, it is therefore different from a challenge based upon circumstances giving rise to justifiable doubts as to independence or impartiality under Section 12(3), which is required to be dealt with in accordance with procedure prescribed under Section 13 of the Arbitration Act.

23. The aforesaid distinction was explained by the Apex Court in HRD Corpn. v. GAIL (India) Ltd., (2018) 12 SCC 471, wherein it was held that the 2016 Amendment to the Arbitration Act introduced a dichotomy between persons who are rendered "ineligible" to be appointed as Arbitrators *vis-à-vis* persons for whom circumstances exist giving rise to justifiable doubts as to their independence or impartiality. The relevant paragraph is extracted as under:



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“12. After the 2016 Amendment Act, a dichotomy is made by the Act between persons who become “ineligible” to be appointed as arbitrators, and persons about whom justifiable doubts exist as to their independence or impartiality. Since ineligibility goes to the root of the appointment, Section 12(5) read with the Seventh Schedule makes it clear that if the arbitrator falls in any one of the categories specified in the Seventh Schedule, he becomes “ineligible” to act as arbitrator. Once he becomes ineligible, it is clear that, under Section 14(1)(a), he then becomes de jure unable to perform his functions inasmuch as, in law, he is regarded as “ineligible”. In order to determine whether an arbitrator is de jure unable to perform his functions, it is not necessary to go to the Arbitral Tribunal under Section 13. Since such a person would lack inherent jurisdiction to proceed any further, an application may be filed under Section 14(2) to the Court to decide on the termination of his/her mandate on this ground. As opposed to this, in a challenge where grounds stated in the Fifth Schedule are disclosed, which give rise to justifiable doubts as to the arbitrator's independence or impartiality, such doubts as to independence or impartiality have to be determined as a matter of fact in the facts of the particular challenge by the Arbitral Tribunal under Section 13. If a challenge is not successful, and the Arbitral Tribunal decides that there are no justifiable doubts as to the independence or impartiality of the arbitrator/arbitrators, the Tribunal must then continue the arbitral proceedings under Section 13(4) and make an award. It is only after such award is made, that the party challenging the arbitrator's appointment on grounds contained in the Fifth Schedule may make an application for setting aside the arbitral award in accordance with Section 34 on the aforesaid grounds. It is clear, therefore, that any challenge contained in the Fifth Schedule against the appointment of Justice Doabia and Justice Lahoti cannot be gone into at this stage, but will be gone into only after the Arbitral



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Tribunal has given an award. Therefore, we express no opinion on items contained in the Fifth Schedule under which the appellant may challenge the appointment of either arbitrator. They will be free to do so only after an award is rendered by the Tribunal.”

24. It was therefore held that where an Arbitrator falls within any of the categories specified in the Seventh Schedule, he becomes “ineligible” under Section 12(5) and consequently, *de jure* unable to perform his functions under Section 14(1)(a). In such a case, it is not necessary to invoke the procedure under Section 13 and the party may approach the Court under Section 14(2) for seeking termination of the mandate. However, where the challenge is founded upon circumstances falling within Fifth Schedule and giving rise to “justifiable doubts as to independence or impartiality”, the challenge is to be adjudicated in accordance with Section 13 of the Arbitration Act before the Arbitral Tribunal itself and, if unsuccessful, the challenge may be raised at the stage of challenge to the arbitral award within the purview of Section 34.

25. The distinction between *de jure* ineligibility and *de jure* inability has recently been reiterated by the Apex Court in the case of Bhadra International, (supra). The relevant paragraphs are reproduced as under:

“d. De Jure inability of the arbitrator to perform his functions

61. *In the aforesaid context, it would be apposite to briefly explain what constitutes as de jure ineligibility under Section 12(5). The expression de jure denotes a condition rooted in strict compliance with the requirements of law. De jure inability refers to a situation in which an arbitrator is legally incapable of performing his functions and is, by operation of law, barred from continuing in office. Such inability strikes*



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at the very root of the arbitrator's authority to act, thereby affecting his inherent capacity to discharge his functions as an arbitrator. It is this legal incapacity, arising from statutory disqualifications, that results in the termination of the "mandate of an arbitrator" under Section 14(1)(a) of the Act, 1996.

