



2025:DHC:11580



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\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**+ **ARB.P. 1728/2025**Date of Decision: **11.12.2025****IN THE MATTER OF:**

GAIL INDIA LTD

.....Petitioner

Through: Mr. Nishant Awana and Ms. Rini  
Badoni, Advs.

versus

HEMA AUTOMOTIVE PVT LTD

.....Respondent

Through: None.

**CORAM:****HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV****JUDGEMENT****PURUSHAINDRA KUMAR KAURAV, J. (ORAL)**

1. The following affidavit of service has been filed by the petitioner, which is extracted as under:

*"I, Ms. Ekta Kundu, D/o Vasudev Kundu , aged about 27 years, having office at A-320, 1<sup>st</sup> Floor, Defence Colony, New Delhi- 110024, do hereby solemnly affirm and declare as under:*

*1. I am an advocate engaged in the office of counsel on record for the Petitioner in the subject Arbitration Petition and therefore conversant with the facts of the present case and hence competent to sign and verify the present Affidavit.*

*2. Vide order dated 16.10.2025, this Hon'ble Court was pleased to issue notice in the Petition to the Respondent, through all modes, including electronic.*

*3. I say that the pursuant to this Hon'ble Court 's direction, the entire copy of the Petition along with court issued Notice was served by our office upon the Respondent- Hema Automotive Pvt. Ltd. from the email id, i.e., office@nmalawchambers.in to the email id of 2 the Respondent dkverma@hemaautomotive.in as mentioned in the Petition.*

*4. I say that the Notice issued by this Hon'ble Court was also served by*

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Signing Date:18.12.2025  
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By:PURUSHAINDRA  
KUMAR KAURAV



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our office through Courier and Registered Post, are tabulated herein:

| <b>Addressee and Address</b>                                                                                                                                                                                                                 | <b>Courier</b> | <b>Registered Post</b> | <b>Particulars of Delivery</b>                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------|-----------------------------------------------------------------------------------------------------|
| <b>Respondent:</b><br><i>Hema<br/>Automotive Pvt<br/>Ltd</i><br><b>Address:</b><br><i>Sachidanand Farm<br/>House, Kishangarh<br/>Village,<br/>Near DDA Sports<br/>Complex, Lane<br/>Green Avenue,<br/>Vasant Kunj, New<br/>Delhi, 110070</i> | Z64999036      | ED916498509IN          | <i>Courier:<br/>Out for<br/>Delivery</i><br><br><b>Registered<br/>Post:<br/>Item<br/>Dispatched</b> |
| <b>Respondent:</b><br><i>Hema<br/>Automotive Pvt<br/>Ltd</i><br><b>Address:</b> <i>SP-17A,<br/>RIICO Industrial<br/>Area, Phase-I,<br/>Neemrana,<br/>Distt. Alwar,<br/>Rajasthan</i>                                                         | Z64999035      | ED916498512IN          | <i>Courier:<br/>In Transit</i><br><br><b>Registered<br/>Post:<br/>Item<br/>Dispatched</b>           |

A true copy of the Postal Receipts along with photograph of the remark on the returned courier are annexed herewith and marked as **Annexure-A (Colly)**.

5. I state that the Email was sent on 19.11.2025 and delivered and has not bounced back. A true copy of the Email of Service sent on 19.11.2025 is annexed herewith and marked as **Annexure-B**.

6. I say that the copy of the Petition has been duly served by me upon the Respondent through the above-stated prescribed modes, and service is complete on the Respondent by way of email, as well as Registered Post on the Gurgaon Office Address.

7. The contents of the Affidavit are true and correct to the best of my knowledge."

2. Therefore, the Court proceeds to adjudicate the instant petition on

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merits.

