



2025:DHC:10320



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IN THE HIGH COURT OF DELHI AT NEW DELHI

BEFORE

HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV

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O.M.P. (COMM) 381/2025 & I.A.23414/2025

LATE SH DINESH SEHGAL (DEAD)
THROUGH HIS LEGAL REPRESENTATIVES

1. MS. HARSH SEHGAL
W/O LATE SH. DINESH SEHGAL

2. MR. NITESH SEHGAL
S/O. LATE SH. DINESH SEHGAL

3. MR. UDIT SEHGAL
S/O. LATE SH. DINESH SEHGAL

ALL ARE R/O. C-738, NEW FRIENDS COLONY
NEW DELHI – 110048

4. MS. HARSH SEHGAL
W/O LATE SHRI DINESH SEHGAL
R/O. C-738, NEW FRIENDS COLONYPETITIONERS

*Through: Mr. Akhil Sibal, Sr. Advocate with
Mr. Gaurav Gupta, Mr. Anirudh
Wadhwa, Ms. Jahnavi and Ms. Rupal
Gupta, Advocates.*

versus

1. RAJINDER PAL KHANNA
S/O LATE SHRI DURGA DASS KHANNA
R/O S-31, GREATER KAILASH PART-I
NEW DELHI-110048



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**2. RAJIV KHANNA**

S/O. SH. RAJINDER PAL KHANNA
R/O. S-31, GREATER KAILASH PART-I
NEW DELHI-110048

3. RAJNISH KHANNA

S/O. SH. RAJINDER PAL KHANNA
R/O S-31, GREATER KAILASH PART-I
NEW DELHI-110048

.....RESPONDENTS

*Through: Mr. Sudhanshu Batra, Sr. Advocate
with Mr. Pramod Jalan, Advocate
along with R2.*

+ **OMP (ENF.) (COMM.) 236/2025**

1. RAJINDER KHANNA ALIAS RAJINDER PAL KHANNA

SON OF (LATE) SHRI DURGA DASS KHANNA
THROUGH HIS ATTORNEY RAJIV KHANNA
(RESPONDENT NO. 2)
RESIDENT OF S-31,
GREATER KAILASH, PART-I
NEW DELHI - 110048

2. RAJIV KHANNA

SON OF SHRI RAJINDER KHANNA ALIAS
RAJINDER PAL KHANNA
RESIDENT OF S-31
GREATER KAILASH, PART-I
NEW DELHI-110048

3. RAJNISH KHANNA

SON OF SHRI RAJINDER KHANNA ALIAS
RAJINDER PAL KHANNA
RESIDENTS OF S-31
GREATER KAILASH, PART-I
NEW DELHI - 110048

.....Decree Holders

Through: Mr. Sudhanshu Batra, Sr. Advocate



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*with Mr. Pramod Jalan, Advocate
along with P2.*

versus

1. DINESH SEHGAL SINCE DECEASED THROUGH LRS

(I). MRS. HARSH SEHGAL

W/O.(LATE) MR. DINESH SEHGAL
RESIDENT OF G-13,
SOUTH EXTENSION PART-I (MARKET)
NEW DELHI-110049

(ii) MR.NITESH SEHGAL

S/O. (LATE) MR. DINESH SEHGAL
RESIDENT OF G-13,
SOUTH EXTENSION PART-I (MARKET)
NEW DELHI-110049

(iii) MR.UDIT SEHGAL

S/O. (LATE) MR. DINESH SEHGAL
RESIDENT OF G-13,
SOUTH EXTENSION PART-I (MARKET)
NEW DELHI-110049

2. MS. HARSH SEHGAL

W/O. LATE) MR. DINESH SEHGAL
G-13, SOUTH EXTENSION PART-I (MARKET)
NEW DELHI – 110049

.....Judgement Debtors

*Through: Mr. Akhil Sibal, Sr. Advocate with
Mr. Gaurav Gupta, Mr. Anirudh
Wadhwa, Ms. Jahnvi and Ms. Rupal
Gupta, Advocates.*

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Reserved on: 13.11.2025
Pronounced on: 21.11.2025



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JUDGMENT

I.A.23414/2025 (FOR STAY OF OPERATION OF THE IMPUGNED AWARD)

The instant application has been filed by the petitioners seeking stay of the award dated 15.05.2025 (hereinafter “**impugned award**”) *vide* which, the Sole Arbitrator rejected the claims of the petitioners and allowed those of the respondents.

