

Findings related to the jurisdictional issue, which was a fundamental matter. Thus, the failure of the Tribunal to adequately address the complex jurisdictional questions, combined with the significant and unexplained delay, renders arbitral award patently illegal

The **Delhi High Court** in the case of **Iffco Tokio General Insurance Company vs Unison Hotels [O.M.P. (COMM) 197/2023]** dated **January 30, 2026**, has held that delay in delivering an arbitral award, by itself, is not sufficient to set it aside. However, an award can be vitiated if the delay is undue, remains unexplained, and adversely reflects on the findings. Such a delay can bring the award into conflict with the public policy of India or render it patently illegal under Section 34 of the Arbitration and Conciliation Act, 1996. Reference was made to the decision of the Apex Court in the case of *Lancor Holdings Limited v. Prem Kumar Menon [2025 INSC 1277]*.

The Court reasoned that in the present case, the inordinate delay had an adverse impact on the findings related to the jurisdictional issue, which was a fundamental matter. Thus, the failure of the Tribunal to adequately address the complex jurisdictional questions, combined with the significant and unexplained delay, demonstrated that the findings were affected, thus rendering the award patently illegal.

Accordingly, the Court held that the findings on the jurisdictional issue raised by the insurance company (petitioner) were adversely impacted by the inordinate delay in the pronouncement of the award, and the reasons provided in the award for the delay were found to be insufficient. Consequently, the Court concluded that the award was vitiated by this delay, making it patently illegal and unsustainable.

The Court observed that the petitioner's primary challenge to the award was the inordinate and unexplained two-year delay between the reservation and pronouncement of the award, which, it was argued, went to the root of the jurisdiction. The petitioner contended that following a full and final settlement, no arbitrable dispute remained, a jurisdictional objection they claimed was not properly considered due to the delay. The arbitration clause in the policies restricted arbitration to disputes concerning the "quantum to be paid", with the condition that liability was "otherwise admitted".

The Court noted that the Tribunal had to consider whether it had jurisdiction to decide the validity of the settlement and whether the "admitted liability" foundation for arbitration was eroded post-settlement. The Tribunal, however, only decided that the settlement was not voluntary before proceeding to the merits.

The Court further observed that such a long delay can jolt the confidence of the parties, as the potency of oral arguments fades over time, and written submissions are a poor substitute. The reasons for the delay cited in the award, Covid-19, late filing of written submissions, and the inability of Tribunal members to meet, were found to be insufficient, especially since a delay of almost a year remained even after accounting for the pandemic-related exclusions granted by the Supreme Court.