HIGH COURT OF JUDICATURE FOR RAJASTHAN
BENCH AT JAIPUR

S.B. Civil Writ Petition No. 18546/2026
CNR: RJHC020825762026 | URN: CW / 38415U / 2026

Rajasthan State Warehousing Corporation, (A Government Undertaking Established Under The Warehousing Corporation Act, 1962) Office Bhawani Singh Road, Jaipur Rajasthan 302015 Through Its Officer In- Charge

----Petitioner/Applicant/Respondent

Versus

Origo Commodities India Private Limited, Registered Office At FK-06, Somdatt Chamber-1, 5, Bhikaji Cama Place, New Delhi 110066, Corporate Office At Plot No.37, 1St Floor, Sector-18, Institutional Area, Gurgaon, Haryana-122002

----Respondent/Non-Applicant/Claimant

For Petitioner(s)	:	Mr. Pradeep Kalwania
For Respondent(s)	:	Mr. Suhail Sehgal through VC with Ms. Anjali Sharma Mr. Olson Naik

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HON'BLE MR. JUSTICE SAMEER JAIN

Judgment

09/10/2026

1. The present petition has been filed under Article 227 of the Constitution of India challenging the order dated 18.04.2026 passed by the Commercial Court No. 2, Jaipur Metropolitan Second in CMC Case No. 265/2025 under Section 36(3) of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as "the Act of 1996"), whereby the concerned court has imposed a condition of 100% deposit of the award amount arising out of the arbitral award dated 03.06.2025.

2. Learned counsel for the petitioner submitted that an appeal under Section 37 of the Act of 1996 was also preferred; however,

vide order dated 17.07.2026, the learned Commercial Appellate Bench granted a liberty to pursue appropriate remedies, pursuant to which the present petition under Article 227 of the Constitution of India has been filed. It is submitted by learned counsel for the petitioner that the petitioner is an extended instrumentality of the State of Rajasthan, created under a statute, having their own distinct entity. It is also submitted that the parties entered into an agreement dated 25.06.2020 on a Public Private Participation (PPP) model; and that the contract pertained to the maintenance of warehouses, for safe keeping of agricultural and other commodity goods, and the same was to be maintained by the respondent-claimant on a 70:30 revenue-sharing ratio.

3. Learned counsel submitted that disputes arose between the parties, leading to the initiation of the arbitration proceedings, and during the subsistence of the dispute, the petitioner invoked the bank guarantee of the claimant to the tune of Rs.5.85 Crores. It is further submitted that the contract, which was to remain in force till the year 2030, was prematurely terminated. Learned counsel further submitted that the petitioner has a strong case and that the financial condition of the Corporation is not in its favor, although a profit of approximately Rs.30 crores is shown for the year 2024–25 and Rs.60 crores for the year ending in 2026, the Corporation currently lacks liquid funds.

4. It is flatly urged that the arbitral award suffers from non-consideration of the counter-claims filed by the petitioner regarding the 70% revenue share and loss of income of mammoth magnitude and that the objections under Section 34 of the Act of 1996 have been preferred against the award. It is submitted that

following the settled principles of judicial review, the Court of first instance ought to have considered the *prima facie* case and the balance of convenience rather than imposing an onerous pre-deposit requirement. It is submitted that depositing approximately Rs.6.80 crores in FDR along with an additional 50% bank guarantee would lock valuable public funds, for an unproductive purpose, causing grave financial strain to the Corporation.

5. In support of his submissions, learned counsel placed reliance on the judgment of a Coordinate Bench of this Court in **S.B. Civil Writ Petition No. 14997/2024: Jaipur Development Authority vs. TPI-Sucg Consortium**, wherein the condition of pre-deposit was modified from 100% to 50% in the form of FDR.

6. *Per contra*, learned counsel appearing for the respondent-claimant submitted that the impugned order passed under Section 36(3) of the Act of 1996 and is a well-considered order. It is submitted that the learned commercial court took into account that for a continuous period of four years, not even a single penny was released to the claimant, and revenue was shared for only the initial 1.5 years of the contract. It is submitted that the respondent made a substantial investment/expenditure i.e. to a tune of approximately Rs.26 crores during the tenure of the contract. It is submitted that the contract was terminated prematurely and wrongfully, and coercive action was taken by encashing the bank guarantee to the tune of Rs.5.50 crores without due consideration of the arbitrable dispute.

