Legal Updates

Delhi High Court holds that the mandate of an arbitrator cannot be terminated solely on the basis of unsubstantiated allegations or mere complaints

In ***National Highway Infrastructure Development Corporation Ltd. Vs. NSPR VKJ & Ors.***, *O.M.P. (T) (COMM.) 44/2025*, vide judgment dated 15.10.2025, the Delhi High Court has held that the mandate of the arbitrator cannot be terminated solely on the basis of unsubstantiated allegations or mere complaints.

In this case, the Petitioner filed a Petition under Sections 14 and 15 of the Arbitration and Conciliation Act, 1996 ("**AC Act**") seeking termination of mandate of the arbitrator and substitution on the ground that there were prior allegations of corruption against the arbitrator.

The High Court observed that Section 14 of the AC Act provides for termination of the mandate of an arbitrator where he becomes *de jure* or *de facto* unable to perform his functions. *De jure* ineligibility is an inherent disability, and mere allegations cannot meet this threshold. It was observed that unless the complaint leads to some tangible legal action or judicial finding even *prima facie,* it remains in the realm of a mere allegation or suspicion and cannot be a ground for termination. Placing reliance on precedents, the Court observed that since ineligibility goes to the root of the appointment, Section 12(5) of the AC Act read with Seventh Schedule makes it clear that if the arbitrator falls in any one of the categories specified in the Seventh Schedule, he becomes ineligible to act as an arbitrator and consequently, becomes *de jure* unable to perform his functions.

In the instant case, the Court observed that the Petition was bereft of any detail with respect to the contents of the complaint or its status / outcome and merely contained vague averments that there were serious allegations of corruption against the arbitrator.

The Court emphasised that termination of the mandate merely on a complaint would be contrary to Section 14 of the AC Act and would set a dangerous precedent where any party, unhappy with the

course of arbitral proceedings, may refer to a complaint by a third party with unfounded and false accusations and seek termination of the mandate.

Madras High Court holds that the extension of mandate of an arbitrator under Section 29A (5) of the Arbitration and Conciliation Act, 1996 is only possible when the arbitration is ongoing

In ***Sally Thermoplastic India Limited v. Learning Leadership Foundation***, Application No. 4482/2025, vide order dated 10.10.2025, the Madras High Court dismissed an application filed by the Applicant under Section 29A (5) of the AC Act seeking extension of time for completion of the arbitral proceedings and passing the Arbitral Award on the ground that such an application is not maintainable once the arbitrator has withdrawn and the proceedings have been terminated.

In this case, on account of his ill-health, the sole arbitrator was unable to continue as an arbitrator and he requested the parties to take steps for the appointment of a new arbitrator to resolve the dispute in 2022. The arbitration proceedings were pending since 2018. However, no substitution was sought until 2025 and even then the Applicant sought only an extension of time. The delay in approaching the Court was sought to be explained on the ground that the Managing Director and the former counsel had faced certain medical emergencies.

The Respondent argued that the intimation of the arbitrator constituted a withdrawal, and it effectively terminated the proceedings in 2022. Section 29A (5) of the AC Act applies only to ongoing arbitration and the correct course would have been to seek appointment of a new arbitrator under Section 14 of the AC Act.

The High Court held that by way of the intimation, the arbitrator expressed his mind that it was impossible for him to continue as an arbitrator, and in such circumstances, the proceedings itself will stand terminated. The Court observed that at best, the Applicant could have approached the Court for substitution of the arbitrator. The High Court further clarified that Section 29A (5) of the AC Act allows extension of the mandate of an arbitrator only when the proceedings are ongoing and once the tribunal becomes *functus officio*, there can be no question of extending the time.

Karnataka High Court holds that the exclusive jurisdiction clause is enforceable even if the cause of action lies in another State

In ***Baboon Investments Holding BV v. M/s Atria Brindvan Power Private Limited & Ors.***, *Commercial Appeal No. 209/2024*, vide judgment dated 15.10.2025, the Karnataka High Court has set aside an interim injunction order passed by the Commercial Court in Bengaluru on the ground that in terms of the jurisdiction clause, the courts and tribunals in Mumbai had the exclusive jurisdiction to adjudicate the disputes arising out of the contract, even though a part of the cause of action arose in Bengaluru.

