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

% **Judgment reserved on: 17.01.2026**
Judgment pronounced on: 30.01.2026

\+ O.M.P. (COMM) 197/2023, I.A. 20470/2023 & I.A. 30914/2025

IFFCO TOKIO GENERAL INSURANCE COMPANY LTD. .....Petitioner

Through: Mr. A. S. Chandhiok, Sr Adv. with Ms. Bindu Saxena, Mr. Tanpreet Gulati & Ms. Aparajita Swarup, Advs.

versus

UNISON HOTELS PVT. LTD. .....Respondent

Through: Mr. Darpan Wadhwa, Sr. Adv. with Mr. Aseem Chaturvedi, Mr. Shivank, Mr. Arsh Alok & Ms. Divita Vyas, Advs.

CORAM:
HON'BLE MR. JUSTICE AVNEESH JHINGAN

J U D G M E N T

1. This petition is filed under Section 34 of the Arbitration and Conciliation Act, 1996 (for short 'the Act') challenging the arbitral award dated 06.03.2023 (for short 'the Award').

FACTS

2. The brief facts are that the petitioner a company incorporated under the Companies Act, 1956 (for short 'the Companies Act'), is engaged in providing general insurance. The respondent a company registered under the Companies Act is engaged in the business of

hospitality and manages hotels. The respondent got its hotel in Delhi insured by taking two insurance policies, a Standard Fire and Special Perils Policy (Material Damages) (for short 'the MD Policy') bearing no. 11181790 for an insured sum of Rs.186,44,11,765/- and a Fire Loss of Profit Policy (for short 'the LOP Policy') bearing no. 11181787 having a liability limit of Rs.100,00,00,000/-. The policies were valid from 01.04.2007 to 31.03.2008.

2.1 On 26.01.2008, a fire broke out in the insured property. The respondent submitted a claim of approximately Rs.68.64 crores under the MD Policy and Rs.100 crores under the LOP Policy. During the pendency of claim, Rs. 20 crores and Rs. 30 crores were paid under the MD Policy and the LOP Policy, respectively. On 30.01.2012, the claim was settled.

2.2 The respondent invoked the arbitration clause and the Arbitral Tribunal consisting of three members was constituted on 27.04.2012. The statement of claim was filed on 07.09.2012. The award was reserved on 06.03.2021 and pronounced on 06.03.2023.

CONTENTIONS

3. Learned senior counsel for the petitioner submits that the award is liable to be set aside for inordinate delay in pronouncement. The argument is that the objection going to the root of the jurisdiction that there was no arbitral dispute between the parties was not decided. It is submitted that the intervening period of two years between reserving and pronouncing the award reflects on the consideration of the objection raised by the petitioner. It is contended that Section 29A was inserted in the Act by the Arbitration and Conciliation (Amendment)

Act, 2015 (for short 'the amendment act') (Act 3 of 2016) but even thereafter in present case the arbitration took more than six years to conclude. Reliance is placed upon the decisions of this court in **HR Builders v. Delhi Agricultural Marketing Board2024 SCC OnLine Del 7635**, **Gian Gupta v. MMTC Ltd. 2020 SCC OnLine Del 107** and the decision of the Division Bench of this court in **BWL Ltd. v. Union of India 2012 SCC OnLine Del 5873** to buttress the argument that the award should be set aside for inordinate delay in pronouncing the award.

3.1 Learned senior counsel for the petitioner relies on the decision of this court in **Delhi Development Authority v. GL Litmus Events (P) Ltd. 2025 SCC OnLine Del 9906** to contend that after considering the decision of the Supreme Court in **M/s. Lancor Holdings Limited v. Prem Kumar Menon & Ors. 2025 INSC 1277**, the Division Bench of this court upheld the decision of the learned Single Judge setting aside the arbitral award for inordinate delay in pronouncing the award.

4. *Per contra* the award can be set aside on the ground of delay only in cases where the delay is unexplained and adversely reflects in the findings recorded. Reliance is on the decision of the Supreme Court in **M/s. Lancor Holdings Limited** (supra) and on the decision of this Court in **Director General, Central Reserve Police Force v. Fibroplast Marine Private Limited 2022 SCC OnLine Del 1335**.

