



2026:DHC:721-DB



§~3 & 4

\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**  
*Date of decision: 23.01.2026*

3)+ FAO (COMM) 19/2026  
DELHI METRO RAIL CORPORATION LTD .....Appellant

Through: Mr. Kunal Mittal, Mr. Shiv  
Dutt Kaushik, Advs. with Mr.  
A.S. Rao, DGM (Legal) & Mr.  
Sushant Tripathi, Law Officer

versus

M/S GARUDA URBAN REMEDIES LTD. ....Respondent

Through: Ms. Bani Dikshit, Mr. Dhruv  
Vig & Mr. Uddhav Khanna,  
Advs.

(4)+ FAO (COMM) 20/2026

DELHI METRO RAIL CORPORATION LTD .....Appellant

Through: Mr. Kunal Mittal, Mr. Shiv  
Dutt Kaushik, Advs. with  
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Mr. Sushant Tripathi, Law  
Officer.

versus

M/S GARUDA URBAN REMEDIES LTD .....Respondent

Through: Ms. Bani Dikshit, Mr. Dhruv  
Vig & Mr. Uddhav Khanna,  
Advs.

**CORAM:**

**HON'BLE MR. JUSTICE VIVEK CHAUDHARY**

**HON'BLE MS. JUSTICE RENU BHATNAGAR**

**VIVEK CHAUDHARY, J. (ORAL)**

**CM APPL. 4766/2026 in FAO (COMM) 19/2026**

**CM APPL. 4767/2026 in FAO (COMM) 20/2026**

1. Allowed, subject to all just exceptions.



2. The applications stand disposed of.

**FAO (COMM) 19/2026 & FAO (COMM) 20/2026**

3. The present appeals have been filed under Section 37(1)(b) of Arbitration and Conciliation Act, 1996, read with Section 13(1A) of Commercial Courts Act, 2015, assailing the Order dated 23.12.2025 (hereinafter referred to as 'Impugned Order') passed by the learned District Judge (Commercial Court-03), New Delhi District, Patiala House Courts, New Delhi (hereinafter referred to as 'Commercial Court'), whereby, OMP(I)(Comm.) No. 193/2025 and 194/2025, both titled as *M/ s Garuda Urban Remedies Ltd. Vs. Delhi Metro Rail Corporation Ltd*, filed under Section 9 of the Arbitration and Conciliation Act, 1996 were disposed of.

4. By way of the Impugned Order, the learned Commercial Court further directed that the *interim* order dated 30.08.2025, staying the operation of the Appellant's letter dated 21.08.2025 pertaining to disconnection of electricity, shall continue to remain in force till the disposal of the Respondent's application under Section 17 of the Arbitration and Conciliation Act, 1996, by the learned Arbitrator. The Respondent was further directed to deposit electricity charges commencing from 01.09.2025 till disposal of the Section 17 application.

5. The facts giving rise to the present appeals are identical in nature, thus, they are dealt with by this Common Order.

6. Briefly stated The Appellant, Delhi Metro Rail Corporation Ltd., granted licences in respect of two shops situated at Janpath Metro Station to the Respondent, M/s Garuda Urban Remedies Ltd.,



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on identical terms and conditions. The licences were granted for a period of nine years, with an initial lock-in period of two years and a rent-free fit-out period of thirty days, on an “as is where is” basis, which was unconditionally accepted by the Respondent.

7. A registered licence agreement dated 02.06.2023 was executed in respect of Shop No. 1, and possession thereof was handed over to the Respondent on the same date. In respect of Shop No. 2, the licence agreement was executed on 14.09.2023, and possession was similarly handed over on that date.

8. The Respondent raised disputes alleging seepage and other difficulties in the use of the licensed premises. The said issues were attended to and rectified by the Appellant in due course. Notwithstanding the same, in terms of Clause 3.11 and 3.12 of the License Agreement, the Respondent failed to discharge its contractual liability towards payment of license fee and electricity charges in respect of the licensed premises.

9. As the Respondent continued to use electricity without payment of the utility charges or license fees, despite being informed *vide* letter dated 08.08.2025 of the outstanding electricity dues amounting to Rs. 1,19,792/- and Rs. 6,39,835/-, respectively for the two shops, the Appellant issued a notice dated 21.08.2025 for disconnection of electricity.

10. In terms of the license agreement, the disputes were referred to conciliation. Upon failure of the conciliation proceedings to result in any settlement, the Respondent invoked the provisions of arbitration and thereafter, the dispute was referred to arbitration.



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11. The learned Commercial Court, while noting the existence of the dispute between the parties, proceeded to direct the payment of electricity charges w.e.f. 01.09.2025, being the date from which the *interim* order dated 30.08.2025 was made operative.

12. Aggrieved thereof, the Appellant preferred the present appeals.

13. We have perused the Impugned Order and heard the learned counsel for the parties.

14. By way of the Impugned Order, the learned Commercial Court disposed of the petition filed under Section 9 of the Arbitration and Conciliation Act, 1996, primarily on the premise that the arbitral process had already been set in motion and that the disputes *inter se* the parties were required to be adjudicated by the learned Arbitrator. Proceeding on the basis of the submissions that an application under Section 11 of the Act had already been filed and that electricity charges would be deposited w.e.f. 01.09.2025 without prejudice to its rights, the learned Commercial Court declined to vacate the *interim* protection granted earlier and directed that the *interim* order dated 30.08.2025 shall continue to operate till the disposal of the application under Section 17 of the Act by the learned Arbitrator. The Ld. Trial Court further directed deposit of electricity charges prospectively, without adjudicating the dispute relating to outstanding arrears or examining the legality of the *interim* protection already granted, thereby sustaining the earlier *interim* arrangement solely to preserve *status quo* till the Arbitrator considers the matter.