In this case, a dispute arose with respect to the enforcement of rights under a Debenture Trust Deed ("**DTD**") and the applicability of the jurisdiction clause contained therein. The Commercial Court had earlier granted an injunction in favour of the Plaintiff *inter alia* holding that it had the jurisdiction to hear the matter since part of the cause of action arose in Bengaluru.

The High Court emphasized on the binding nature of the jurisdiction clause which expressly conferred exclusive jurisdiction on the courts and tribunals in Mumbai to adjudicate disputes '*arising out of or in connection with*'. It was observed that the phrase '*arising out of or in connection with*' must be interpreted broadly to include all disputes requiring reference to the contract terms. The Court reaffirmed that where two or more courts have jurisdiction, the parties are entitled to confer '*exclusive jurisdiction*' on one of them and the said court alone would have the exclusive jurisdiction to decide the disputes.

Bombay High Court holds that it would be necessary to establish such perversity that the findings cannot at all be countenanced to interfere in an Arbitral Award by way of an unconditional stay

In ***Mumbai Metro Rail Corporation Limited v. L&T-STEC JV Mumbai***, *Interim Application (L) No.28857/2025 in Commercial Arbitration Petition (L) No. 28855/2025*, vide order dated 10.10.2025, the Bombay High Court has held that to interfere in an Arbitral Award by way of an unconditional stay, it would be necessary to establish such perversity that the findings cannot at all be countenanced.

In this case, the Applicant sought an unconditional stay on the execution of an arbitral award during the pendency of the Arbitration Petition under Section 34 of the AC Act without any requirement to deposit any component of the awarded amount on the ground that the award is *ex facie* perverse and has made such blunders that no reasonable arbitral tribunal could have taken the approach adopted by the tribunal.

After carefully perusing the various contentions raised on facts, the High Court observed that the findings were not so perverse so as to warrant an unconditional stay. The Court further observed that no case was made out that there was a breakdown of natural justice pointing to perversity of such magnitude which necessitates an unconditional stay on the award. The Court also observed that when parties proceed to arbitration and that too after a detailed pre-arbitral process being contracted, there has to be a higher credibility and credence given to the arbitral award.

NCLT holds that a homebuyer in possession of a flat before commencement of CIRP cannot be dispossessed even if no claim was filed

In ***Harminder Singh Bhatia v. Devvrat Developers Pvt. Ltd.***, *CP(IB)/56(MP)/2021*, vide order dated 18.09.2025, the National Company Law Tribunal ("**NCLT**") has held that a homebuyer, who had already taken possession of a flat before commencement of the Corporate Insolvency Resolution Process ("**CIRP**"), cannot be dispossessed, even if no claim was filed during the process.

The Corporate Debtor, who was engaged in developing a housing project, was admitted into CIRP. In the housing project, some flats were complete and handed over to the allottees, who were already residing there. The Resolution Plan was approved, and a direction was given for evicting unauthorized / illegal occupants from the flats. The Applicant filed an application seeking clarification that his flat does not form part of the assets of the Corporate Debtor as possession had already been handed over and a direction that his sale deed be executed.

The NCLT reiterated that once substantial payment is made and possession is handed over, the allottee gains equitable ownership under Section 53A of the Transfer of Property Act, 1882, and such flats stand excluded from the Corporate Debtor's asset pool. Thus, the same is outside the purview of the moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**"). The Successful Resolution Applicant, stepping only into the shoes of the Corporate Debtor, cannot assert higher rights or use the "*clean slate*" principle to dislodge a possession-holder. The NCLT directed execution of the sale deed upon payment of the remaining balance with interest.

