

ARBITRA

Your Monthly Guide to Navigate the Evolving Landscape of Arbitration



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Navigating the Boundaries of Interest Awards under the 1996 Act 04

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Contract vs. Discretion, our cover story this month examines how the Supreme Court has clarified the limits of arbitral authority in awarding interest, reaffirming that **contractual terms remain the primary anchor**, and that discretion cannot override an express bargain.

This edition of **ARBITRA** then explores how courts are reinforcing procedural discipline across the arbitral process. We examine the continued narrowing of Section 11 scrutiny to the **prima facie existence of an arbitration agreement**, the position that procedural timelines operate as **fail-safes rather than jurisdictional extinguishers**, and the consistent reiteration that **Section 34 is a supervisory, not appellate, remedy**.

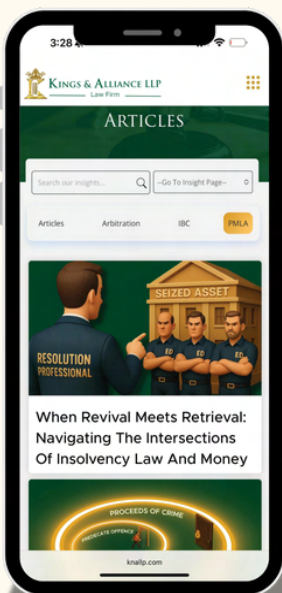
We also analyse the evolving limits of **judicial intervention in foreign-seated arbitrations**, particularly in the context of privity and the extent to which Indian courts can engage with such proceedings.

Across recent decisions, a clear pattern emerges: courts are not expanding intervention, but **defining its boundaries with greater precision**, ensuring that arbitral autonomy operates within the discipline of the contract and the statute.

To cap it off, this edition brings together key regulatory updates and a curated selection of global arbitration events and trainings.

Let's dive in.

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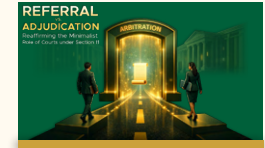
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- Wadia techno engineering services limited v. director general of married accommodation project & anr



REGULATORY UPDATE 15

AIAC Suite of Rules 2026: Key Regulatory Reforms Strengthening Governance and Arbitration Procedures



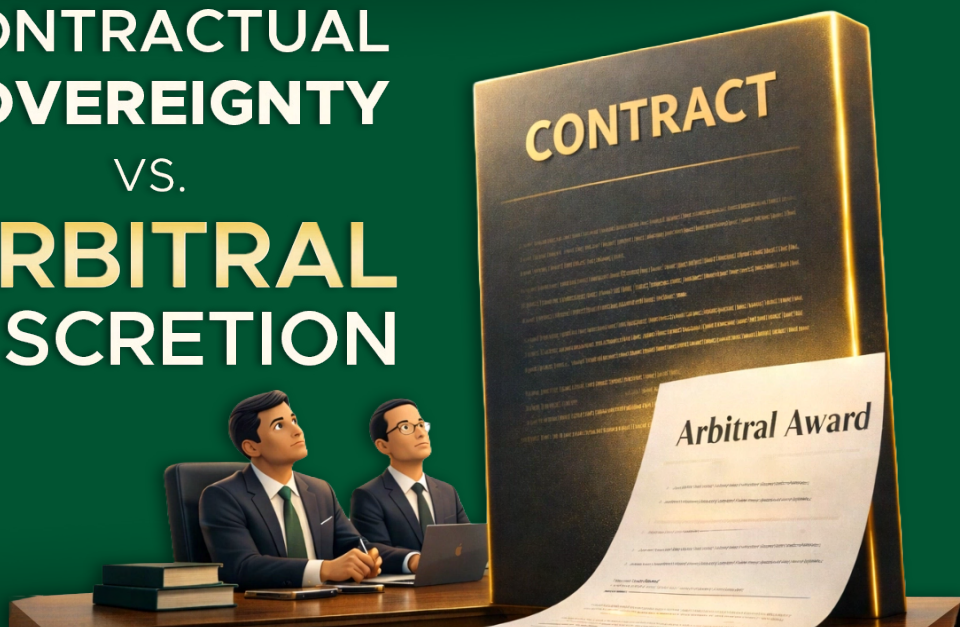
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COVER STORY

