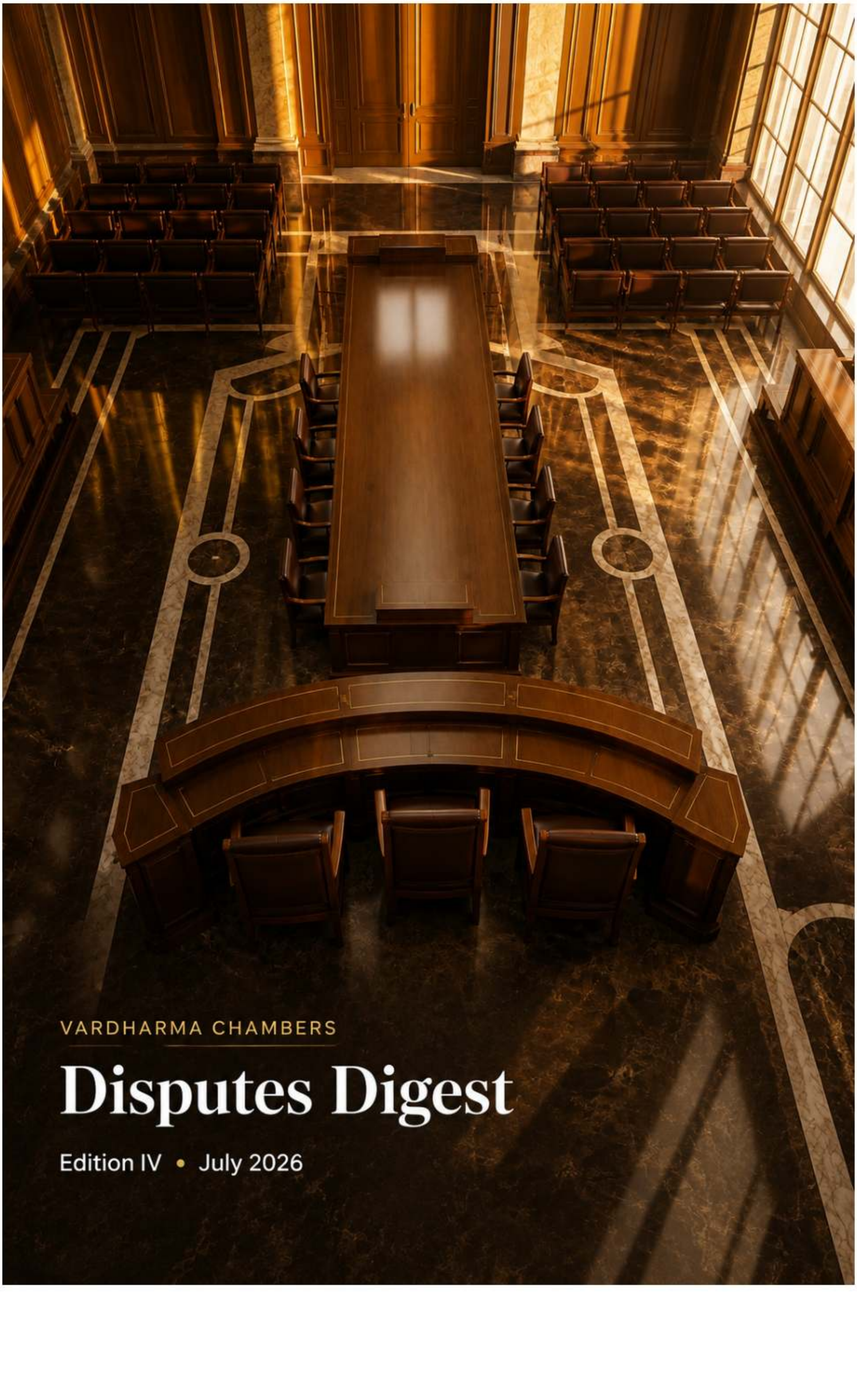

VARDHARMA CHAMBERS

Disputes Digest

Edition IV • July 2026

This edition covers six judicial decisions and four regulatory and legislative developments. The Supreme Court has clarified that Article 227 cannot be used as a backdoor to challenge Section 16 rulings mid-proceedings. The Delhi High Court has upheld large infrastructure awards against NHAI, while the MSME Amendment Bill and a proposed GIFT City arbitration centre reflect continuing legislative and institutional movement in the Indian arbitration landscape.

