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

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Date of Decision : 02.12.2025

+ **FAO (OS) (COMM) 195/2025**

DELHI DEVELOPMENT AUTHORITYAppellant

Through: Mr. Sanjay Vashishtha,
Mr. Siddhartha Goswami,
Ms. Geetanjali Reddy and
Mr. Aditya Sachdeva, Advocates

versus

GL LITMUS EVENTS PVT. LTD.Respondent

Through: None

CORAM:

HON'BLE MR. JUSTICE V. KAMESWAR RAO

HON'BLE MR. JUSTICE VINOD KUMAR

V. KAMESWAR RAO, J. (ORAL)

1. The appellant has filed this appeal under Section 37(1)(c) of the Arbitration and Conciliation Act, 1996 (hereafter the Act) read with section 13(1)(a) of the Commercial Courts Act, 2015 read with Section 10 of Delhi High Court Act, 1996. It challenges the judgment dated 01.09.2025 passed by the Single Judge of this court, in "*GL Litmus Events Pvt Ltd Vs. Delhi Development Authority OMP(COMM)*



189/2018". The impugned judgment was passed on a petition filed by the respondent under Section 34 of the Act impugning the arbitral award dated 27.11.2017, whereby the arbitral award was set aside.

FACTUAL BACKGROUND

2. For sake of convenience, the appellant and the respondent will also be referred to as 'DDA' and 'GL' respectively.
3. The appellant i.e. DDA is an autonomous government body created under Delhi Development Act, 1957. Appellant is responsible for planning, development and construction of housing projects, commercial lands, land management etc. Its registered office is at Vikas Sadan, INA, New Delhi 110023. Appellant was responsible for organizing the Commonwealth Games Project Design Built Maintenance and Rental Contract for Temporary Accommodation using Tensile Fabric at Commonwealth Games Village for Commonwealth Games, 2010. Pursuant to this, for the purpose of shortlisting, appellant invited suitable companies for providing contract of games overlays/ temporary fitments on turnkey basis and for executing works under Commonwealth Games Project.
4. Respondent submitted their bid for the said tender. Respondent is a joint venture company by the name of *GL Litmus Events Pvt. Ltd.*, formed via a Consortium between *M/s GL Event Services* and *M/s Meroform (India) Pvt. Ltd.*



A consortium agreement dated 19.05.2009 was signed between two companies to bid for Commonwealth Games. Respondent's bid was accepted vide Letter of Acceptance dated 02.03.2010.

5. As per the said Letter of Acceptance, the date of the commencement for the execution of work under the project was fixed as 02.03.2010 and the work was to be completed in three phases. As per the conditions stipulated in the letter of acceptance, the respondent (GL) submitted two performance bank guarantees worth Rs.2,06,89,513, which was equal to 5% of the tendered amount. Both parties entered into an agreement dated 12.04.2010 for the project, namely, *"Design Built Maintenance and Rental Contract for Temporary Accommodation using Tensile Fabric at Commonwealth Games Village"*. The payment schedule for three phases of the project was set out in Annexure II of the Agreement as under:

In Phase I. date of completion for structure type A, A', B, B & C was 120 days from the date of its issuance of letter of acceptance and for other remaining structures, 150 days from 02.03.2010 i.e.. when the Letter of Acceptance was issued. For Phase II, the date of completion was 20.10.2010 and Phase III of the Project was to be completed by 24.10.2010.

DISPUTE AND ARBITRATION INVOCATION

6. GL (claimant) raised 18 invoices for the total work done and claimed that the appellant was not releasing full amount as claimed. A Final Invoice raised upon



completion of the work was Rs.56,01,12,220/- against which a sum of Rs.42,42,48,320 was released. GL claimed that a balance amount of Rs.13,58,63,900 remained due and payable to it.

7. Eventually, vide a letter dated 02.01.2013, respondent invoked the arbitration clause of the agreement for recovering payment of dues. Arbitration agreement under clause 25 is reproduced below:

"Clause 25. Except where otherwise provided in the contract, all questions and disputes relating to the meaning of the specifications, design, drawings and instruction herein before mentioned as to the quality of workmanship or materials used on the work or as to any other question, claim, right, matter or things whatsoever,, in any way arising out of or relating to the contract, designs, drawings. specifications, estimates, instructions, orders of these conditions or otherwise concerning the work or the execution or failure to execute the same whether arising during the progress of the work or after the cancellation, termination, completion or abandonment thereof shall be dealt with as mentioned hereinafter: -

i). If the contractor considers any work demanded of him to be outside the requirements of the contract or disputes any drawings, record or decision given in writing by the Engineer-in-charge on any matter in connection with or arising out the contract or carrying out of the work, to be unacceptable, he shall promptly, within 15 days request the Superintending Engineer in writing for written instruction decision. Thereupon Superintending Engineer shall give his written instructions or decision within a period of one month from the receptor of the contractor's letter.