15. At the outset, it is necessary to note that the Respondent continues to remain in possession of the licensed premises. The



liability to pay license fee and electricity charges during subsistence of possession is neither in dispute nor contingent upon adjudication of claims raised by the Respondent. The contractual framework governing the parties unequivocally mandates such payment. The relevant clauses of the License Agreement read as under:

*“3.5 The built-up shop shall be handed over to the licensee within 7 days of signing of the License Agreement which shall be executed within 30 days of receipt of full LOA payment. The license fees for the said shop shall commence w.e.f. the 31st day from/of date of handover of the shop or date of deemed handing over whichever is earlier considering 30 days fit out period for preparation/ renovation of licensed shop space and shall be charged till the termination/ completion of agreement.*

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*3.9 Along with License Fees, Licensee shall also pay other dues i.e. statutory dues/liabilities, electricity and water consumption charges, damage/penal charges, interest, pending arrears, etc. as applicable time to time.*

*3.10 Licensee shall periodically & regularly advise the details of payment deposited with DMRC. In the case of non-submission of such details, initially Third Party dues i.e. statutory dues/ liabilities shall be settled (mandatory liabilities of DMRC), then others dues/ liabilities like electricity, etc, and lastly License fee shall be accounted for.*

*3.11 Non-payment of License Fee and other dues within the prescribed date shall constitute Material Breach of Contract and Licensee's Event of Default under this Agreement and shall entitle DMRC to terminate the License Agreement as per provisions stipulated in Article-8 of the License Agreement. Besides, the licensee shall pay an interest of 18% (eighteen percent) per annum on the amount of license fee and other remaining outstanding & unpaid after the due date and falling in arrears, interest shall continue to accrue on monthly compounding basis till all the payable amount of license fee and other dues are finally paid &*



*squared up. Such interest shall be charged on outstanding dues for the actual number of day(s) of delay in payment.*

*In case payment is not made by due date, 15 days' notice to cure the Licensee's Event of Default shall be issued. In the event of licensee failing to cure the Default and make the payment of dues, DMRC shall be entitled to terminate the license after issuing a 30days' termination notice and shall be free to forfeit Interest Free Security Deposit after adjustment of all dues payable by the licensee what soever and take such other action available to it under this Agreement and as per law. The utilities being provided to the licensee may be disconnected anytime after 15 days from the date of issuance of termination notice without any further intimation to the licensee, if the licensee fails to deposit the outstanding dues."*

16. A conjoint reading of the aforesaid clauses makes it evidently clear that the obligation to pay license fee and electricity charges is absolute and arises from the factum of possession and use of the licensed premises. Such obligation continues uninterrupted until termination of the License Agreement or surrender of possession, whichever is earlier.

17. The learned counsel for the Respondent was unable to point out any provision, either under the license agreement or in law, entitling the Respondent to withhold the payment of electricity charges for the electricity admittedly consumed by them, or the license fee payable under the agreement.

18. Learned counsel for the Appellant vehemently submits that the Respondent, would at best, be entitled for damages against the Appellant and has no right, either under the agreement or under any provision of law, to retain or withhold the license fee or electricity



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charges while continuing to remain in possession of the licensed premises.

19. At this stage, the learned counsel for the Respondent fairly conceded that the Respondent is liable to pay the entire electricity charges, and undertook that they shall clear the same forthwith.

20. In view thereof, the dispute now only survives with respect to the payment of the license fee.

21. We do not find any reason for the Respondent, while continuing to remain in possession of the licensed premises, to withhold the payment of the license fee. In case, the Respondent succeeds, they would be entitled for damages and even otherwise, if the learned arbitrator ultimately holds that the Respondent was entitled to any adjustment or waiver of license fee, the same can be duly returned or adjusted against future licence fee payable.

22. In view of the foregoing, this Court finds that the Impugned Order, insofar as it permits the Respondent to continue in possession of the licensed premises without payment of license fee, is unsustainable in law. The continuation of *interim* protection granted by the learned Commercial Court, without securing the Appellant's undisputed contractual entitlement to license fee, results in an inequitable arrangement, permitting the Respondent to enjoy the licensed premises without discharging its corresponding financial and contractual obligations.

23. The learned Commercial Court has further erred in restricting the direction of payment only to electricity charges, while overlooking the equally binding obligation to pay license fee, which arises from



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continued possession and use of the premises. The existence of arbitral proceedings does not, by itself, absolve the Respondent of its obligation to comply with the terms of the License Agreement during the *interregnum*.

24. Accordingly, the Impugned Order is set aside and it is directed that the Respondent shall pay the entire license fee due from the date of possession, as well as the outstanding electricity charges.

25. Any claim with regard to the entitlement of the Respondent with regard to the same, can be raised in the arbitration proceedings which shall be decided by the learned arbitrator.

26. With the aforesaid observations, the present appeal is disposed of.

27. It has been brought to our attention that the due amount is now to a tune of more than Rs. 2,00,00,000/-.

28. In view thereof, it is provided that the electricity dues shall be cleared within a period of one month from today. The outstanding license fee due till date shall also be cleared in three equal installments within a period of three months.

29. The license fee and the electricity charges falling due hereafter shall be paid regularly and without default, strictly in accordance with the terms of the license agreement.

**VIVEK CHAUDHARY, J**

**RENU BHATNAGAR, J**

**JANUARY 23, 2026**<sup>/pr/ka/kp/tr</sup>