2. The dispute between the parties pertains to the extension/renewal of leases in respect of various floors in the property bearing Municipal No. G-13, South Extension Part-I Market, New Delhi (hereinafter “**subject property**”) under the terms of which the petitioners were tenants of the respondents. The petitioners’ claims before the Sole Arbitrator were to direct the respondents to let the petitioners extend the aforesaid leases on the same terms as existed earlier. On the other hand, the respondents sought to recover vacant possession of the subject property, as well as damages/mesne profits.

3. The Sole Arbitrator rejected the claims of the petitioners with respect to the first and fourth floors on the ground that they were filed beyond the limitation period. The claims with respect to the second and third floors were held not to be barred by limitation, but were rejected on the ground that granting of a mere declaratory relief, in the absence of a prayer for further relief, is barred under Section 34 of the Specific Relief Act, 1963 (hereinafter “**SRA**”). Consequent to the rejection of the petitioners’ claims, the claims of the respondents were allowed.



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4. Mr. Akhil Sibal, learned senior counsel appearing on behalf of the petitioners, submits that the impugned award suffers from perversity and patent illegality, and is, therefore, liable to be set aside. He submits that the petitioners were not afforded an opportunity of hearing on the aspects of limitation and Section 34 of the SRA, which are the grounds on which the petitioners' claims have been rejected. This, he asserts, is in derogation of the principles of natural justice, enshrined under Section 18 of the Arbitration and Conciliation Act, 1996 (hereinafter "**Arbitration Act**"). He draws the attention of the Court to paragraph 12 of the impugned award to submit that the aforesaid aspects were never a part of the respondents' defence and that they were addressed by the Sole Arbitrator directly in the award. He submits that the petitioners, therefore, could not assist the Sole Arbitrator on the said issues.

5. He further submits that the rejection of some of the claims of the petitioners on the ground of limitation was erroneous, and that the Sole Arbitrator had computed the limitation period without excluding the period between 15.03.2020 and 28.02.2022 as per the directions of the Supreme Court in *In Re: Cognizance for Extension of Limitation*.¹ According to him, the finding that the relief sought by the petitioners was merely declaratory and that granting the same was barred under Section 34 of the SRA is perverse insofar as the Sole Arbitrator failed to appreciate that the petitioners had sought a consequential relief of mandatory injunction compelling the respondents to let the petitioners extend the leases. He

¹Miscellaneous Application No. 21 of 2022 in Suo Motu Writ Petition (C) 3 of 2020.



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asserts that, therefore, the bar under Section 34 of the SRA could not have been attracted in the present case.

6. He submits that the petitioners have a strong case on the aforesaid aspects, and had an opportunity for hearing been granted to the parties, the Sole Arbitrator may have taken a different view from the one taken. Further, he submits that the petitioners stand to suffer irreparable injury if the impugned award is not stayed pending disposal of the challenge to the award under Section 34 of the Arbitration Act, as the petitioners will have to vacate the subject property, where they have been carrying on their business for several decades. According to him, the balance of convenience also lies in favour of the petitioners, considering the various findings in their favour in the impugned award. He relies on the judgment of the Supreme Court in ***Lifestyle Equities C.V. and Anr v. Amazon Technologies Ltd.***² and prays that the impugned award be stayed, unconditionally, till the disposal of the challenge to the same.

7. Mr. Sudanshu Batra, learned senior counsel appearing on behalf of the respondents, controverts the submissions on behalf of the petitioners and contends that the impugned award is neither perverse nor patently illegal. According to him, the impugned award is well reasoned, and the challenge to the same is devoid of merits. He, therefore, submits that stay of the impugned award is not warranted on the facts of the case.

8. He further submits that unconditional stay of the impugned award would cause immense prejudice and injustice to the respondents,

²2025 INSC 1190.