Contractual Sovereignty vs. Arbitral Discretion:
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CONTRACTUAL SOVEREIGNTY VS. ARBITRAL DISCRETION



Can an Arbitral Tribunal award interest as a matter of equity or compensation when the underlying contract expressly prohibits it? In its landmark ruling in *Union of India & Ors. v. Larsen & Toubro Limited (L&T)*, the Supreme Court of India reaffirmed the principle of party autonomy, declaring that the statutory framework of the Arbitration and Conciliation Act, 1996, subordinates the arbitrator's discretion to the specific terms agreed upon by the parties. The apex court held that where a contract categorically bars pre-award and pendente lite interest, any such award even if framed as "compensation" is a jurisdictional error that warrants judicial intervention.

The dispute originated from a 2011 turnkey agreement between the North Central Railway and L&T for the modernization of the Jhansi Workshop. While the project was slated for completion within 18 months, ten extensions were granted, leading to a cumulative delay of 40 months. This delay birthed a series of claims by L&T for financing charges, price variations, and unpaid bills. The Arbitral Tribunal (AT) ultimately awarded L&T over ₹5.53 crores, which included interest/compensation on several claims. The Union of India challenged this award, arguing that Clause 16(3) and Clause 64(5) of the General Conditions of Contract (GCC) created an absolute prohibition on interest for any amounts payable under the contract. Although the Commercial Court and the High Court of Allahabad initially upheld the award, the Supreme Court was tasked with deciding whether the AT had exceeded its mandate. The Supreme Court's rationale centered on the interpretation of...

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PIVOTAL ISSUES

From Procedural Objections to Tribunal Competence:
Delhi High Court Strengthens Kompetenz-Kompetenz
under Section 11

REFERRAL vs. ADJUDICATION

Reaffirming the Minimalist
Role of Courts under Section 11



Can a court, at the stage of appointing an arbitrator, go beyond the mere existence of an arbitration agreement and delve into procedural objections or contested issues between parties? The decision in *St. Joans Educational Society v. Mahanagar Telephone Nigam Ltd.* answers this in the negative, reinforcing the modern arbitration principle that judicial intervention at the referral stage must remain minimal and strictly confined. The Delhi High Court makes it unequivocally clear that the scope of scrutiny under Section 11 of the Arbitration and Conciliation Act, 1996 is limited to a prima facie examination of the existence of an arbitration agreement. Once such existence is established, the Court must proceed to facilitate arbitration, leaving all substantive and procedural disputes to the arbitral tribunal. This approach aligns with the legislative intent of minimizing judicial interference and preserving arbitral autonomy.

The factual matrix of the case is straightforward yet significant. The petitioner, St. Joans Educational Society, invoked Section 11(5) seeking appointment of a sole arbitrator in relation to disputes arising out of a Lease Deed Agreement dated 11 May 2017. The agreement contained an arbitration clause that designated the Executive Director (ED) of MTNL or a nominee as the arbitrator. A notice invoking arbitration under Section 21 was issued on 18 January 2024. The respondent, Mahanagar Telephone Nigam Ltd., raised a technical objection, contending that the notice was invalid as it was not specifically addressed to the Executive Director, as required under the arbitration clause. The Court rejected this...



