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LATEST CASE LAW

Gujarat Water Supply and Sewerage Board v. Saryu Plastics Pvt. Ltd. MANU/SC/0554/2026

The Court held that a court exercising jurisdiction under Section 34 of the Arbitration and Conciliation Act, 1996 cannot modify an arbitral award, as the power under Section 34 is confined to setting aside an award on the grounds specified in the Act. The Court further held that the Commercial Court exceeded its jurisdiction by substituting the arbitral tribunal's award of simple interest with compound interest for the pendente lite period.

The Court observed that proceedings under Section 34 are not appellate proceedings and do not permit a court to rewrite, alter or modify the relief granted by the arbitral tribunal.

EDITOR'S COLUMN

MCM Worldwide Private Limited v Construction Industry Development Council 2026 INSC 425

The Court considered whether a tribunal's order rejecting a jurisdictional objection under Section 16(2) of the Arbitration and Conciliation Act, 1996 could be challenged under Section 34 before the final arbitral award. The dispute arose from recovery claims under two MoUs and involved multiple proceedings before the Arbitrator, the District Court, and the Delhi High Court.

The Court held that such an order is not challengeable at an interlocutory stage and can be questioned only after the final award under Section 34. *Indian Farmers Fertiliser Cooperative Ltd. v. Bhadra Products* does not apply to jurisdictional objections under Section 16, thereby reinforcing the principle of minimal judicial intervention in arbitration.

BITES

The Learning Curve Educational Trust v. The Indian Institute of Technology, MANU/HP/0873/2026

The Court held that a party seeking interim relief under Section 9 of the Arbitration and Conciliation Act, 1996 must satisfy the requirements of prima facie case, balance of convenience and irreparable injury. The Court observed that the petitioner, despite being aware of the termination notice dated 01.05.2024, failed to challenge it for almost two years and approached the Court only when the notice period was about to expire.

The Court further held that no prima facie case, balance of convenience or irreparable loss was established and therefore no interim protection could be granted under Section 9. Accordingly, the petition was dismissed.

Gujarat Water Supply and Sewerage Board v. Saryu Plastics Pvt. Ltd. MANU/SC/0554/2026

BACKGROUND

- The Gujarat Water Supply and Sewerage Board ("Board/Claimant") had awarded contracts to Saryu Plastics Pvt. Ltd. ("Company/Respondent") for supply of PVC pipes between 1998 and 2002. Disputes arose between the Parties regarding the supply of PVC pipes, alleged excess payments and subsequent blacklisting of the Company.
- On 03.04.2012, the parties entered into an arbitration agreement and appointed a sole Arbitrator. Clause 4 of the arbitration agreement provided that the Arbitrator's mandate would initially remain valid for *six* months. On 19.04.2012, the ld. Arbitrator communicated his consent to Act as an Arbitrator.
- With the consent of both the parties, the mandate of the Arbitrator was extended up to 30.09.2014. Thereafter, the Arbitrator on his own extended the time for giving the award up to 31.03.2015, then up to 30.06.2015, and again up to 31.08.2015. The Arbitrator on 23.06.2015 requested the parties to extend the mandate up to 30.09.2015, the Board with its communication dated 04.09.2015 requested for a hearing and the same was fixed for 15.10.2015. The Arbitrator again requested for extension of mandate till 15.11.2025. It was informed by the Board that it would not be able to attend the meeting. The Arbitral Award was ultimately passed on 27.10.2015. The Award allowed certain claims of the Claimant i.e. *"Rs 1.01 crores with simple interest at 21.675% on account of payment of outstanding amounts of Rs. 79,98,361 and Rs 21,99,157 on account of escalation price"*.
- The Board challenged the award u/s 34 of the Arbitration and Conciliation Act, 1996 ("A&C Act"), while the Company sought correction of the award u/s 33 for change of "simple interest" to "compound interest". As section 34 was pending, Arbitrator refused to adjudicate the matter. Subsequently, the Commercial Court modified the award and granted compound interest for the pendente lite period as well and application u/s 34 filed by the Board were rejected. Appeals were preferred by the Board before the Hon'ble High Court which were dismissed.

ISSUES

- Whether the arbitral mandate had validly subsisted when the award was passed?
- Whether the arbitral proceedings were conducted in accordance with principles of natural justice?
- Whether the Commercial Court had jurisdiction to modify the award under Section 33(i)(a) by substituting simple interest with compound interest?