62. De jure inability referred to under Section 14(1)(a) may arise from the provisions of the Act, 1996, or from any other existing law that renders an arbitrator legally incapable of performing his functions. As regards de jure ineligibility, it flows from sub-section (5) of Section 12 read with the Seventh Schedule, which disqualifies certain persons from being appointed or continuing as arbitrators.

63. In other words, the ineligibility under Section 12(5) precedes de jure inability under Section 14(1)(a). In other words, de jure ineligibility is the specie and de jure inability is the genus. To put this in context, de jure inability is determined when an aggrieved party is able to indicate that the circumstances under the Seventh Schedule have been met."

26. Reading of the aforementioned paragraphs shows that the Apex Court has explained that *de jure* inability is a species of *de jure* ineligibility and the latter is established where the circumstances under Seventh Schedule of the Arbitration Act are established. Therefore, for a challenge under Section 14(1)(a) premised upon *de jure* inability arising from Section 12(5), it is necessary to first ascertain whether the facts of the case bring the Arbitrator within any of the circumstances contemplated by the Seventh Schedule.

27. The issue to be determined in the present case therefore, is if the alleged private meeting with Mr. Sanjeev Abrol, is sufficient to establish any of the circumstances laid down in Seventh Schedule and if so, does it render



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the Arbitrator *de jure* unable to discharge his adjudicatory function, consequently leading to termination of his mandate.

28. In the instant case, Petitioners *vide* email dated 01.05.2026 expressed their grievance and asked the Arbitrator to withdraw from the mandate. In its reply, *vide* Procedural Order dated 01.05.2026, Learned Arbitrator while rejecting the request of the Petitioners stated that:

“4. On a perusal of the email, a reference has been made to some extended meeting between Mr. Pawan Gupta and his son Mr. Piyush Gupta, before the Arbitral Tribunal, with which the others were not comfortable. Firstly, nothing of a prolonged meeting was ever held. Secondly, if they felt any discomfort in whatever manner, nothing was said and this issue is now 3½ months old. As far as Mr. Abrol is concerned, at request of the parties and Mr. Mata, the undersigned, entertained him on 28.01.2026 to find out if he was willing to play the role of a mediator. The contours of the dispute were pointed out to him but he clearly declined to play the role of a mediator as he had been responsible for the earlier settlement and somehow felt that what he had settled was not being implemented and it caused embarrassment to him as he knew the family. That was the end of the matter.

5. The cause for the email is stated to be now a social call made on 01.05.2026, to the effect that the meeting went beyond settlement issue and traversed several key aspects of the dispute at length. This is factually incorrect. Only the contours of the dispute before the Tribunal were pointed out to him and his willingness was sought whether he could be a mediator.

6. In view of the aforesaid, vide the email to say that this Tribunal should not proceed with the matter even though the email is not intended as a representation under Section 12 and 13 of the



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Arbitration and Conciliation Act, 1996, is without any basis and if one may say, an endeavour to push the Tribunal out of the proceedings. This is not acceptable.”

29. It is the case of the Petitioners that the learned Sole Arbitrator has become *dejure* incapable of acting as an independent adjudicator of disputes in question as he intervened in a manner and to an extent which was not appropriate according to the principles laid down in the Arbitration Act, specifically Entry No. 16 of the Seventh Schedule.