If the Superintending Engineer fails to give his instructions or decision in writing within the aforesaid period or if the contractor is dissatisfied with the instruction or decision of the



Superintending Engineer, the contractor may, within 15 days of the receipt of Superintending Engineer's decision, appeal to the Chief Engineer. who shall afford an opportunity to the contractor to be heard, if the latter so desires and to offer evidence in support of his appeal: The Chief Engineer shall give his decision within 30 days of receipt of Contractor's Appeal. If, the contract is dissatisfied with this decision, the contractor shall within a period of 30 days from receipt of the decision, give notice to the Engineer Member for appointment of Arbitrator failing which, he said decision shall be final, binding and conclusive and not referable to adjudication by the arbitrator.

ii) Except when the decision lias becomes final binding and conclusive in terms of Sub-Para (i) above, disputes or difference shall be referred for adjudication through arbitration by a Sole Arbitrator, who shall be technical person having the knowledge and experience of the trade, appointed by the Engineer Member, DDA. It will be no objection to any such appointment that the arbitrator so appointed is a DDA employee that he had to deal with the matter to which the contract relates and that in the course of his duties as DDA employee, he has expressed his views in all or any of the matters in dispute of difference. If the arbitrator so appointed is unable or unwilling to act or resigns his appointment or vacates his office due to any reason whatsoever, another sole-arbitrator shall be appointed in the manner aforesaid Such person shall be entitled to proceed with the reference from the stage at which it was left by his predecessor.

It is term of this contract that the party invoking arbitration shall give a list of disputes with amounts claimed in respect of each such dispute alongwith the notice for appointment of the arbitrator and giving the reference to the rejection by the Chief Engineer of. the appeal.

It is also a term of this contract that no person other than a person appointed by the Engineer Member, DDA, es aforesaid, should act as arbitrator and, if, for any reason that is not possible, the matter shall not be referred to the arbitration at all. It is also a



term of this contract that if the contractor does not make any demand for appointment or arbitrator in respect of any claims in writing as aforesaid within 120 days of receiving the intimation from the Engineer-in-Charge that the bill is ready for the payment, the claim of the contractor shall be deemed to have been waived and absolutely barred and the Delhi Development Authority shall be discharged and released of all liabilities under the contract in respect of these claim

The arbitration shall be conducted in accordance with the provisions of the Arbitration & Conciliation Act 1996 (26 of 1996) or any statutory modifications or re-enactment thereof and the rules made thereunder and for the time being in force shall apply to the arbitration proceedings under this clause.

It is also a term of this contract that the arbitrator shall adjudicate on only such disputes as are referred to him by the appointing authority and give separate award against each dispute and claim referred to him and, in all cases, where the total amount of the claims by any party exceeds Rs.1,00,000/-, the arbitrator shall give reasons for the award. It is also a term of the contract that if any fees are payable to the arbitrator, these shall be paid equally by both the parties.

It is also a term of the contract that the arbitrator shall be deemed to have entered on the reference on the date he issues the notice to both the parties calling them to submit their statement-of-claims and counter-statement-of claims. The venue of the arbitration shall be such place as may be fixed by the arbitrator in his sole discretion. The fees, if any, of the arbitrator, shall, if required, to be paid before the award is made and published, be paid half and half by each of the parties. The cost of the reference and of the award (including the fees, if any, of the arbitrator) shall be in the discretion of the arbitrator who may direct to any by whom and in what manner, such costs or any part thereof shall be paid and fix or settle the amount of costs to be so paid, The decision of the Superintending Engineer regarding the quantum or reduction as well as justification thereof in respect of rates for substandard work



which may be decided to be accepted will be final and would not be open to arbitration.”

8. Consequently, the Sole Arbitrator was appointed on 20.03.2013, who resigned on 12.04.2013. On 14.05.2013, new Arbitrator was appointed who tendered resignation as an Arbitrator on 05.02.2014. On 13.02.2015, again new Arbitrator was appointed who also resigned. On 29.04.2015, the incumbent Arbitrator was appointed who passed the impugned Award on 27.11.2017.