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considering that, under the terms of the leases, the petitioners were paying rent at a rate drastically below the prevalent market rates, and continuation of the aforesaid terms would cause significant financial prejudice to the respondents.

9. I have heard learned senior counsel for the parties, and perused the record.

10. The primary contention of the petitioners in their challenge to the impugned award is that the same was passed in derogation of the principles of natural justice, without hearing the parties on the aspects which ultimately formed the grounds of rejection of the petitioners' claims. It is to be noted that while the respondents contend that the impugned award is well reasoned, they do not dispute the submission that the aforesaid aspects were addressed directly in the award without hearing the parties on the same. The grounds of challenge in the petition under Section 34 of the Arbitration Act go to the root of the arbitral proceedings, i.e., the procedure followed therein. The petitioners, undisputedly, having carried on their business from the subject property for several decades, would suffer from irreparable injury if the impugned award is not stayed, considering that they will have been directed to hand over vacant possession to the respondents. For the same reason, the balance of convenience lies in favour of staying the impugned award till the petition under Section 34 of the Arbitration Act is decided.

11. It is pertinent to observe that the Arbitral Tribunal correctly interpreted the provision under Section 3 of the Limitation Act, 1963, to hold that examination of the question of limitation is mandatory, despite the same not



having been raised by the respondents, as held by the Supreme Court in ***State of Orissa v. Mamta Mohanty***.³ The question of limitation generally being a mixed question of law and facts, the same, as also the question whether the claims of the petitioners were barred under Section 34 of the SRA, could have been better appreciated if an opportunity for hearing had been extended to the parties.

12. When considering applications for stay of awards under Section 36(3) of the Arbitration Act, the Court ought to give due regard to the provisions concerning stay of money decrees in the Code of Civil Procedure, 1908 (hereinafter ‘CPC’). Order XLI Rule 5 of the CPC deals with stay of decrees by appellate Courts. Under the said Rule, the Court is required to be satisfied that the appellant has furnished sufficient security to be able to satisfy the decree in case the challenge fails. Application of the said principle in the present case would require the petitioners to furnish security to the extent of the awarded amount for the Court to exercise its discretion to stay the impugned award.

13. In its decision in ***Lifestyle Equities C.V. and Anr v. Amazon Technologies Ltd.***, relied on by the petitioners, the Supreme Court has observed that, under Section 36 of the Arbitration Act, the Court may, in exceptional circumstances, exercise its discretion and stay the impugned award unconditionally.

14. In the present case, the petitioner-tenants have been directed to pay damages at the prevalent market rates, from the date of termination of the

³ [2011] 2 S.C.R. 704



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leases. Under the arrangement as existed between the parties under the aforesaid leases, the rent payable by the petitioners was a fraction of the amount awarded as damages. The impugned award, therefore, alters the *status quo* substantially and imposes significant financial liability on the petitioners.

15. It is pertinent, however, to state that the facts of the case require the Court to balance the interests of both sides; if, upon holistic examination of the controversy, the Court comes to the conclusion that the impugned award is not liable to be set aside, a possibility that cannot be completely ruled out, difficulties could arise in recovery of the awarded amount. In any case, the petitioners have been using the disputed property for profitable business activities. Though the petitioners have made out a *prima facie* case for stay of the impugned award, however, the same would not fully absolve them of the rigours of Order XLI Rule 5 of the CPC. Balancing of interests, in the present case, would require some arrangement to be made.

16. Therefore, the operation of the impugned award is hereby stayed pending adjudication of the petition under Section 34 of the Arbitration Act, subject to the following conditions:

- 16.1. The petitioners shall deposit 50 % of the awarded amount, as will be due on 31.12.2025 in terms of the impugned award, with the Registrar General of this Court, within eight weeks from today; and
- 16.2. The petitioners shall also deposit 50 % of the awarded amount, as may become due monthly thereafter, by the tenth day of each month.



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17. Let the aforesaid amount be kept in an interest-bearing Fixed Deposit account in a nationalised bank.

18. Accordingly, the instant application stands disposed of.

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Let these matters be listed on 23.02.2026.

PURUSHAINDR KUMAR KAURAV, J

NOVEMBER 21, 2025

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