



\$~10

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **ARB.P. 1422/2025**
M/S MADNANI ENGINEERINGS WORKSPetitioner
Through: Mr. Ashish Khorana, Adv.
versus
UNION OF INDIARespondent
Through: Mr. Premtosh K. Mishra, CGSC
(Appearance not given)

CORAM:
HON'BLE MR. JUSTICE JASMEET SINGH

ORDER
16.10.2025

%

1. This is a petition filed under Section 11(6) of the Arbitration and Conciliation Act, 1996 seeking appointment of an arbitrator to adjudicate the dispute between the parties.
2. The brief facts of the case are that the petitioner, an established ISO-certified manufacturer and regular government supplier, entered into a rate contract in 2008 for the supply of tyre chains with the respondent. Despite completing the supply as per approved timelines, the department wrongfully deducted liquidated damages of Rs. 18,88,799/- and taxation differences of Rs. 21,92,212/-, totaling Rs. 40,81,011/-.
3. The Special Conditions of the Contract contains an arbitration clause being clause No. 23 which reads as under:

“23. ARBITRATION CLAUSES.

(a) All disputes or difference arising out of or in connection with the present contract including the ones connected with the validity if the present Contract or any part there of shall be settled by bilateral transactions.



(b) Any dispute, disagreement of question arising out of or relating to this Contract or relating to construction. or performance (except as to any matter the decision or determination whereof is provided for by these conditions), which cannot be settled amicable, shall within sixty (60) days or such long for period as maybe mutually0 agreed upon, from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question existing will be referred to the Arbitration Tribunal consisting of three arbitrators.

(c) Within sixty (60) days of the receipt of the said Notice, CONTRACTOR shall nominate one arbitrator in writing and CUSTOMER shall nominate one arbitrator.

(d) The third arbitrator, who shall not be a citizen or domicile or of the country either of the parties or of any other country unacceptable to any of the parties shall be nominated of the parties within (90) days of the receipt of the notice mentioned above. Failing which the third arbitrator may be nominated by the President of International Chamber of Commerce, Paris, at request of either party but the said nomination would after consultation with both the parties and shall preclude any clause shall not act as an umpire.

(e) The ARBITRATOR Tribunal shall have its seat in New Delhi or such other place in India as may be mutually agreed to between the parties.

(f) The Arbitrator proceeding shall be conducted in India under



the Indian Arbitration and Conciliation Act. 1996 and the award of such Arbitration Tribunal Shall be enforceable in Indian Courts only.

(g) The decision of the majority of the arbitrator shall be final and binding on the parties to this contract.

(h) Each party shall bear its own cost of preparing and presenting its case. The cost of arbitration including the fees and expenses of the third arbitrator shall be equally by the Seller and Buyer.

(j) In the event of vacancy caused in the office of the arbitrators, the party, which nominated such arbitrators, shall be entitled to nominate another in his place and the arbitration proceedings shall continue from the stage they were left by the retiring arbitrator.

(k) In the event of one of the parties failing to nominate its arbitrator within 60 days as above if any of the parties does not nominate another arbitrator within 60 days in the place of the arbitrator falling vacant, then the other party shall be entitled after due notice of at least 30 days to request the resident of the international chamber of commerce to nominate another arbitrator as above.

(l) If the place of the third arbitrator falls vacant his substitute shall be nominated according to the provisions herein above stipulated.

(m) The parties shall continue to perform their respective obligations under this contract during the pendency of the



arbitration proceedings except in so far as such obligations are the subject matter of the said arbitration proceedings.”

4. Since there were disputes between the parties, the petitioner invoked arbitration *vide* legal notice dated 09.04.2025.
5. Mr. Mishra, learned CGSC for the respondent had accepted notice on 11.09.2025 but no reply has been filed.
6. I am of the view that there is a valid arbitration clause and there are disputes which need to be adjudicated through the arbitral mechanism.
7. For the said reasons, the petition is allowed and the following directions are issued:-
 - i) Mr. N.P.S. Chawla (Advocate) (Mob. No. 9958535300) is appointed as a Sole Arbitrator to adjudicate the disputes between the parties.
 - ii) The arbitration will be held under the aegis and rules of the Delhi International Arbitration Centre, Delhi High Court, Sher Shah Road, New Delhi (hereinafter, referred to as the ‘DIAC’).
 - iii) The remuneration of the learned Arbitrator shall be in terms of DIAC (Administrative Cost and Arbitrators’ Fees) Rules, 2018.
 - iv) The learned Arbitrator is requested to furnish a declaration in terms of Section 12 of the Act prior to entering into the reference.
 - v) It is made clear that all the rights and contentions of the parties, including as to the arbitrability of any of the claim, any other preliminary objection, as well as claims/counter-claims and merits of the dispute of either of the parties, are left open for adjudication by the learned arbitrator.
 - vi) The parties shall approach the learned Arbitrator within two weeks



from today.

8. The present petition is disposed of in the aforesaid terms.

JASMEET SINGH, J

OCTOBER 16, 2025/AS