NCLAT holds that the benefit of Section 14 of the Limitation Act, 1963 is not available merely because a prior proceeding is pending and there has to be a defect of jurisdiction

In ***United Bank of India v. Concast Morena Road Projects Pvt. Ltd.***, *Company Appeal (AT) (Insolvency) No. 805 of 2025*, vide order dated 07.10.2025, the National Company Law Appellate Tribunal ("**NCLAT**") held that the benefit of Section 14 of the Limitation Act, 1963 is not available merely because a prior proceeding is pending and that there has to be a defect of jurisdiction to avail the benefit.

In this case, the Appellant contented that it disbursed a loan to the Corporate Debtor in 2013 and a default was committed in 2015. It initiated proceedings under the Recovery of Debt and Bankruptcy Act, 1993 ("**RDB Act**"), which is pending. Thereafter, the Appellant filed an application under Section 7 of the IBC seeking initiation of CIRP against the Corporate Debtor, which was *inter alia* dismissed by the NCLT on the ground that the application was barred by limitation. As per the Appellant, the claim was within limitation *inter alia* as it was entitled to the benefit of Section 14 of the Limitation Act in view of the *bona fide* filing and pendency of the application under the RDB Act.

The NCLAT held that the application was filed after 3 years from the date of default and thus, the same was time-barred. The NCLAT *inter alia* held that the benefit of Section 14 of the Limitation Act would not be available in the facts of the present case as it was not the Bank's case that prior proceedings were without jurisdiction or it suffered from any defect of jurisdiction or a '*cause of like nature*' that would warrant extending the said benefit. The NCLAT observed that the NCLT is not a substitute forum for collection of time-barred debts.

MCA extends timeline for filing Financial Statements and Annual Returns for FY 2024–25 under the Companies Act, 2013

The Ministry of Corporate Affairs ("**MCA**"), vide General Circular No. 06/2025 dated 17.10.2025, extended the deadline for companies to file their financial statements and annual returns for FY 2024–25, under the Companies Act, 2013, until 31.12.2025, without payment of additional fees.

The extension aims to accommodate stakeholder requests and allow companies time to adapt to the updated filing process, following the revised e-Forms s MGT-7, MGT-7A, AOC-4, AOC-4 CFS, AOC-4 NBFC (Ind AS), AOC-4 CFS NBFC (Ind AS), AOC-4 (XBRL), for annual filings

deployed on the MCA-12 Version 3 portal. Filings made beyond the extended time i.e., 31.12.2025 will attract standard and additional fees as per the Companies (Registration Offices and Fees) Rules, 2014, from the date when such filings were actually due under the Companies Act, 2013.

Importantly, the General Circular clarifies that it does not confer any extension to the statutory time for holding Annual General Meetings ("**AGM**"). Companies failing to comply with AGM timelines remain subject to legal action under the Companies Act, 2013. MCA Circular can be accessed *here*.

TRAI releases recommendations on "Formulating a Digital Radio Broadcast Policy for private Radio broadcasters"

Telecom Regulatory Authority of India ("TRAI"), vide its notification dated 03.10.2025, released its recommendations for introducing digital radio broadcasting for private players in major Indian cities. The policy proposes that new broadcasters begin services in a simulcast mode, allowing them to transmit one analog channel along with three digital channels and one data channel on the same frequency. Existing FM broadcasters can voluntarily migrate to this system by paying a migration fee based on auction prices. A single digital radio technology will be adopted nationwide, and spectrum for new channels will be assigned through auctions. Broadcasters will have two years to start operations after securing spectrum or opting for migration. A sunset date for phasing out analog radio will be decided later, based on adoption levels.

To support this transition, TRAI has suggested measures such as allowing infrastructure sharing, introducing a new authorisation for digital broadcasting infrastructure providers, and advising the government to push for digital radio receiver support in mobile phones and car infotainment systems. Revenue rules, license periods (15 years), fee structures, and ownership caps have also been clearly defined. A high-level steering committee will be formed to monitor adoption and receiver availability. TRAI recommendations can be accessed *here*.

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