7. Learned counsel for the respondent relied upon the a catena of judgments passed by the Hon'ble Supreme Court, inter alia, **PAM Developments Private Limited vs. State of West Bengal,** reported in **(2019) 8 SCC 112, Manish vs. Godavari, SLP (C) No. 11760/2018, Toyo Engineering Corporation & Anr. vs. Indian Oil Corporation Limited: SLP (C) No.11766-11767/2020** & lastly the judgment of Punjab and Haryana High Court **Municipal Corporation, Jalandhar and Ors. vs. Jitf Urban Waste Management (Jalandhar) Ltd. and Ors.: MANU/PH/3777/2025**. Relying upon these precedents, learned counsel argued that under Section 18 of the Act of 1996, no distinction or preferential treatment can be drawn between private parties and Government companies or instrumentality while considering an unconditional stay or pre-deposit under Section 36.

8. Further, it is submitted that the money deposited in FDR/bank guarantee will remain intact and will not go directly into the hands of the claimant until the final adjudication of proceedings under Section 34. Thus, in light of the same, it is submitted that the writ petition deserves to be dismissed.

9. This Court has considered the rival submissions, assiduously scanned the material available on record, and perused the judgments cited at the Bar. In the present case, the following observations are worthy to be noted:

9.1 The arbitral award is subject to challenge under Section 34 of the Act of 1996, which constitutes the first forum of judicial review after original arbitral proceedings. The scope of intervention of the learned Commercial Court under Section 34 is

limited to evaluating whether the award is in conflict with the public policy or otherwise.

9.2 The petitioner is an extended instrumentality of the State, having recorded profits in its balance sheet, though liquidity constraints have been pleaded.

9.3 The respondent-claimant's bank guarantee to the tune of Rs.5.50 crores was encashed before/during the course of arbitration proceedings, and that they are not having any money at present.

9.4 While considering the matter of pre-deposit subject to the object in petition as per the settled proposition of the ratio encapsulated in **Benara Valves Ltd. and Others vs. Commissioner of Central Excise and Another: (2006) 13 SCC 347,** the Court has to oversee the *prima facie* nature of case, what is the undue hardship to the respective sides, as in the case in hand the sides have reflected hardship to the each other; *qua* the claimant, bank guarantee has been encashed to the tune of Rs.5.50 crores, and on the other hand the claim of the petitioner that counter claim for loss of business is also worthy to be noted.

10. It is also noted by this Court that not a single penny is released to the respondent. The judgment in **Toyo Engineering Corporation (supra)** cited by the respondent pertains to a situation where the Section 34 petition stood dismissed, and is thus distinguishable on facts. Furthermore, in the dictum enunciated in **PAM Developments Private Limited (supra)**, the Apex Court held that the Government contracts or instrumentality no one can claim automatic or unconditional stay without

complying with pre-deposit requirements, and courts must evaluate *prima facie* hardship and balance of convenience.

11. Considering the overall facts and circumstances of the case, the financial hardship pleaded by both sides, and to balance the equities between the parties during the pendency of Section 34 proceedings, this Court deems it appropriate to modify the condition imposed by the Commercial Court. Accordingly, the present writ petition is **disposed of** with the following directions:

11.1 The condition to deposit 50% of the disputed award amount in the form of a Fixed Deposit Receipt (FDR) as directed by the learned Commercial Court vide order dated 18.04.2026 shall remain intact and be deposited accordingly.

11.2 The requirement of depositing the remaining 50% in the form of a Bank Guarantee, as directed by the Commercial Court, is hereby set aside.

11.3 In lieu thereof, the petitioner-Corporation shall file a formal Resolution passed by its Managing Director / competent authority before the learned Commercial Court undertaking that in the event the respondent-claimant succeeds in the Section 34 proceedings, the awarded amount shall be released/paid in accordance with law within the prescribed time-frame under the Arbitration and Conciliation Act, 1996.

12. The compliance of this Court be made in a period of one month, from the date of passing of the present order.

13. Pending applications, if any, stand disposed of.

(SAMEER JAIN),J

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