ARBITRAL AWARD

9. Respondent herein (GL) was the claimant in arbitration proceedings. A total of sixteen claims were raised by the respondent, which are as below:

Claim 1: Claim for sum of Rs. 1,94,704/- on account of interest 18% per annum on Rs. 37,96,305.32 on delayed payment against invoice No.1 (adjusted against surplus amount) from its due date i.e. from 25.06.2010 till 07.10.2010.

Claim 2: Claimants claim a sum of Rs. Rs.1,82,818/- on account of Interest @18% per annum on Rs.34,64,628.40 on delayed payment against invoice No.3 (adjusted against surplus amount) from its due date i.e. 22-6-2010 till 7-10-2010.

Claim 3: The Claimants claim as follows:

1. A sum of Rs. 30,09,710/- on account of the outstanding amount of Invoice Nos. 4, 5 and 6, being the difference



between the invoiced amount and the amount adjusted against the surplus payment received by GLLE from DDA.

2. A sum of Rs. 3,70,482/- on account of interest @18% per annum on Rs. 1,21,17,018/- from its due date, i.e., 07.10.2010; and The current outstanding of Rs. 30,09,710/- from 06.08.2010 till the date of actual realisation.

Claim 4: The Claimants claim a sum of Rs. 2,43,26,819/- on account of the outstanding amount of Invoice Nos. 7, 8 and 9, being the difference between the invoiced amount and the amount approved by DDA on 04.09.2010; and interest @ 18% per annum on Rs. 2,43,26,819/- from 04.09.2010 till the date of actual realisation.

Claim 5: The Claimants claim a sum of Rs. 9,43,55,770/- on account of the outstanding amount of Invoice Nos. 13, 14, 15, 16 and 17, being the difference between the invoiced amount and the amount approved by DDA on 07.10.2010 and 20.11.2010; and interest @ 18% per annum on Rs. 9,43,55,770/- from 20.11.2010 till the date of actual realisation.

Claim 6: The Claimants claim as follows:

1. A sum of Rs. 94,42,710/- on account of outstanding dues under Invoice No. 18.

(a) Interest as follows Rs. 1,16,39,848/- @ 18% per annum on Rs. 5,61,97,678/- from 01.10.2011 to 24.11.2012.



(b) Rs. 9,42,695/- @ 18% per annum on Rs. 1,99,12,243/- from 25.11.2012 to 01.03.2013.

(c) Interest @ 18% per annum on Rs. 94,42,710/- from 02.03.2013 till the date of actual realisation.

Claim 7: The Claimants claim interest @ 18% per annum on delayed refund of security deposit as follows:

(a) A sum of Rs. 24,12,587/- on Rs. 1,74,72,111/- from 18.02.2012 to 24.11.2012.

(b) A sum of Rs. 1,52,390/- on Rs. 24,72,110/- from 25.11.2012 to 30.03.2013.

(c) A sum of Rs. 1,74,290/- towards bank charges paid for extension of Bank Guarantee.

(d) Interest @ 18% per annum on Rs. 1,74,290/- from the due date till actual realisation.

Claim 8: The Claimants claim Rs. 66,75,533/- for losses suffered by GLLE due to unjustified TDS deductions under Section 36A of the DVAT Act in respect of Invoice Nos. 1 to 17, and interest @ 18% per annum on Rs. 66,75,533/- from the due date till actual realisation.

Claim 9: The Claimants claim Rs. 43,25,162/- for losses suffered due to unjustified labour cess deductions in respect of Invoice Nos. 1 to 16 and Invoice No. 17, and interest @ 18% per annum on Rs. 43,25,162/- from the due date till actual realisation.

Claim 10: The Claimants claim Rs. 99,54,312/- on



account of losses suffered by GLLE on account of arbitrary deductions made by DDA without any explanation. Detail of the said deduction is listed herein below:

- (a) Deduction for reduced maintenance period Rs.87,00,000/-
- (b) Interest charged by DDA amounting to Rs. 12,32,301/- on Rs.87,00,000/- that is reduced maintenance period
- (c) Interest charged by DDA on land rent 22,011/- interest @ 18% per annum to be compounded on Rs. 99,54,312/- from the due date till actual realization.

Claim 11: The Claimants claim a sum of Rs. 9,31,821/- on account of interest @ 18% per annum on amounts withheld initially but paid later on Rs. 81,86,709/- from 24.11.2012 to 30.03.2013 and On Rs. 55,00,000/- from 24.11.2012 to 29.04.2013.

Claim 12: The Claimants claim Bonus for early completion of work as per terms and conditions specified in the contract. Accordingly, claim @ 1% of the contract value which comes to Rs. 41,37,902/- is raised by GLLE for early completion of work on 15.09.2010 one month prior to the stipulated completion date of 16.10.2010.