30. This Court is not in agreement with the argument raised on behalf of Petitioners for the simple reason that the language of Entry 16 of the Seventh Schedule is clear and there cannot be an expansive interpretation of entries contained therein. The said view was also expressed by the Apex Court in HRD Corpn. (*Supra*), wherein it was stated that a broad and expansive meaning of entries cannot be permissible. The relevant paragraph from the said judgment is reproduced as under:

“20. However, to accede to Shri Divan's submission that because the grounds for challenge have been narrowed as aforesaid, we must construe the items in the Fifth and Seventh Schedules in the most expansive manner, so that the remotest likelihood of bias gets removed, is not an acceptable way of interpreting the Schedules. As has been pointed out by us hereinabove, the items contained in the Schedules owe their origin to the IBA Guidelines, which are to be construed in the light of the general principles contained therein—that every arbitrator shall be impartial and independent of the parties at the time of accepting his/her appointment. Doubts as to the above are only justifiable if a reasonable third person having knowledge of the relevant facts and circumstances



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would reach the conclusion that there is a likelihood that the arbitrator may be influenced by factors other than the merits of the case in reaching his or her decision. This test requires taking a broad commonsensical approach to the items stated in the Fifth and Seventh Schedules. This approach would, therefore, require a fair construction of the words used therein, neither tending to enlarge or restrict them unduly. It is with these prefatory remarks that we proceed to deal with the arguments of both sides in construing the language of the Seventh Schedule.”

31. The aforementioned judgment also elaborated the scope of “previous involvement in the case”, in the following manner:

“24. On reading the aforesaid guideline and reading the heading which appears with Item 16, namely, “Relationship of the arbitrator to the dispute”, it is obvious that the arbitrator has to have a previous involvement in the very dispute contained in the present arbitration. Admittedly, Justice Doabia has no such involvement. Further, Item 16 must be read along with Items 22 and 24 of the Fifth Schedule. The disqualification contained in Items 22 and 24 is not absolute, as an arbitrator who has, within the past three years, been appointed as arbitrator on two or more occasions by one of the parties or an affiliate, may yet not be disqualified on his showing that he was independent and impartial on the earlier two occasions. Also, if he currently serves or has served within the past three years as arbitrator in another arbitration on a related issue, he may be disqualified under Item 24, which must then be contrasted with Item 16. Item 16 cannot be read as including previous involvements in another arbitration on a related issue involving one of the parties as otherwise Item 24 will be rendered largely ineffective. It must not be forgotten that Item 16 also appears in the Fifth Schedule and has, therefore, to be harmoniously read with Item 24. It



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has also been argued by the learned counsel appearing on behalf of the respondent that the expression “the arbitrator” in Item 16 cannot possibly mean “the arbitrator” acting as an arbitrator, but must mean that the proposed arbitrator is a person who has had previous involvement in the case in some other avatar. According to us, this is a sound argument as “the arbitrator” refers to the proposed arbitrator. This becomes clear, when contrasted with Items 22 and 24, where the arbitrator must have served “as arbitrator” before he can be disqualified. Obviously, Item 16 refers to previous involvement in an advisory or other capacity in the very dispute, but not as arbitrator. It was also faintly argued that Justice Doabia was ineligible under Items 1 and 15. Appointment as an arbitrator is not a “business relationship” with the respondent under Item 1. Nor is the delivery of an award providing an expert “opinion” i.e. advice to a party covered by Item 15.”

32. From the above, it is clear that Entry 16 provides that the Arbitrator, in any capacity, must have a previous involvement in the same dispute which is the subject-matter of the ongoing Arbitration. This is not true for the instant case. Learned Senior Counsel for the Petitioners avers that the Arbitrator communicated with a third person, who is said to have a previous involvement in the dispute between the parties and therefore, it is not the Arbitrator who has a previous involvement in the case but Mr. Abrol. Even on a fair and reasonable construction of the said Entry, this Court is not inclined to believe that merely because the Arbitrator interacted with a third-party who had been previously involved in relation to the disputes in question, the Arbitrator can be considered to be previously involved in the dispute, more so when the Petitioners have failed to provide any concrete evidence with regard thereto. Such an interpretation would be *in volte face*



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of the scheme of the Arbitration Act and principles enumerated therein. Hence, the averment *qua* Entry 16 of Schedule 7 is untenable.

