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

\# **CNR No. DLHC010326792025**

\+ ARB.P. 793/2025 & I.A. 13095/2025

MR. SANT LAL AGGARWAL & ORS. .....Petitioners

Through: Mr. S.P. Malik, Advocate.

versus

MR. SATISH PAWA & ORS. .....Respondents

Through: Mr. Sahil Yadav, Advocate for R-1 and 2.
Mr. Rakshit Gupta, Advocate for R-3, 7, 8 and 9.
Ms. Rajni Aggarwal, in person.

CORAM:
HON'BLE MR. JUSTICE PRATEEK JALAN

O R D E R

% 29.10.2026

1. The petitioners have filed the present petition under Section 11 of the Arbitration and Conciliation Act, 1996 ["the Act"], seeking the appointment of an arbitrator to adjudicate the disputes between the parties arising out of a Settlement Agreement dated 21.02.2022 [hereinafter "the Settlement Agreement"].

2. I have heard Mr. S.P. Malik, learned counsel for the petitioners; Mr. Sahil Yadav, learned counsel for respondent Nos. 1 and 2; and Mr. Rakshit Gupta, learned counsel for respondent Nos. 3, 7, 8 and 9.

3. There are three petitioners and nine respondents in the present petition, all of whom are parties to the Settlement Agreement. All parties

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are represented before the Court, except respondent Nos. 4, 5 and 6, which are partnership firms. I am informed that the three partnership firms have not been able to engage independent legal representation in view of disputes pending between their respective partners.

4. However, Mr. Malik submits that the partners of respondent No. 4, namely, Mr. Sant Lal Aggarwal [petitioner No. 1] and Mr. Satish Pawa [respondent No. 1], as well as those of respondent No. 5, namely, Mr. Saurav Aggarwal [petitioner No. 3] and Mr. Satish Pawa, are already represented before the Court.

5. Respondent No. 6 is a partnership firm, whose partners are Ms. Rajni Aggarwal and Mr. Satish Pawa. Although Ms. Rajni Aggarwal is not a signatory to the Settlement Agreement, she is present before the Court through video conferencing and does not oppose the relief sought in the present petition, insofar as it concerns M/s Shree Balaji Agro Industries. In view of the above, the partners of all three partnership firms are represented before the Court. It is, therefore, not considered necessary to defer the proceedings for the formal representation of the said firms.

6. The Settlement Agreement admittedly contains an arbitration clause, being Clause 7.4, which provides for reference of disputes to a named arbitrator. Clause 7.5 thereof confers exclusive jurisdiction upon the Courts at Delhi.

7. Disputes having arisen between the parties, the petitioners, *vide* legal notice dated 30.11.2024, asserted their claims and invoked arbitration in terms of the Settlement Agreement. A copy of the notice was also sent to the named arbitrator. In response, respondent Nos. 1 and 2 issued a reply, which did not dispute the existence of the arbitration

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clause but opposed the reference of the disputes to the named arbitrator.

8. Before this Court, Mr. Gupta, learned counsel for respondent Nos. 3, 7, 8 and 9, does not oppose the appointment of an arbitrator. Mr. Malik submits that any independent arbitrator may be appointed.

9. Insofar as respondent Nos. 1 and 2 are concerned, Mr. Yadav submits that personal insolvency proceedings have been initiated against respondent No. 1, in which the National Company Law Tribunal ["NCLT"] appointed a Resolution Professional. *Vide* order dated 06.05.2025, the NCLT observed that the interim moratorium under Section 96 of the Insolvency and Bankruptcy Code, 2016 ["the IBC"], had already commenced upon the filing of the application. It is, however, accepted that the legal position concerning the applicability of Section 96(1)(a) of the IBC to personal guarantors of corporate debtors has since been altered, by the insertion of Section 96(4) into the IBC by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, with effect from 26.05.2026, and the effect of the amendment on the nominaition with require consideration.

10. In proceedings under Section 11 of the Act, the Court is required to undertake only a *prima facie* examination of the formal existence of an arbitration agreement, and is not required to adjudicate disputed questions concerning arbitrability, maintainability or the merits of the claims. Accordingly, any objection in this regard may be raised before and considered by the learned Arbitrator. Suffice it to clarify that this Court has not expressed any opinion on the effect of the insolvency proceedings initiated against respondent No. 1 on the maintainability of the arbitral proceedings.

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11. In view of the above, and with the consent of learned counsel for the parties, it is directed that:

a) The disputes between the parties arising out of the Settlement Agreement dated 21.02.2022 are referred to the arbitration of Mr. Ashish Dholakia, Senior Advocate [Tel: 98111-57597].

b) The arbitration shall be conducted under the aegis of the Delhi International Arbitration Centre ["DIAC"] and shall be governed by the DIAC Rules, including in respect of the remuneration payable to the learned arbitrator.

c) The learned Arbitrator is requested to furnish a declaration in terms of Section 12 of the Act before entering upon the reference.

12. It is clarified that all objections concerning arbitrability, the maintainability of the claims and their merits, including the effect and consequences of the proceedings under the IBC, shall remain open to be raised by the parties before the learned arbitrator by way of appropriate applications, as may be permissible in law. This Court has not made any observations on these aspects.

13. The petition, alongwith the pending application, is disposed of in the aforesaid terms.

PRATEEK JALAN, J

OCTOBER 29, 2026
"B"/SD/

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