3. The present dispute has arisen between the parties out of the Gas Sales Agreement dated 11.09.2014, pursuant to which the petitioner supplied gas to the respondent on agreed terms and conditions. It is the case of the petitioner that the respondent defaulted in lifting the mandatory 'Take or Pay' (TOP) quantity of gas for the contract years 2020, 2021, and 2022, resulting in a principal liability towards 'Take or Pay' gas not taken amounting to Rs. 1,78,37,836/-. According to the plaintiff, despite repeated demands, the respondent failed to discharge the said liability or resolve the dispute, compelling the petitioner to invoke the arbitration clause and propose a panel of three arbitrators. Therefore, the petitioner has filed the present petition.

4. Clause 13.6 (alternative 2) is extracted as under:

***"ARTICLE 13.6 CONCILIATION AND ARBITRATION***

*Any Dispute arising in connection with this Agreement which is not resolved by the Parties pursuant to Article 13.1 within sixty (60) Days of the notice of the Dispute or Article 13.3(c) and Article 13.3(d), shall first be referred to Conciliation as under:*

***Alternative 2 - where one party to the agreement is not a Government Company***

*(a) be finally settled by arbitration in accordance with the Indian Arbitration and Conciliation Act, 1996 and rules made there under, from time to time. The procedure for appointment of arbitrators shall be as follows: After the sixty 60 Days period described in Article 13.1, either Party may submit the Dispute to a single arbitrator (the "Sole Arbitrator"). The Buyer shall select the Sole Arbitrator within thirty [30] Days of the expiration of such sixty 60 Days period from a panel of three (3) distinguished persons nominated by the Seller. The decision(s) of the Sole Arbitrator, supported by reasons for such. The venue of arbitration shall be New Delhi."*

5. The law with respect to the scope and standard of judicial scrutiny under Section 11(6) of the Act is no longer *res integra*. This Court in

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***Pradhaan Air Express Pvt Ltd v. Air Works India Engineering Pvt Ltd<sup>1</sup>***, has extensively dealt with the scope of interference at the stage of Section 11. Furthermore, in ***Axis Finance Limited Vs. Mr. Agam Ishwar Trimbak<sup>2</sup>***, this Court has held that the scope of inquiry under Section 11 of the Act is limited to a *prima facie* examination of the *existence* of an arbitration agreement. Further, it was also reiterated that objections relating to the arbitrability of disputes are not to be entertained by a referral Court acting under Section 8 or 11 of the Act. The relevant extract of the aforesaid decision reads as under:-

*19. In In Re: Interplay , the Supreme Court confined the analysis under Section 11 of the Act to the existence of an arbitration agreement and under Section 8 of the Act to the existence and validity of an arbitration agreement. Under both the provisions, examination was to be made at the touchstone of Section 7 of the Act. Further, issues pertaining to the arbitrability of the dispute fell outside the scope of both Section 11(6A) and Section 8 of the Act. The material part of the judgement of the Supreme Court in In Re: Interplay reads as under:*

*164. The 2015 Amendment Act has laid down different parameters for judicial review under Section 8 and Section 11. Where Section 8 requires the referral Court to look into the prima facie existence of a valid arbitration agreement. Section 11 confines the Court's jurisdiction to the examination of the existence of an arbitration agreement. Although the object and purpose behind both Sections 8 and 11 is to compel parties to abide by their contractual understanding, the scope of power of the referral Courts under the said provisions is intended to be different. The same is also evident from the fact that Section 37 of the Arbitration Act allows an appeal from the order of an arbitral tribunal refusing to refer the parties to arbitration under Section 8, but not from Section 11. Thus, the 2015 Amendment Act has legislatively overruled the dictum of Patel Engineering (supra) where it was held that Section 8 and Section 11 are complementary in nature. Accordingly, the two provisions cannot be read as laying down a similar standard. 165. The legislature confined the scope of reference under Section 11(6A) to the*

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<sup>1</sup> 2025 SCC OnLine Del 3022