Claim 13: The Claimants claim costs of Arbitration proceedings and other legal proceedings.

Claim 14: The Claimants claim a sum of Rs. 5,00,00,000/-



on account of damages for mental stress, harassment and agony suffered because of the acts and conduct of DDA.

Claim 15: The Claimants claim sum of Rs. 7,00,00,000/- as damages for loss of reputation, image and opportunities.

Claim 16: The Claimants claim pre-reference interest from 01.06.2013 till filing of the claim, and *pendente lite* and future interest @ 18% per annum on each claim.

10. Parties led their respective evidence. After hearing both the parties, an arbitral award was passed on 27.11.2017. The Arbitral Award records that the claims under Invoice No. 4 (Claim No. 3) was not sustainable, as no documentary evidence was produced in support of the claim. Moreover, the measurements relied upon by the DDA had been accepted by GL without protest. With respect to Invoice Nos. 5 and 6 (Claim No. 3), the Award notes that the GL did not furnish rate analysis in accordance with Clause 12 of the Agreement and that any rate computation not conforming to Clause 12 was not admissible.

11. The claims pertaining to Invoice Nos. 7, 8 and 9 (Claim No. 7) were held to be inadmissible on the ground that GL had already accepted payment under the 5th Running Account Bill (in short RA Bill) without protest. As regards Invoice Nos. 13, 14, 15, 16 and 17 (Claim No. 5), the Arbitrator observed, first, that the computation furnished by the Petitioner was erroneous, the amount being



2,90,96,274 and not Rs.9,43,55,770 as claimed. Secondly, no documentary support, including measurements or rate analysis, had been placed on record. Thirdly, the 6th and 7th RA Bills had been accepted without objection. The Arbitrator further noted that since Phase-I was delayed on account of GL, DDA had rightly reduced the rate of maintenance from 10% to 9%.

12. With regard to Invoice No. 18 (Claim No. 6), the Award records that Clause 9 of the Agreement required GL to submit the final bill within the stipulated period, which was not done. Consequently, GL's reliance on timelines applicable to RA Bills was held to be misplaced. The Arbitrator also observed that GL's computation of the outstanding amount lacked any supporting basis, as no measurements or rate were analysis provided. Additionally, the 9th RA Bill had been accepted by GL without protest.

13. The Sole Arbitrator passed the impugned Award on 27.11.2017. The record indicates that the final hearings had concluded on 19.10.2015 and only clarifications were thereafter sought on 04.05.2016. Despite repeated requests from the parties urging an expeditious pronouncement, the Award came to be delivered after a delay of nineteen months from the last clarification and after more than two years from the conclusion of final arguments.



14. By the impugned Award, the learned Sole Arbitrator dismissed all sixteen claims placed before him. Having rejected the substantive claims in their entirety, the learned Arbitrator further held that the prayer for *pendente lite* and future interest at 18% did not survive and was rendered infructuous.

IMPUGNED JUDGEMENT BY THE SINGLE JUDGE

15. Aggrieved by the dismissal of its claims, GL invoked Section 34 of the Act challenging the Award. GL alleged that DDA had unilaterally recorded incorrect measurements and made arbitrary deductions, that the Arbitrator's Award is vitiated by an unexplained 19-month delay, and wrongful reliance is placed on Measurement Books 1-8. On the other hand, DDA argued that the delay is not fatal and that the Award is fully reasoned. It argued that the contract is a works contract where Measurement Books form the sole basis for determining executed work. Accordingly, the parties had jointly signed Measurement Books and Running Account Bills with the endorsement "Bills and Measurement Accepted" without any objections.

16. The Single Judge allowed the petition filed by GL and set aside the arbitral award on the sole ground of inordinate and unexplained delay in its delivery being against the "public policy of India" covered under section 34(2)(b)(ii) of the Act as it contravenes the most basic notions of



justice as the Award has been pronounced after 19 months of conclusion of proceedings, if it is presumed that final arguments were closed on 04.05.2016, though on that date only some clarification was sought by the Arbitrator. The Arbitrator did not indicate any reason for the delay, either in the record of proceedings or in the Award itself.

17.The Single Judge of this Court acknowledged that Section 29A was not in force when the arbitration proceedings began. The section was added by The Arbitration and Conciliation (Amendment) Act, 2015 (No. 3 of 2016), which came into force w.e.f. 23.10.2015. The Single Judge pointed out that the provision is an indication of intent of legislature that an award should be pronounced within 12 months, meaning time bound disposal is a salient feature of the Act.