33. Learned Senior Counsel for Petitioners further submits that the fact that the Learned Sole Arbitrator discussed with Mr. Sanjeev Abrol merits of the case in the Arbitration proceedings, it casts a doubt on his independence and such a private interaction leads to an inference that Learned Sole Arbitrator is now biased. The question which therefore arises for consideration is whether the alleged meeting with Mr. Abrol raises an apprehension of bias. This Court notes that it was the Petitioners who had suggested the name of Mr. Sanjeev Abrol to the Arbitrator for effective resolution of the disputes. The same has been expressly stated in the present Petition. In such a scenario, Petitioners cannot be allowed to challenge such endeavour undertaken by the Arbitrator which was on the suggestion made by the Petitioners themselves.

34. The learned Sole Arbitrator, subsequent to the request made by the Petitioners, met with Mr. Abrol. The mere fact that the Learned Arbitrator met Mr. Abrol cannot be considered as a circumstance resulting in a reasonable apprehension of bias, more so when no cogent evidence is brought on record suggesting the contrary. As such, the argument of Learned Senior Counsel for Petitioner that the meeting went beyond the request for mediation and the Arbitrator discussed the merits of the case, is a mere *ipse dixit*, and without any substance. It is not the case of Petitioners that procedural orders passed subsequent to the alleged private meeting with Mr. Abrol reflected bias or prejudiced view. This Court is of the opinion that if such pleas are allowed, it would open a pandora's box and result in unnecessary interference by the Court in the Arbitration proceedings, contrary to the very purpose and objective of Section 30 of the Arbitration



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Act which mandates that an Arbitrator to take all to take all possible steps to bring about an amicable settlement.

35. The allegation of the Petitioners that in a social meeting with Mr. Abrol, he revealed that certain aspects of the matter were discussed with the learned Sole Arbitrator, which, in the opinion of the Petitioners, are beyond the scope of mediation, in itself is not sufficient to hold that the Learned Arbitrator has become *de jure* ineligible to function as an Arbitrator and therefore, has to be mandatorily removed. The nature of conversation, the impact of the conversation on the arbitration proceedings etc., are all matters which cannot be decided at this stage and any such matter will be unearthed during further proceedings in trial. It is only after such fact is established during further proceedings to show that the conversation could have resulted in bias in the mind of the Arbitrator, can a ground be taken to set aside the arbitral award at the stage of challenge to the award.

36. Mere fanciful apprehension by a party cannot undermine the entire arbitral process and courts cannot entertain fanciful doubts. It is to be remembered that terminating arbitration proceedings on the ground of impartiality casts aspersions on arbitrators who are of good repute. Their *bona fides* therefore, cannot be questioned/challenged on such superficial allegations and only when such allegations are proved, can the courts interfere. This Court notes that there is no material on record to indicate that the Arbitrator was in any way biased.

37. There is yet another aspect to be considered. The suggestion for mediation came about on 08.01.2026 and 09.01.2026. After that, proceedings went on. The list of dates further reveal that on 06.03.2026, the Application of Respondents under Section 17 of the Arbitration Act was decided and orders were passed against the Petitioners. It is also noted that



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there have been further proceedings before the Arbitrator on 20.03.2026, 25.03.2026 and 01.04.2026. The alleged apprehension of bias suddenly sprung up on 01.05.2026 and that too, from an oral conversation between the Petitioner and Mr. Abrol during a social meeting which is only after orders were passed against the Petitioners in an application under Section 17 of the Arbitration Act on 06.03.2026. Therefore, a doubt is also cast on the bonafides of the Petitioners.

38. Be that as it may, this Court is not further elaborating on the issue lest, it should prejudice the parties. The Courts should not encourage parties to take steps to arm-twist the Arbitrator in case orders start going against them.

39. As stated earlier, if during the trial, it comes out that discussions took place between the Arbitrator and Mr. Sanjeev Abrol and the mind of the Arbitrator became biased, it is open for the Petitioners to raise such ground in a petition under Section 34 of the Arbitration Act.

40. In view of foregoing observations, the present Petition is dismissed, and pending applications, if any, accordingly stand disposed of.

SUBRAMONIUM PRASAD, J

AUGUST 31, 2026
KM/SZ