<sup>2</sup> 2025:DHC:7477



*examination of the existence of an arbitration agreement. The use of the term “examination” in itself connotes that the scope of the power is limited to a prima facie determination. Since the Arbitration Act is a self-contained code, the requirement of “existence” of an arbitration agreement draws effect from Section 7 of the Arbitration Act. In Duro Felguera (supra), this Court held that the referral Courts only need to consider one aspect to determine the existence of an arbitration agreement – whether the underlying contract contains an arbitration agreement which provides for arbitration pertaining to the disputes which have arisen between the parties to the agreement. Therefore, the scope of examination under Section 11(6A) should be confined to the existence of an arbitration agreement on the basis of Section 7. Similarly, the validity of an arbitration agreement, in view of Section 7, should be restricted to the requirement of formal validity such as the requirement that the agreement be in writing. This interpretation also gives true effect to the doctrine of competence-competence by leaving the issue of substantive existence and validity of an arbitration agreement to be decided by arbitral tribunal under Section 16. We accordingly clarify the position of law laid down in Vidya Drolia (supra) in the context of Section 8 and Section 11 of the Arbitration Act. 166. The burden of proving the existence of arbitration agreement generally lies on the party seeking to rely on such agreement. In jurisdictions such as India, which accept the doctrine of competence-competence, only prima facie proof of the existence of an arbitration agreement must be adduced before the referral Court. The referral Court is not the appropriate forum to conduct a minitrial by allowing the parties to adduce the evidence in regard to the existence or validity of an arbitration agreement. The determination of the existence and validity of an arbitration agreement on the basis of evidence ought to be left to the arbitral tribunal. This position of law can also be gauged from the plain language of the statute. 167. Section 11(6A) uses the expression “examination of the existence of an arbitration agreement.” The purport of using the word “examination” connotes that the legislature intends that the referral Court has to inspect or scrutinize the dealings between the parties for the existence of an arbitration agreement. Moreover, the expression “examination” does not connote or imply a laborious or contested inquiry. On the other hand, Section 16 provides that the arbitral tribunal can “rule” on its jurisdiction, including the existence and validity of an arbitration agreement. A “ruling” connotes adjudication of disputes after admitting evidence from the parties. Therefore, it is evident that the referral Court is only*



*required to examine the existence of arbitration agreements, whereas the arbitral tribunal ought to rule on its jurisdiction, including the issues pertaining to the existence and validity of an arbitration agreement. A similar view was adopted by this Court in Shin-Etsu Chemical Co. Ltd. v. Aksh Optifibre Ltd.” [Emphasis supplied]*

20. The effect of *In Re: Interplay* was further explained by a Three Judge Bench of the Supreme Court in *SBI General Insurance Co. Ltd. v. Krish Spinning*<sup>3</sup> wherein the Court declared *Vidya Drolia* and *NTPC Ltd.*’s findings *qua* scope of inquiry under Section 8 and Section 11 of the Act to no longer be compatible with modern principles of arbitration. The material portions of the judgement read as under:

“114. In view of the observations made by this Court in *In Re : Interplay* (supra), it is clear that the scope of enquiry at the stage of appointment of arbitrator is limited to the scrutiny of *prima facie* existence of the arbitration agreement, and nothing else. For this reason, we find it difficult to hold that the observations made in *Vidya Drolia* (supra) and adopted in *NTPC v. SPML* (supra) that the jurisdiction of the referral Court when dealing with the issue of “accord and satisfaction” under Section 11 extends to weeding out *ex-facie* non-arbitrable and frivolous disputes would continue to apply despite the subsequent decision in *In Re : Interplay* (supra). ... 118. Tests like the “eye of the needle” and “*ex-facie* meritless”, although try to minimise the extent of judicial interference, yet they require the referral Court to examine contested facts and appreciate *prima facie* evidence (however limited the scope of enquiry may be) and thus are not in conformity with the principles of modern arbitration which place arbitral autonomy and judicial non-interference on the highest pedestal.” [Emphasis supplied]

21. Similarly, in *BGM and M-RPL-JMCT (JV) v. Eastern Coalfields Ltd*<sup>4</sup> the Supreme Court succinctly explained the effect of *In Re: Interplay* on a Referral Court’s powers under Section 11 of the Act. The relevant part of the judgement is as under:

15. ...