18.Relying on host of judgments, the Single Judge held that such excessive and unexplained delay strikes at the core of the arbitral process envisaged under the Act. The rationale of arbitration is to provide a speedy alternative to court adjudication. Arbitration, therefore, implies timely decisions, and it is a settled policy of law that such proceedings should not be unduly prolonged. Delay, which is patently bad and unexplained, constitutes undue delay and is therefore unjust. It also increases the likelihood of prejudice as adjudicator's memory of oral arguments, the



demeanour of witnesses, the nuances of evidentiary presentation may fade and therefore, it affects the quality and reliability of the award.

19. The Single Judge discussed judgments of ***Harji Engg Works (P) Ltd V. Bharat Heavy Electricals Ltd., 2008 SCC OnLine Del 1080*** and ***BWL Ltd.v. UOI, FAO (OS) 398-399/2012*** and ***Gian Gupta V MMTC Ltd., 2020 SCC OnLine Del 107*** to set aside the Arbitration Award on sole ground of delay. Relevant portion of impugned judgment is reproduced below:

"41.3 In BWL Ltd. v. UOI, FAO (OS) 398-399/2012, dated: 26.11.2012, a division bench of this Court while relying on Harji Engg. Works (P) Ltd. (supra), set aside the Award solely on the ground that the same was passed after a delay of two years and seven months from the last clarification hearing and delay of nearly 5 years after the original hearing was concluded. Relevant paragraphs are extracted below:-

"7. What faith would one have in such an arbitrator? What would be the use to remit a part of the award to the same arbitrator whose past conduct does not inspire confidence of doing speedy justice? 8. Human memory is short. We are doubtful whether substantive hearings which were concluded on October 06, 2004 and the meager clarificatory hearings which were concluded on February 16, 2008 left sufficient imprints on the minds of the learned Arbitrator to have remembered the arguments and pronounce the award(s) on September 21, 2010 and September 23, 2010.

9. Justice should not only be done but should also appear to have been done. Justice delayed is justice denied.

10. This was so observed by the Supreme Court in various decisions. Even when Judges have pronounced judgments after reserving them for more



than six months the same have been set aside by the Supreme Court requiring the matter to be heard afresh and re-decided.....

11. With respect to arbitration, a learned Single Judge of this Court, in the decision reported as 153 (2008) DLT 489 Harji Engineering Works Pvt. Ltd. v. BHEL, set aside an award which was pronounced after three years of the last hearing holding that such an award would be against the public policy of India.

12. We agree.

41.4 In Satya Parkash & Brothers Pvt. Ltd. v. North Delhi Municipal Corporation, 2017 SCC OnLine Del 8346, a single judge bench of this Court while relying on Harji Engg. Works (P) Ltd. (supra) and BWL Ltd. (supra), set aside the Award solely on the ground of delay, that the same was passed after almost three years.

41.5 In Gian Gupta v. MMTC Ltd., 2020 SCCOnLine Del 107, a single judge bench of this Court while relying on Harji Engg. Works (P) Ltd. (supra), BWL Ltd. (supra) and Satya Parkash & Brothers Pvt. Ltd. (supra), set aside the Award solely on the ground that the same was passed after more than six years from the date of conclusion of hearings.

41.5 In Gian Gupta v. MMTC Ltd., 2020 SCC OnLine Del 107, a single judge bench of this Court while relying on Harji Engg. Works (P) Ltd. (supra), BWL Ltd. (supra) and Satya Parkash & Brothers Pvt. Ltd. (supra), set aside the Award solely on the ground that the same was passed after more than six years from the date of conclusion of hearings."

20. The Single judge also considered the judgments, as relied upon by learned Counsel for DDA, in ***Union of India v. Niko Resources Ltd., 2012 SCC OnLine Del 3328*** and ***Peak Chemical Corporation v. National Aluminum Co. Ltd., 2012 SCCOnLine Del 759***, and while differentiating the facts in these cases, held the same to be not applicable to the facts of the case in hand. The reasoning is as under:



"48. From the aforesaid judgments, it is discernible that Harji Engg. Works (P) Ltd. (supra) has been consistently followed by this Court to set aside an Award only the ground of delay in pronouncement of the Award. I may also note that the said judgment has been approved by the Division Bench of this Court in BWL Ltd. (supra) which is binding on this Court. However, a Coordinate bench of this Court in Peak Chemical Corporation (supra) has taken a different view. Relevant portion from the said judgment is extracted below:-

