
Delhi High Court Sets Aside Arbitral Award for Lack of Signatures from All Arbitrators Constituting the Arbitral Tribunal

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Introduction

In a recent decision, in *M/s ISC Projects Private Limited v. Steel Authority of India Limited*¹, the Delhi High Court set aside an arbitral award on the ground that it was signed by only two out of three arbitrators, with no explanation for the missing signature of the third arbitrator.

The High Court reaffirmed the mandatory requirement under Section 31 of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**") that an arbitral award must be signed by all members of the tribunal or at least contain a reason for any missing signature. In this article, we navigate through the facts of the case and the findings rendered by the High Court.

Brief Facts

The dispute arose from a contract dated 18 August 2010 between M/s ISC Projects Private Limited and Steel Authority of India Limited ("**SAIL**") for railway track work at Bhilai Steel Plant. Following disputes regarding the execution of the contract, the petitioner approached the Standing Conference of Public Enterprises Forum for Conciliation and Arbitration ("**SCOPE**") for the appointment of an arbitral tribunal, as per the arbitration clause in the agreement. A three-member tribunal was constituted, with the petitioner and respondent nominating their respective arbitrators, and SCOPE appointing the presiding arbitrator.

The petitioner raised claims amounting to INR 21.59 crore, while SAIL filed counterclaims totalling to INR 82.23 crore. On 12 March 2020, the tribunal issued an award dismissing the petitioner's claims and partially allowing the counterclaims. However, the award bore the signatures of only two arbitrators, with no stated explanation for the omission of the third arbitrator's signature. The tribunal's mandate expired the next day on 13 March 2020.

The petitioner challenged the award under Section 34 of the Arbitration Act, arguing that it was legally invalid as it failed to meet the statutory requirements under Section 31. The case was initially filed in the Commercial Court at Naya Raipur, which ruled that it lacked territorial jurisdiction, leading to the case being transferred to the Delhi High Court.

Findings of the High Court

The High Court focused on the fundamental procedural flaw in the award's execution, *i.e.*, its failure to comply with Section 31(1) and (2) of the Arbitration Act. Section 31(1) mandates that an arbitral award be made in writing and signed by all

¹ *M/s ISC Projects Private Limited v. Steel Authority of India Limited*, 2025:DHC:1115.

arbitrators. Section 31(2) permits an award to be validly signed by a majority of arbitrators, but only if the reasons for the missing signature are explicitly stated in the award itself.

The High Court examined the arbitral record, which included an email from the dissenting arbitrator (Arbitrator A) dated 13 March 2020, addressed to the presiding arbitrator and another tribunal member. The email revealed that Arbitrator A had received the draft award only a day before the tribunal's mandate expired and had been given no opportunity to express his dissent adequately. Arbitrator A's communication indicated that he substantially disagreed with the award but was unable to provide his dissenting opinion within the short timeframe. Despite his request to extend the tribunal's mandate, the presiding arbitrator refused to do so, proceeding instead with the issuance of the award by majority decision.

The High Court determined that the absence of Arbitrator A's signature was not merely a technical defect but a fundamental violation of procedural fairness. It noted that the signing of an award is not a mere formality but a crucial part of the adjudicatory process, as established in *Dakshin Haryana Bijli Vitran Nigam Ltd. v. Navigant Technologies Pvt. Ltd.* [(2021) 7 SCC 657]. The Supreme Court had previously held that all members of a tribunal must sign the award, and if a member does not, the reasons must be clearly recorded.

The High Court also relied on *Mahanagar Telephone Nigam Ltd. v. Siemens Public Communication Network Ltd.* [(2005) SCC OnLine Del 237], where an award was set aside because one arbitrator's dissent was not adequately considered. Similarly, in *Medeor Hospital Ltd. v. Ernst & Young LLP* [(2023) SCC OnLine Del 2477], the High Court had emphasised that reasons for a missing signature must be recorded to ensure the legitimacy of an award.

Additionally, the High Court noted that the lack of Arbitrator A's signature indicated a breakdown in the deliberative process. It held that party-nominated arbitrators must be given full participation in the tribunal's decision-making. Any exclusion of an arbitrator at the final deliberation stage raises concerns about fairness and impartiality, thereby undermining the legitimacy of the arbitration process. In this regard, the High Court cited the decision in *National Highways Authority of India v. Jogendar Parsottam Shetiya & Ors.* [(2021) SCC OnLine Guj 3179], where an award was struck down due to similar deficiencies.

Based on these findings, the High Court concluded that the arbitral process suffered from procedural impropriety, rendering the award legally unsustainable. Consequently, it set aside the award and directed that the disputes be re-adjudicated afresh through a properly constituted arbitration.

Comment

The High Court's decision reaffirms the principle that procedural compliance is not a mere technicality but an essential safeguard of fairness in arbitration. By invalidating an award that lacked the signature of a dissenting arbitrator without any explanation, the High Court has reinforced the need for transparency and procedural integrity in arbitral proceedings.

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