(a) Section 11 confines the Court’s jurisdiction to the examination regarding the existence of an arbitration agreement.

(b) The use of the term “examination” in itself connotes that the scope of the power is limited to a *prima facie* determination.

<sup>3</sup> 2024 SCC OnLine SC 1754

<sup>4</sup> 2025 SCC OnLine SC 1471



*(c) Referral Courts only need to consider one aspect to determine the existence of an arbitration agreement — whether the underlying contract contains an arbitration agreement which provides for arbitration pertaining to the disputes which have arisen between the parties to the agreement. Therefore, the scope of examination under Section 11(6-A) should be confined to the existence of an arbitration agreement on the basis of Section 7. Such a legal approach will help the Referral Court in weeding out prima facie non-existent arbitration agreements.*

*(d) The purport of using the word “examination” connotes that the legislature intends that the Referral Court has to inspect or scrutinise the dealings between the parties for the existence of an arbitration agreement. However, the expression “examination” does not connote or imply a laborious or contested inquiry.*

*(e) The burden of proving the existence of arbitration agreement generally lies on the party seeking to rely on such agreement. Only prima facie proof of the existence of an arbitration agreement must be adduced before the Referral Court. The Referral Court is not the appropriate forum to conduct a mini-trial by allowing the parties to adduce the evidence in regard to the existence or validity of an arbitration agreement. The determination of the existence and validity of an arbitration agreement on the basis of evidence ought to be left to the Arbitral Tribunal.*

*(f) Section 16 provides that the Arbitral Tribunal can “rule” on its jurisdiction, including the existence and validity of an arbitration agreement. A “ruling” connotes adjudication of disputes after admitting evidence from the parties. Therefore, when the Referral Court renders a prima facie opinion, neither the Arbitral Tribunal, nor the Court enforcing the arbitral award is bound by such a prima facie view. If a prima facie view as to the existence of an arbitration agreement is taken by the Referral Court, it still allows the Arbitral Tribunal to examine the issue in depth.*

*[Emphasis supplied]*

*22. Thus from the above-mentioned authorities it is clear that a Court’s scope of inquiry under Section 11 of the Act has been limited to a prima facie examination of the existence of an arbitration agreement while the adjudication under Section 8 is to be made for both existence and validity. Further, the examination so undertaken under both the said provisions must be within the confines of Section 7 of the Act. Objections relating to arbitrability of disputes are not to be entertained by a referral Court acting under Section 8 or 11 of the Act.”*



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6. Considering that disputes have arisen between the parties and there is an arbitration clause in the contract, there is no impediment in the appointment of a Sole Arbitrator.
7. Accordingly, Mr. Justice Ali Mohammad Magrey, former Chief Justice of the High Court of Jammu & Kashmir and Ladakh (Mobile No. +91- 6005509928, Email-id – Justicemagrey@gmail.com) is appointed as the Sole Arbitrator.
8. The arbitration would take place under the aegis of the Delhi International Arbitration Centre (DIAC) and in terms of its rules and regulations. The Sole Arbitrator shall be entitled to fees as per the Schedule of Fees maintained by the DIAC.
9. The Sole Arbitrator is also requested to file the requisite disclosure under Section 12 (2) of the Act within a week of entering on reference.
10. All rights and contentions of the parties in relation to the claims/counter-claims are kept open, to be decided by the Sole Arbitrator on their merits, in accordance with law.
11. Needless to say, nothing in this order shall be construed as an expression of opinion of this Court on the merits of the controversy between the parties. Let a copy of the order be sent to the Sole Arbitrator through electronic mode as well.
12. Accordingly, the instant petition stands disposed of.

**PURUSHAINdra KUMAR KAURAV, J**

**DECEMBER 11, 2025/p/mj**

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