"29. The question whether the delay in the pronouncement of an Award after final arguments have concluded vitiates the Award will depend on the facts and circumstances of each case. The decisions relied upon by Mr. Ganguli turned on their peculiar facts. No two cases are the same. Significantly, delay has not been specified as one of the grounds under Section 34 of the Act for setting aside an Award. It would be straining the language of that provision to hold that delay in the pronouncement of an Award would by itself place it in "conflict with the public policy of India" within the meaning of Section 34(2)(b)(ii) of the Act. As will be discussed hereafter, the impugned Award sets out comprehensively the facts as pleaded by the parties, the evidence, the submissions of counsel, the analysis of the facts and evidence, and the detailed reasons issue-wise. Another factor that requires to be accounted for is that the dispute between the parties has been pending since 1996. It would not be in the interests of justice to set aside the impugned Award only on the ground of delay and remand it for a fresh determination. The learned Arbitrator who passed the impugned Award has since expired. A fresh arbitration before another arbitrator would not be justified considering the time and money already spent in the arbitral proceedings thus far. Therefore, it is not considered expedient to simply set aside



the impugned Award on the sole ground of delay in the pronouncement of the Award. This plea is accordingly rejected."

49. The said judgment observes that the question whether delay itself in pronouncement of Award vitiates the Award, depend on the facts of each case. One of the reasons recorded by the Court to not set aside the Award was that the dispute between the parties had been pending since 1996 and it was further recorded that since the Arbitrator had expired, it would not be in the interests of justice to set aside the Award only on the ground of delay. Hence, the ratio of the said judgment is distinguishable as it was premised on its own peculiar facts, circumstances and reasonings.

50. Further, in Niko Resources Ltd. (supra) while relying on Peak Chemical Corporation (supra), it was observed that it would be "appropriate" to exhaust the remedy under section 14 of 1996 Act before making a challenge under section 34 of 1996 Act on the ground of delay in pronouncement. Hence, delay cannot be the sole ground. Relevant paragraphs are extracted below:-

"49. It appears to the Court that one possible remedy available to a party aggrieved by the delay in pronouncing an Award is to first approach the Tribunal itself with a prayer for expediting the Award and thereafter if that does not prove successful to invoke Section 14 of the Act.....

50. Under Section 14(2) of the Act a party can seek the Court's interference to terminate the mandate of the Arbitrator if the 'controversy' concerning the Tribunal's de jure or de facto inability to perform its functions "remains". Therefore, if after being approached by either party with a prayer to expedite the pronouncement of the Award, the tribunal fails to do so, the Court can be approached in terms of Section 14(2).

51. Given the scheme of the Act, it might be appropriate to exhaust the above remedy before the stage of challenge to the Award. It hardly needs be stated that delay per se is



not identified as one of the grounds under Section 34 of the Act. It would have to be shown that the Award suffered from patent illegality on account of such delay. What also should weigh with the Court when faced with a situation where an Award is sought to be challenged on the ground of delay is to consider the costs incurred and the time spent in the arbitral proceedings. If delay alone was to be the factor, then, as is happening not infrequently these days, many an Award would be vulnerable to invalidation on this ground alone. It would be the facts and circumstances of a given case which would determine if the delay is so unconscionable as to vitiate the Award.

51.

52. *As far as judicial pronouncements are concerned, it has been repeatedly urged by the Hon'ble Supreme Court, most recently, in Ravindra Pratap Shahi v. State of U.P., 2025 SCC OnLine SC 1813 to adhere to the principles laid down in Anil Rai (supra). It was observed in Anil Rai (supra) as under:-*

"9. It is true, that for the High Courts, no period for pronouncement of judgment is contemplated either under the Civil Procedure Code or the Criminal Procedure Code, but as the pronouncement of the judgment is a part of the justice dispensation system, it has to be without delay. In a country like ours where people consider the Judges only second to God, efforts be made to strengthen that belief of the common man. Delay in disposal of the cases facilitates the people to raise eyebrows, sometimes genuinely which, if not checked, may shake the confidence of the people in the judicial system. A time has come when the judiciary itself has to assert for preserving its stature, respect and regards for the attainment of the rule of law. For the fault of a few, the glorious and glittering name of the judiciary cannot be permitted to be made ugly. It is the policy and purpose of law, to have speedy



justice for which efforts are required to be made to come up to the expectation of the society of ensuring speedy, untainted and unpolluted justice."

53. Keeping in view the objectives of the 1996 Act which are speedy and expeditious disposal, an inordinate delay is contrary to the public policy of India which is a ground under section 34 of 1996 Act. The common thread running through most of the judgments reproduced above clearly show that this Court has repeatedly set aside Awards purely on the ground of delay without going into the merits of the dispute. The judgments of Niko Resources Ltd. (supra) and Peak Chemical Corporation (supra) have been distinguished by the Court. Hence, once the Award has been set aside only due to delay in pronouncement, the merits of disputes need not be adverted to.