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Procedural Fail-Safe or Jurisdictional Fatal Blow? The Supreme Court on the Survival of Arbitral Power Post-Deadline

PROCEDURE VS. PREROGATIVE The Battle Over the 30-Day Arbitral Clock



Does the expiration of a thirty-day window for the appointment of a presiding arbitrator render the entire arbitral process coram non iudice, or does it merely open an alternative procedural door? This central question defined the legal battle between the Municipal Corporation of Greater Mumbai (MCGM) v. M/s R.V. Anderson Associates Limited, where the Supreme Court of India ultimately clarified that procedural "fail-safes" in contracts are designed to preserve, rather than extinguish, the power of arbitral appointment.

The dispute originated from a 1995 agreement where the Respondent, a Canadian firm, was contracted by MCGM for consultancy services to upgrade sewerage operations in a World Bank-funded project. Following the project's completion in 2001, a disagreement arose regarding outstanding payments, leading the Respondent to invoke arbitration in 2005. Under Clause 8.3(b) of their agreement, each party appointed one nominee arbitrator, and these two were tasked with jointly appointing a third presiding arbitrator within thirty days. However, after a period of abeyance for unsuccessful conciliation, the actual appointment of the presiding arbitrator occurred well beyond this timeframe, following multiple resignations of previous appointees. It was only after participating in a preliminary meeting in 2009 that MCGM challenged the tribunal's jurisdiction, arguing that the Co-Arbitrators had forfeited their power to appoint the third arbitrator once the initial thirty days elapsed. The rationale provided by the Supreme Court focused on interpreting the arbitration clause as "enabling" rather than "restrictive". The Court observed that while Clause 8.3(b)...

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PIVOTAL ISSUES

Section 34 is Not an Appeal: Why Courts Can't Second-Guess Arbitral Interpretations

Arbitral Autonomy vs. Judicial Overreach



Can an arbitral award be unsettled simply because another interpretation of a contract appears more convincing, or does the law insist on a far stricter threshold before judicial interference is justified? This enduring question sits at the intersection of arbitral autonomy and judicial restraint, and it is precisely this tension that animates *Union of India v. Rama Constructions Company*. The Delhi High Court answers it with clarity and firmness: Section 34 of the Arbitration and Conciliation Act, 1996 is not an appellate gateway but a narrowly confined supervisory mechanism, and unless an award is vitiated by patent illegality, perversity, or a violation of public policy, courts must refrain from interfering even where an alternative interpretation seems plausible.

The dispute itself traces back to a construction contract awarded in 2008 by the Union of India for civil and electrical works at the Jawaharlal Nehru Stadium Complex in New Delhi. The execution of the project extended beyond the stipulated timeline, giving rise to disagreements over delayed completion, payments for additional and substituted items, and deductions affected by the employer. These disputes culminated in arbitration, where the contractor succeeded on several claims. The Union of India, dissatisfied with the outcome, invoked Section 34, contending that the arbitrator had exceeded jurisdiction, disregarded contractual stipulations, and arrived at findings that were perverse and legally unsustainable. In resolving the challenge, the Court anchored its reasoning in the well-settled jurisprudence governing Section 34. Drawing from *Associate Builders v. Delhi Development Authority*...

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Domestic Oversight vs. Foreign Seat

The High Court's Role in Preventing Arbitral Oppression



When can a domestic court intervene in an arbitration proceeding that is seated abroad? Can a party be compelled to arbitrate against a counterparty with whom it has no contractual privity? The recent judgment of the Delhi High Court in *SARR Freights Corporation and Anr. v. Argo Coral Maritime Ltd.* illuminates these questions, providing nuanced insights into the interplay between civil courts' inherent powers and the autonomy of foreign-seated arbitration tribunals.