4.1 It is contended that the objection raised by the petitioner that after full and final settlement there was no arbitral disputes was rejected as the settlement between the parties was not voluntary.

4.2 The submission is that the Tribunal recorded reasons for the delay in pronouncing the award. The award is defended by stating that the claims were considered in detail and the calculations were minutely scrutinised.

5. Heard the learned counsel for the parties at length and perused the relevant record produced.

ANALYSIS

6. The judgements in **Gian Gupta** (supra) and **BWL Ltd.** (supra) relied upon by the petitioner and the judgement in **Director General, Central Reserve Police Force** (supra) relied upon by the respondent were considered by the Supreme Court in case of **M/s. Lancor Holdings Limited** (supra). It is held that delay in delivering the award cannot be the sole ground for setting it aside. There cannot be a straight-jacket formula and the issue would depend upon the facts of each case as to whether the delay had an adverse effect on the findings recorded. An unexplained delay in delivering the award brings it within the ambit of being in conflict with the public policy of India and patent illegality. Further that the aggrieved party need not avail the remedy under Section 14(2) of the Act to challenge the delay. The paragraph from judgement is quoted below:-

> "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. ….."

7. The facts of the case in hand need to be considered in view of the law laid down in **M/s. Lancor Holdings Limited** (supra). Before proceeding further it would be relevant to quote clause 13 under the General Conditions of the MD Policy (which is pari materia to the arbitration clause under the LOP Policy) providing for dispute resolution by arbitration:

> "13. If any dispute or difference shall arise as to the quantum to be paid under This Policy (liability being otherwise admitted) such difference shall independently of all other questions be referred to the decision of a sole arbitrator to be appointed in writing by the parties to or if they cannot agree upon a single arbitrator within 30 days of any part of invoking arbitration, the same shall be referred to a panel of three arbitrators, comprising of two arbitrators, one to be appointed by each of the parties to the dispute/difference and the third arbitrator to be appointed by such two arbitrators and arbitration shall be conducted under and in accordance with the

provision of the Arbitration and Conciliation Act, 1996

It is clearly agreed and understood that no difference or dispute shall be referable to arbitration as here in before provided, if the Company has disputed or not accepted liability under or in respect of this policy.

It is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this Policy that the award by such arbitrator/arbitrators of the amount of the loss or damage shall be first obtained."

8. Clause 13 restricts dispute resolution by arbitration only to cases where liability being otherwise admitted and dispute pertains to quantum of the claim to be paid under the policy. It is clarified in the clause that disputed liability or liability not accepted in respect of the policy is not an arbitrable dispute.

9. Before the Tribunal the petitioner objected that after the full and final settlement of claim there was no arbitral dispute and the jurisdiction of the Tribunal was challenged. Further that the respondent is estopped from raising a dispute after having settled the claim and accepted the amount.

10. The respondent challenged the veracity of the final settlement being a result of coercion and undue influence.

11. The Tribunal framed preliminary issue that 'what is the effect of full and final settlement of claims arrived at by the parties?'. After deciding that the settlement between the parties was not voluntary the Tribunal proceeded to decide the claim on merits.

12. The issue of jurisdiction of the Tribunal in absence of an arbitral dispute in view of the couched language of the arbitration

clause needed consideration from various angles, (i) whether the issue of quantum of claim dependent on outcome of challenge to settlement was an arbitrable dispute; (ii) whether the Tribunal had jurisdiction to decide the validity of the settlement between the parties; and lastly (iii) whether the 'admitted liability' foundation for arbitrable dispute was eroded after the claim was settled. The Arbitrator after only deciding that the settlement was not voluntary proceeded to deal with the claims on merits.