JUDICIAL OVERVIEW

Judicial Developments Index: July 2026

1. **Article 227 and Ongoing Arbitration: HC may entertain challenge to Section 16 rejection only after recording a prima facie finding of patent lack of inherent jurisdiction.**
2. **Foreign Award Enforcement — Ravva Oil: Supreme Court's 2020 ruling binds the Centre; USD 99 million awards to be enforced.**
3. **Toyo–L&T ₹662 Crore Award: Tribunal's possible interpretation of contract upheld; Section 34 challenge dismissed.**
4. **NHAI Escrow — ₹411 Crore: NHAI cannot keep Provisional Completion Certificate in abeyance to avoid termination-payment obligations.**
5. **BharatPe v. Unity Small Finance Bank: Reserved Matters clause in Shareholders' Agreement enforced pending arbitration.**
6. **Spectrum Power v. GAIL: Award set aside; tribunal could not rely on contested GST receipts without first ruling on admissibility.**

REGULATORY & LEGISLATIVE OVERVIEW

Regulatory & Legislative Index: July 2026

1. **CJI Surya Kant flags six-year delay in constituting the Arbitration Council of India.**
2. **Justice Ujjal Bhuyan addresses Finance Ministry's policy restricting arbitration in high-value government contracts.**
3. **MSME Amendment Bill 2026: Arbitral award enforcement mechanism for MSEs — listed for Monsoon Session.**
4. **IFSCA plans an independent arbitration centre at GIFT City — expert committee constituted.**

SUPREME COURT

Article 227 Cannot Be Used to Challenge a Section 16 Jurisdictional Rejection During Ongoing Proceedings

Manash Kamal Bezboruah v. Bokahola Tea Company Pvt. Ltd. & Ors. | Civil Appeal from SLP (C) Nos. 7233–7234 of 2026 | 2026 LLBiz SC 239 | 14 July 2026

A bench of Justices K.V. Viswanathan and Vijay Bishnoi set aside Gauhati High Court orders that had entertained a challenge to an arbitral tribunal's rejection of a Section 16 jurisdictional objection during ongoing proceedings. The Court held that orders passed under Section 16 are ordinarily challengeable only under Section 34, after the final award, and that a High Court may entertain an Article 227 revision only after recording a prima facie finding of patent lack of inherent jurisdiction, following a hearing to both parties.

Key takeaway: Article 227 is not an alternative route to challenge a Section 16 rejection without first satisfying the prima facie jurisdictional threshold. A High Court that proceeds without recording that finding acts in error.

DELHI HIGH COURT

Section 48 Objections to Ravva Oil Foreign Awards Dismissed — USD 99 Million Awards to Be Enforced

Union of India v. Vedanta Ltd. & Ravva Oil (Singapore) Ltd. | *O.M.P. (EFA)(COMM) 5/2017* | *1 July 2026*

Justice Jasmeet Singh dismissed the Centre's objections under Section 48 to enforcing two foreign arbitral awards worth USD 99 million, arising from the Ravva oil field Production Sharing Contract. The Court held that the Supreme Court's 2020 ruling in Union of India v. Vedanta Ltd. had already settled and bound the government on these objections, and directed release of the companies' bank guarantees within eight weeks.

Key takeaway: Where the Supreme Court has already settled the objections raised under Section 48, a High Court is bound. The Centre's attempt to re-litigate those objections was foreclosed by the doctrine of precedent.

DELHI HIGH COURT

IOCL's Section 34 Challenge to ₹662 Crore Toyo–L&T Award Dismissed

Indian Oil Corporation Ltd. v. Toyo Engineering Corporation & Anr. | *O.M.P. (COMM) 316/2019* | *2026 LLBiz HC (DEL) 709* | *15 July 2026*

Justice Amit Bansal dismissed IOCL's Section 34 challenge to an arbitral award of approximately Rs. 662 crore in favour of a consortium of Toyo Engineering Corporation and Larsen & Toubro Ltd., holding that the tribunal had adopted a possible interpretation of contract provisions relating to extension of time and price adjustment.

Key takeaway: A tribunal's interpretation of contract provisions relating to extension of time and price adjustment will not be disturbed under Section 34 if it represents a possible reading of the clause, even if another reading was available.

DELHI HIGH COURT — DIVISION BENCH

NHAI Cannot Keep a Provisional Completion Certificate in Abeyance to Avoid Termination-Payment Obligations

National Highways Authority of India v. South Indian Bank Ltd. & Union Bank of India Ltd. | *FAO(OS) (COMM) 137/2025 & 152/2025* | *2026 LLBiz HC (DEL) 701* | *9 July 2026*

A Division Bench of Justices V. Kameswar Rao and Vinod Kumar dismissed two NHAI appeals against lender banks led by South Indian Bank Ltd., upholding arbitral awards totalling approximately ₹411 crore. The Court held NHAI could not keep a Provisional Completion Certificate in abeyance to avoid the termination-payment obligations that followed its issuance.

Key takeaway: A party cannot tactically withhold or defer certification to escape downstream contractual obligations. The court will look to the substance and consequences of the certificate, not merely its formal status.