The plaintiffs, SARR Freights Corporation and SARR Freights Limited, approached the Delhi High Court seeking an injunction to prevent the defendant, Argo Coral Maritime Ltd., from pursuing two concurrent arbitration proceedings before the London Maritime Arbitrators Association ("LMAA"), arising from a Booking Note executed earlier in 2023. The plaintiffs contended that the defendant was not a party to the Booking Note, and that the initiation of parallel arbitrations and subsequent rectification of the contract by the Tribunal created an arbitration agreement where none existed, thereby constituting procedural oppression and vexatious litigation. The High Court was called upon to assess whether, even in the context of a foreign-seated arbitration, the domestic courts could exercise jurisdiction to prevent abuse of the arbitral process. The factual matrix highlights the commercial complexity. SARR Freights, as charterers, had contracted with Ocean7 Projects ApS, acting as agents for the vessel owner, MV Pelagica, under a Fixture Recap and Booking Note for transporting military cargo for UNISFA from Mumbai to Port Sudan. Subsequent force majeure events, including...

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SIGNIFICANT CASE LAWS

Delhi High Court Grants Dynamic Injunction to JioStar India Against Rogue Apps for ICC 2026 World Cup Events

The Form-Over-Substance Fallacy: Pro-Arbitration Threshold Under Section 8
JioStar India Private Limited vs Ghd Sports & Ors originated when the Plaintiff, a leading media company with exclusive digital and television broadcast rights for ICC cricket events in India, sought to prevent the unauthorized streaming of the ongoing ICC Under 19 Men's Cricket World Cup 2026 and the upcoming ICC Men's T20 Cricket World Cup 2026. The Plaintiff alleged that Defendants No. 1 to 4 operated "rogue" mobile applications and websites that systematically infringed upon their Broadcast Reproduction Rights under Section 37 of the Copyright Act, 1957, by providing free, unauthorized access to protected content. Recognizing a prima facie case of copyright infringement and the potential for irreparable revenue loss, the High Court of Delhi granted an ex parte ad interim injunction restraining the rogue entities from hosting or communicating any part of the specified ICC events. The court issued a "Dynamic+ injunction," directing Domain Name Registrars (DNRs) and Internet Service Providers (ISPs) to block the infringing domains within 72 hours and permitting the Plaintiff to implead and block new mirror or redirect websites on a real-time basis as they are discovered



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SIGNIFICANT CASE LAWS

Benetton India Pvt Ltd vs Gini And Jony Ltd: Dispute over Arbitration and Contract Novation

In the case of Benetton India Pvt Ltd vs Gini And Jony Ltd, the petitioner approached the Delhi High Court under Section 11(6) of the Arbitration and Conciliation Act, 1996, seeking the appointment of a sole arbitrator. The dispute originated from a 2014 Distribution Agreement (DA) where the respondent failed to pay outstanding invoices for apparel and accessories, leading to a debt of over Rs. 8.97 Crores. Although the parties subsequently signed three Settlement Agreements (SAs) to restructure the payment schedule, a sum of Rs. 91,21,454/- remained unpaid. The respondent argued that the petition was not maintainable, contending that the SAs had novated the original DA and replaced the arbitration clause with the exclusive jurisdiction of civil courts. However, Justice Jasmeet Singh ruled that at the Section 11 stage, the court's role is limited to a prima facie examination of the existence of an arbitration agreement. The Court found that since the original DA contained a valid arbitration clause, the complex questions of whether that clause was superseded or novated by subsequent agreements should be decided by the arbitrator. Consequently, the Court allowed the petition, appointing Mr. Varun Kumar Chopra as the sole arbitrator and leaving all preliminary objections regarding arbitrability open for the arbitrator's adjudication.



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SIGNIFICANT CASE LAWS

Supreme Court Affirms No Arbitration Agreement Exists Without Mutual Consent

In the case of M/S. Bharat Udyog Ltd. (Formerly Known as M/S Jai Hind Contractors Pvt. Ltd.) vs Ambernath Municipal Council Through Commissioner & Anr., the dispute originated from a 1994 contract for the collection of octroi where the petitioner, after winning the bid, sought a reduction in the minimum reserve price. When the Municipal Council rejected this request, the petitioner eventually approached the State Government of Maharashtra, which unilaterally appointed an arbitrator to resolve the matter. The arbitrator subsequently issued an award in favor of the petitioner, reducing the reserve price, which was initially upheld by a Civil Court. However, the High Court of Bombay later set aside this award, finding that the contract did not contain a valid arbitration agreement and that the State Government lacked the jurisdiction to "foist" arbitration on the parties. The Supreme Court of India ultimately dismissed the special leave petition, affirming that there was neither a valid arbitration agreement nor informed consent from the Municipal Council for the proceedings, rendering the resulting award non-est.



