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Won the Battle, Must Win the War: Rajasthan High Court Enforces United Kingdom GAFTA Award

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The Rajasthan High Court at Jaipur ordered a London-seated GAFTA appeal award (a Foreign Award) to be enforceable and executable as a decree of the Court, ending a seven-year chase for payment that began with three container-loads of yellow peas, crossed three oceans and outlived two rounds of arbitration. The judgment S.B. Arbitration Application No. 69 of 2022 is a textbook restatement of how narrowly Indian courts will read the "public policy" defence when a foreign award holder knocks on the door for execution.

Table of contents

- The Parties and the Contracts
- The London Arbitrations
- The Petition in Jaipur
- The Buyer's Last-Ditch Resistance
- The Court's Reasoning
- Final Directions
- Concluding Paragraph

The Parties and the Contracts

Kingsroad Handelsgesellschaft m.b.H., an Austrian company shipped 4 188.740 metric tonnes of Russian-origin whole yellow peas to Jaipur-based Raj Grow Impex LLP in November 2018. The three back-to-back contracts of 3 September 2018, brokered by Mumbai's Agri Impex India Pvt. Ltd., named Kolkata as the discharge port and carried a standard GAFTA arbitration clause. Price, demurrage and container free-time quickly turned contentious; payment never arrived.

The London Arbitrations

Invoking the clause, Kingsroad took the dispute to the Grain and Feed Trade Association in London. On 3 August 2020 the first-tier GAFTA tribunal upheld the seller's claim in full, rejected the buyer's counter-claim interest and costs. Raj Grow appealed to the GAFTA Board of Appeal, which on 28 September 2021 dismissed the challenge. The buyer let the 28-day English-statute window lapse without seeking to set aside or remit the award.

The Petition in Jaipur

Armed with the appeal award, Kingsroad approached the Rajasthan High Court under Part II, Chapter I of the Arbitration and Conciliation Act, 1996. It asked for three reliefs: a declaration that Award 4618-A be treated as a decree, execution against the respondent's movable and immovable assets, and costs. It argued that the award was final, unchallenged abroad and therefore prima facie enforceable.

The Buyer's Last-Ditch Resistance

Raj Grow, raised the twin shields of "patent illegality" and "violation of Indian public policy". The kernel of the complaint was that the seller had paid container detention charges directly to Hapag-Lloyd, MSC and Maersk outside India, depriving the buyer of input GST credit and causing revenue loss to the Government. This, it was contended, breached Clauses 12-H and 21 of the contracts and offended the fundamental policy of Indian law, interest of India and morality the trinity recognised in Renusagar and Shri Lal Mahal.

The Court's Reasoning

Justice Anoop Kumar Dhand began by noting that the buyer had sat out the arbitration, never sought correction or setting-aside in England and was now attempting a second bite at the cherry. Under Section 48 the enquiry is deliberately skeletal: the court cannot review the merits, re-appreciate evidence or substitute its view of the contract. Relying on the Supreme Court's rulings in Vedanta (2020) 10 SCC 1, Avitel Post Studioz 2024 INSC 242 and the classic Shri Lal Mahal (2014) 2 SCC 433, the judge held that "public policy" must be given a narrow, internationalist meaning limited to (i) fundamental policy of Indian law, (ii) interests of India, and (iii) justice or morality. A grievance about GST leakage, even if true, does not shock the conscience of the Court or strike at the root of Indian economic order; at best it is a contractual accounting dispute already decided against the buyer.

Final Directions

Consequently, the GAFTA Appeal Award dated 28 September 2021 was declared enforceable and converted into a decree of the Rajasthan High Court. Raj Grow must file an affidavit disclosing all its assets within six weeks before the executing court; Kingsroad is free to proceed with attachment and sale. There will be no order as to costs, but the message is clear: winners of foreign arbitrations need not feel they have lost the war.

Concluding Paragraph

The judgment reaffirms India's treaty-bound, statute-mandated pro-enforcement bias. By refusing to widen the public-policy umbrella and by nipping merit-based objections in the bud, the Rajasthan High Court has shortened the distance between a GAFTA award and its realisation on the ground a comfort to the Viennese trader and to every foreign award-holder watching Indian courts.

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