DELHI HIGH COURT

Reserved Matters Clause in Shareholders' Agreement Restrains Unity Small Finance Bank from Board Action Pending Arbitration

Resilient Innovations Pvt. Ltd. (BharatPe) v. Unity Small Finance Bank Ltd. & Ors. | O.M.P.(I)(COMM.) 293/2026 | 2026 LLBiz HC (DEL) 735 | 24 July 2026

Justice Tushar Rao Gedela restrained Unity Small Finance Bank from placing before its board a proposal to increase authorised share capital and amend its Memorandum of Association without BharatPe's prior written consent, holding the matter fell within "Reserved Matters" under the parties' Shareholders' Agreement, pending arbitration. BharatPe holds a 49% stake in the bank.

Key takeaway: A Reserved Matters clause in a Shareholders' Agreement is an enforceable contractual right that a court will protect by injunction pending arbitration, including against board-level corporate actions.

DELHI HIGH COURT

GST Refund Award Against GAIL Set Aside — Tribunal Could Not Rely on Contested Tax Receipts Without Ruling on Admissibility

Spectrum Power Generation Ltd. v. GAIL (India) Ltd. | O.M.P. (COMM) 64/2025 | 2026 LLBiz HC (DEL) 733 | 23 July 2026

Justice Avneesh Jhingan set aside an arbitral award that had rejected Spectrum Power's claim for GST refund under a Gas Sale Agreement with GAIL. The Court held that GAIL was required to independently establish it had deposited the disputed GST, and that the tribunal could not rely on contested tax receipts as proof without first ruling on their admissibility.

Key takeaway: A tribunal's reliance on contested documentary evidence without first ruling on its admissibility is a procedural error that can ground a Section 34 challenge. Admissibility objections must be decided before the document is used.

REGULATORY UPDATE · 11 JULY 2026

CJI Surya Kant Flags Six-Year Delay in Constituting the Arbitration Council of India

Chief Justice of India Surya Kant noted the Centre's continuing failure to constitute the Arbitration Council of India, a body created by Parliament through the Arbitration and Conciliation (Amendment) Act, 2019. He referenced the Draft Arbitration and Conciliation (Amendment) Bill, released in 2024 following the Viswanathan Committee's recommendations, which remains pending, and noted that Indian businesses continue to prefer Singapore as an arbitration seat.

Status as of July 2026: ACI not constituted. Draft Amendment Bill pending; no parliamentary timeline announced.

REGULATORY UPDATE · 18 JULY 2026

Justice Ujjal Bhuyan Addresses Finance Ministry's High-Value Arbitration Policy

Supreme Court judge Justice Ujjal Bhuyan, addressing a Law Forum event on "Arbitration in India: Reform, Relevance & the Road Ahead," referenced the Finance Ministry's Office Memorandum dated 3 June 2024, which advises against including arbitration clauses in government contracts, restricts arbitration to disputes below Rs. 10 crore, and encourages mediation instead.

He noted downstream effects: Oil India Ltd. and ONGC declining arbitration in public procurement contracts above ₹10 crore, Delhi's Public Works Department deleting arbitration clauses from future contracts, and the Ministry of Road Transport and Highways issuing instructions that disputes of ₹10 crore or more should not go to arbitration. He also referenced the Expert Committee's proposal to amend Section 34 to allow courts to modify arbitral awards in exceptional circumstances.

Status as of July 2026: Office Memorandum dated 3 June 2024 remains in force.

LEGISLATIVE UPDATE · MONSOON SESSION 2026

MSME Development (Amendment) Bill, 2026 Proposes an Arbitral Award Enforcement Mechanism for MSEs

The Ministry of Parliamentary Affairs listed the Micro, Small and Medium Enterprises Development (Amendment) Bill, 2026 among the key economic bills for the Monsoon Session. The Bill proposes to strengthen the mechanism for addressing delayed payments to micro and small enterprises, and to provide for enforcement of arbitral awards obtained by MSEs under the statutory arbitration route in Section 18 of the MSMED Act, 2006. It also proposes giving States flexibility to determine the composition of Micro and Small Enterprises Facilitation Councils.

What to watch: The award enforcement mechanism, if enacted, would address a known gap in the MSMED Act where MSEs obtaining awards through the MSEFC arbitration route face difficulty in enforcing those awards against larger counterparties.

LEGISLATIVE UPDATE · 24 JULY 2026

IFSCA Plans an Independent Arbitration Centre at GIFT City

The International Financial Services Centres Authority is working on establishing an independent arbitration centre within GIFT City, per a government official cited by Business Standard. An expert committee has been constituted to examine the proposal. Businesses operating out of GIFT City currently must approach commercial courts for dispute resolution, unlike comparable hubs such as the Dubai International Financial Centre or Singapore, which have dedicated arbitration institutions.

What to watch: The design of the centre — whether it will operate under UNCITRAL rules, ICA rules, or a bespoke IFSCA framework, and how enforcement of awards made there will interface with the Arbitration Act — will determine whether it can credibly compete with Singapore and Dubai for IFSC-related disputes.

Editorial Note and Disclaimer

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