54. In addition, no reasons have been given by the Arbitrator to explain this inordinate delay in pronouncement of the Award."

21.The Single Judge was of the opinion that such delay renders the process contrary to the "fundamental policy of Indian law" and offends the "most basic notions of justice", thereby falling within the scope of 34(2)(b)(ii) of the Act.

22.Therefore, the Single Judge held that the award stood vitiated as it was given in a manner contrary to the fundamental policy of Indian law and set aside the award on this ground alone.

GROUND OF APPEAL UNDER SECTION 37 OF THE ACT

23.Learned Counsel for the appellant (DDA) submitted that comparative international frameworks such as the



UNCITRAL Model Law on International Commercial Arbitration, the Arbitration Act 1996 of England and Wales, and the rules in Singapore and Hong Kong do not impose any statutory time limit for delivery of awards. These frameworks merely require arbitrators to act fairly, diligently and without undue delay. It is submitted that the absence of a fixed period for rendering awards reinforces that delay alone, without prejudice, cannot be a ground to annul an otherwise valid award.

24. It was further submitted that of the amounts claimed, the respondent had received payment against nine Running Account Bills which were not disputed contemporaneously but were challenged for the first time during arbitration. Learned Counsel for the appellant contends that the burden lay on the respondent (GL) to establish the quantities executed and not merely invoiced. It is the contention of Learned Counsel for the appellant that payments were made wherever the invoices corresponded to measurable work and material procured. The interpretation of Clause 7 and Annexure II, treating Annexure II as an indicative schedule and Clause 7 as governing payment based on measurable work, was based on the contractual terms and the record before the tribunal.
25. The Counsel for appellant submits that the Single Judge erred in setting aside the arbitral award solely on the



ground of delay, in the absence of any finding of prejudice or demonstrable miscarriage of justice. The appellant further submits that Section 29A of the Act, was not in force when the arbitration commenced in 2013 and therefore could not be applied retrospectively.

ANALYSIS AND CONCLUSION

26. So far as the law and rules of other countries are concerned, the comparison of the same with Indian laws is not relevant for disposal of this appeal. Further, this Court while hearing appeal under Section 37 of the Act shall not enter into the factual aspects of the case. Therefore, only question remains is as to whether the arbitral award can be set aside solely on the ground of inordinate delay.

27. Learned Counsel for the appellant (DDA) has relied upon (i) *Harji Engg. Works (P) Ltd v. Bharat Heavy Electricals Ltd., 2008 SCC OnLine Del 1080*; (ii) *BWL Ltd. v. UOI, FAO (OS) 398-399/2012*, (iii) *Gian Gupta v. MMTC Ltd., 2020 SCC OnLine Del 107*; (iv) *Union of India v. Niko Resources Ltd., 2012 SCC OnLine Del 3328* and (v) *Peak Chemical Corporation v. National Aluminum Co. Ltd., 2012 SCC OnLine Del 759*. Perusal of the impugned judgment would show that the Single Judge has duly considered the aforesaid judgments and has reached to a justified conclusion to the effect that unreasonably high delay in passing the arbitral award is in



conflict with public policy in India and accordingly he set aside the arbitral award under Section 34 (2)(b) (ii) of the Act. There is no material on record to justify such undue and unexplained delay in concluding the arbitral proceedings. We would like to tabulate few dates which would be relevant to depict the huge delay in passing the award despite the final arguments had been completed on 19.10.2015. The same are as under:

DATE	EVENT
02.02.2013	GL invoked arbitration under clause 25 of the Agreement
20.03.2013	Sh. Gurmukh Bhatia, S.E. appointed as Ist Arbitrator
12.04.2013	Gurmukh Bhatia resigned as Arbitrator due to transfer.
14.05.2013	Sh. Lakhvinder Chaudhary, S.E. (Arbn.), appointed as 2nd Arbitrator.
16.08.2013	First date of Hearing in Arbitration.
05.02.2014	Arbitrator (Lakhvinder Chaudhary) resigned (administrative transfer).
13.02.2014	Sh. S.K. Jain, S.E. (Arbn.), appointed as 3rd Arbitrator.
13.02.2015	3rd Arbitrator (S.K. Jain) resigned after administrative transfer.
29.04.2015	Sh. D.V. Raghav (ex-ADG, CPWD) appointed as independent arbitrator. 19.10.2015
19.10.2015	Final hearing concluded, parties exchanged final written submission.
04.05.2016	Some clarification sought, proceedings formally CLOSED and RESERVED FOR AWARD. No further hearings conducted after this date.