13. No doubt, the objection of non-existence of the arbitral dispute finds mention in the award but it cannot be lost sight of that the contentions raised is fortified by raising various arguments. With the passage of time due to limitation of human memory the arguments no longer remain potent. Inordinate delay jolts the confidence of the parties as to whether the submissions were effectively weighed. The written submissions made in a matter can only be supplement and not substitute oral arguments. It is trite law that the justice should not only be done but should also appear to have been done. It would be relevant to quote the following paragraph of **M/s. Lancor Holdings Limited** (supra):

> "19.However, the undeniable fact remains that Section 34 of the Act of 1996 does not postulate delay in the delivery of an arbitral award as a ground, in itself, to set it aside. There is no gainsaying the fact that inordinate delay in the pronouncement of an arbitral award has several deleterious effects. Passage of time invariably debilitates frail human memory and it would be well-nigh impossible for an arbitrator to have total recall of the oral evidence, if any, adduced by witnesses; and the submissions and arguments advanced by the parties or

> their learned counsel. Even if detailed notes were made by the arbitrator during the process, they would be a poor substitute to what is fresh in the mind immediately after conclusion of the hearings in the case. More importantly, such delay, if unexplained, would give rise to unnecessary and wholly avoidable speculation and suspicion in the minds of the parties. Absolute faith and trust in the system is essential to make it work the way it is intended to. Once that belief is shaken, it would lead to a breakdown of that system itself. A situation that is to be eschewed at all costs."

14. The germane of arbitration was to provide speedy and alternative forum for resolution of disputes. By the Amendment Act (Act 3 of 2016), Section 29A was inserted in the Act stipulating that the award to be pronounced within twelve months from entering of the reference. The amendment was not applicable to pending proceedings unless the parties specifically agreed to it. In the case in hand the arbitrator was appointed in April, 2013 and the proceedings concluded in March, 2023. The Act was amended in 2016 crystallising the object of speedy resolution by fixing period for conclusion of proceedings, albeit not applicable to the present case but still the fact is that there was a gap of two years between reserving and pronouncing the award.

15. Another angle to be considered is that arbitration proceedings are designed with the object of minimum intervention by the court. The remedy against an award under Section 34 is not equivalent to the appellate jurisdiction and the award can be challenged only on the ground mentioned in Section 34. In other words there is a limited scope of interference by the court in the award and in such a scenario the timely rendering of an award dealing with each and every

contention and argument in support thereof gains more importance. The contention of the learned senior counsel for the respondent that the arguments raised now were not pressed before the Tribunal is a dispute fanned by delay in pronouncement of the award as the contention may be noted but the arguments in support thereof go begging.

16. The reasons given in the award for delay in pronouncement are that hearing was interrupted by covid-19; the matter was concluded on 06.03.2021, but written submissions were filed in August, 2021; and lastly that the members of the Tribunal could not meet to finalise the award due to Covid-19 which receded in the last quarter of 2022. It would be apposite to note that the hearing of the matter continued and the award was reserved during the pandemic. After excluding the time taken by the parties to file written submissions there is a delay of more than eighteen months in pronouncing the award.

17. The period affected by Covid-19 was considered by the Supreme Court in **Suo Motu Writ Petition (C) No.3/2020** and by order dated 10.01.2022, limitations expiring between 15.03.2020 to 28.02.2022 were ordered to start from 01.03.2022. Further, for computing the period under Section 23(4) and 29A of the Act and for Section 12A of the Commercial Court Act, 2015, the period from 15.03.2020 to 28.02.2022 was excluded. The reason in the award for attributing the delay to Covid-19 till the last quarter of 2022 is not in consonance with the order of the Supreme Court. Moreover, after exclusion of time up to 28.02.2022 there is still a delay of almost one year in pronouncing the award. The reason mentioned that after

reserving the judgment the members of the Tribunal could not meet for a long time, fortifies that for a considerable time there was no deliberation on matter after award was reserved.

18. The findings on the jurisdictional issue raised were affected by the delay caused in pronouncement of the award. The reasons for the delay mentioned in the award are not sufficient. In the facts and circumstances the award is vitiated by inordinate delay, is patently illegal and is unsustainable**.**

19. The detailed reasons given for dealing with the merits of the claim need not be gone into as the issue of existence of arbitral dispute in view of the language of the arbitration clause goes to the root of the jurisdiction of the matter and the decision on this was adversely impacted by the delay.

20. The petition is allowed and the award is set aside.

AVNEESH JHINGAN, J.

JANUARY 30, 2026
Ch

Reportable:-Yes