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SIGNIFICANT CASE LAWS

Kalanithi Maran vs. SpiceJet: Enforcement of Arbitral Award and Interest Obligations

In the case of Mr. Kalanithi Maran vs. M/S SpiceJet Ltd. & Anr., the dispute originated from a 2015 Share Purchase Agreement regarding the transfer of ownership of SpiceJet, which led to a 2018 arbitral award directing the respondents to refund ₹270,86,99,209/- and pay interest on various warrants and tranches. The litigation reached the High Court of Delhi after the Supreme Court, in early 2023, vacated a previous stay on the award and directed the respondents to pay the entire award amount, specifically highlighting an outstanding interest liability of ₹75 Crore. The petitioner filed the present enforcement application seeking the attachment of the respondents' assets, arguing that despite paying the principal and some interest, the respondents still owed significant sums, including ₹292.47 Crores in interest as of early 2026. The respondents contended that the principal had been discharged and requested a waiver or recalculation of the interest, but the Court noted their persistent "dilatory tactics" and failure to comply with previous payment deadlines. Ultimately, the High Court held that the respondents could not re-agitate the merits of the interest liability already upheld by the Supreme Court and ordered the attachment of the respondents' bank accounts to the extent of ₹100 Crores to satisfy a portion of the outstanding dues..



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SIGNIFICANT CASE LAWS

NHAI vs. Bel-Acc(JV): High Court Upholds Arbitral Award on Project Variations

In the case of M/S National Highways Authority Of India vs M/S Bel-Acc(JV), the dispute originated from a 2001 contract for the strengthening and four-laning of a section of the Etawah Bypass on NH-2 in Uttar Pradesh. The conflict arose primarily due to variations in "Phase-I" of the project, where the work was changed from widening one side to placing one lane on either side of the existing road, leading to disagreements over revised rates for these varied items. The respondent, Bel-Acc(JV), sought arbitration after its claims were rejected by the project engineer, eventually leading to a 2010 arbitral award that granted them approximately ₹1.93 Crores for revised rates and compensation for additional resources and overheads. NHAI challenged this award under Section 34 of the Arbitration and Conciliation Act, 1996, arguing that the tribunal's findings were contradictory, lacked evidence, and were based on "equity" rather than contractual terms. However, the Delhi High Court dismissed NHAI's petition, ruling that the Arbitral Tribunal had meticulously evaluated the material and maintained a careful balance between contractual provisions and principles of fairness. The Court concluded that the award did not warrant interference as it was well-reasoned and did not suffer from patent illegality or conflict with the public policy of India.



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SIGNIFICANT CASE LAWS

MMTC Limited vs. Knowledge Infrastructure Systems: Procedural Adjournment in Post-Award Proceedings

In the case of MMTC Limited vs M/S Knowledge Infrastructure & Anr, the proceedings involved cross-petitions filed under Section 34 of the Arbitration and Conciliation Act, 1996, challenging an arbitral award, alongside an enforcement petition for the same award. The matter appeared before the Delhi High Court as a cluster of related disputes including O.M.P. (COMM) 404/2020 and OMP (ENF.) (COMM.) 97/2022. However, the court did not delve into the factual background or the merits of the underlying commercial dispute during this particular hearing. In the final judgment for this session, Justice Jasmeet Singh accepted an adjournment slip moved by the parties and ordered the matter to be re-notified for hearing on October 15, 2025



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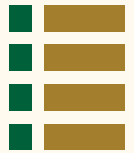
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