27.11.2017	Final Arbitral Award delivered.
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28. Even if it is presumed that the final hearing was completed on 04.05.2016, still there is a huge delay for about 18 months and 23 days i.e. approximately 19 months in passing the award. Learned Counsel for the appellant argued that delay in passing the award would become fatal only if some prejudice is caused to a party or demonstrable miscarriage of justice has happened. However, the law does not require that to hold such time barred award null and void, any fact manifesting prejudice or miscarriage of justice should be brought on record. Therefore, when an award is unreasonably delayed, parties are not required to show any prejudice or miscarriage of justice because these two factors are automatically implied.

29. Insofar as Section 29A of the Act is concerned, the same was introduced by way of amendment in the year 2015, and was made applicable w.e.f. 23.10.2015. Section 26 of the Arbitration and Conciliation (Amendment) Act, 2015 makes it clear that the amendments are not applicable to the arbitral proceedings commenced before the commencement of the Amendment Act, unless otherwise agreed by the parties. As such Section 29A of the Act would not be applicable to the case in hand. However, as held by the learned Single Judge in the impugned order, the introduction of the provision is an indication of the



intent of the legislature that the award needs to be pronounced within a reasonable time period.

30. At this juncture, we may refer to the recent decision of the Supreme Court in ***Lancor Holdings Limited v. Prem Kumar Menon, INSC: 1277***, where in the Supreme Court had in fact, made a reference to the very order impugned herein and held as under:

“63. To conclude, the questions framed for consideration in these appeals are answered as under:

(i) What is the effect of undue and unexplained delay in the pronouncement of an arbitral award upon its validity?

- Delay in the delivery of an arbitral award, by itself, is not sufficient to set aside that award. However, each such case would have to be examined on its own individual facts to ascertain whether that delay had an adverse impact on the final decision of the arbitral tribunal, whereby that award would stand vitiated due to the lapses committed by the arbitral tribunal owing to such delay. It is only when the effect of the undue delay in the delivery of an arbitral award is explicit and adversely reflects on the findings therein, such delay and, more so, if it remains unexplained, can be construed to result in the award being in conflict with the public policy of India, thereby attracting Section 34(2)(b)(ii) of the Act of 1996 or Section 34(2A) thereof, as it may also be vitiated by patent illegality. Further, it would not be necessary for an aggrieved party to invoke the remedy under Section 14(2) of the Act of 1996 as a condition precedent to lay a challenge to that delayed and tainted award under Section 34 thereof.

(ii) Is an arbitral award that is unworkable, in terms of not settling the disputes between the parties finally but altering their positions irrevocably thereby leaving them no choice but to initiate further



litigation, liable to be set aside on grounds of perversity, patent illegality and being opposed to the public policy of India? If so, would it be a fit case for exercise of jurisdiction under Article 142 of the Constitution?

- The very basis and public policy underlying the process of arbitration is that it is less time-consuming and results in speedier resolution of disputes between the parties. If that premise is not fulfilled by an unworkable arbitral award that does not resolve the disputes between the parties, on one hand, leaving them with no choice but to initiate a fresh round of arbitration/litigation but the arbitrator, in the meanwhile, also changed their positions, irrevocably altering the pre-existing balance between the parties prior to the arbitration, then such an arbitral award would not only be in conflict with the public policy of India but would also be patently illegal on the face of it. It would therefore be liable to be set aside under Section 34(2)(b)(ii) and/or Section 34(2A) of the Arbitration and Conciliation Act, 1996. Further, if the necessary conditions for exercise of power by this Court under Article 142 of the Constitution of India are made out, in terms of the Constitution Bench decision in Gayatri Balasamy vs. ISG Novasoft Technologies Limited (supra), this Court would be justified in exercising such jurisdiction.

31. In the present case, the award has been passed after a delay of approximately 19 months. The learned Single Judge has observed that the parties had, on three occasions, written to the Arbitrator to pronounce the award, which shows the anxiety of the parties and also suggests they have lost faith in the arbitral process. We also find that no explanation has been given by the Arbitrator in the Award for the delay. We are of the view that such inordinate unexplained delay would render the arbitral proceeding contrary to the public



policy of India, and the award was rightly set aside under Section 34(2)(b)(ii) of the Act.

32. Accordingly, we find no substance in the appeal, the same is dismissed.

V. KAMESWAR RAO, J

VINOD KUMAR, J

December 02, 2025
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