DECISION

- The Supreme Court examined the challenge relating to expiry of the arbitrator's mandate and the conduct of arbitral proceedings and found no ground warranting interference with the award on those counts. The Court observed that having participated in the arbitral proceedings without objection, the Board is estopped from challenging the Award on that ground after its issuance. Further, it was observed that the Board was afforded ample opportunities over more than three years to participate in the arbitral proceedings, and any alleged denial of natural justice is attributable to its own repeated defaults, non-appearance, and delays. Having failed to diligently avail itself of these opportunities, the Board cannot now challenge the proceedings on that ground.
- The Court while discussing Section 33(1)(a) observed that the said *"provision is neither designed nor intended to serve as a vehicle for the substantive modification of an Award or the review of the merits of the findings recorded therein"* and *"the power is strictly confined to correction of typographical, arithmetic, and clerical errors, and cannot be stretched to re-examine or revise the findings"* .
- The Court held that the Arbitrator consciously and deliberately awarded simple interest, reflecting a substantive determination on the merits and equities of the case; therefore, its substitution with compound interest could not be treated as a clerical or computational correction u/s 33(1)(a). The Commercial Court consequently exceeded its jurisdiction in purporting to exercise powers u/s 33(1)(a) by directing such a substantive modification of the Award.
- Accordingly, the modification made by the Commercial Court granting compound interest for the pendente lite period was set aside.

EDITOR'S COLUMN

MCM Worldwide Private Limited v. Construction Industry Development Council 2026 INSC 425

EDITOR'S COMMENTS

- The Supreme Court's decision reinforces the statutory framework of the Arbitration and Conciliation Act, 1996 by holding that an order rejecting a jurisdictional objection under Section 16 cannot be challenged until the final arbitral award is passed. The ruling upholds the principle of minimal judicial intervention and prevents unnecessary interruptions in arbitral proceedings.
- The judgment also clarifies that *Indian Farmers Fertilizer Cooperative Ltd. v. Bhadra Products* applies only to interim awards deciding limitation and not to orders passed under Section 16.

BACKGROUND

- Disputes arose between MCM Worldwide Pvt. Ltd. and the Construction Industry Development Council over dues under two MoUs executed in 2006 and 2008. The Appellant filed a suit for recovery before the District and Sessions Judge, Saket Courts, New Delhi. On the Respondent's application under Section 8 of the Arbitration and Conciliation Act, 1996, the suit was referred to arbitration. When the Respondent failed to agree to the appointment of an arbitrator, the Delhi High Court appointed a sole arbitrator under Section 11(6).
- The Respondent's application under Order VII Rule 11 CPC seeking rejection of the claim as barred by limitation was dismissed by the Arbitrator. A subsequent challenge under Section 34 also failed, though the Delhi High Court allowed the Respondent to raise the issue before the Arbitrator under Section 16.
- The Respondent then filed a Section 16 application alleging lack of jurisdiction due to limitation, which the Arbitrator rejected. The Respondent again approached the District Judge under Section 34. Relying on Indian Farmers Fertiliser Cooperative Ltd. v. Bhadra Products, (2018) 2 SCC 534, and with the Appellant conceding maintainability, the District Judge examined the matter on the merits and dismissed the Respondent's application.
- The Delhi High Court allowed the Respondent's Section 37 appeal without examining the maintainability of the Section 34 or Section 37 proceedings. This judgment was challenged before the Supreme Court.

ISSUE

- Whether an order rejecting a jurisdictional objection under Section 16(2) is challengeable under Section 34 before the final arbitral award.
- Whether the decision in Indian Farmers Fertiliser Cooperative Ltd. v. Bhadra Products, (2018) 2 SCC 534, applies to orders passed under Section 16 of the Act.

DECISION

- The Supreme Court held that Sections 16(5) and 16(6) of the Arbitration and Conciliation Act, 1996, require an arbitral tribunal, after rejecting a plea of lack of jurisdiction under Sections 16(2) or 16(3), to continue the proceedings and pass the final award. Such a jurisdictional objection can be challenged only after the final award through an application under Section 34. The Court also observed that Section 37 provides an appeal only when the tribunal accepts the jurisdictional objection, not when it rejects it.
- The Court further held that permitting a challenge under Section 34 at an interlocutory stage would defeat the statutory scheme and render Section 37(2) redundant. Therefore, an order rejecting a jurisdictional plea under Section 16 cannot be challenged before the final award.
- Distinguishing Indian Farmers Fertiliser Cooperative Ltd. v. Bhadra Products, (2018) 2 SCC 534, the Court clarified that the decision dealt with a determination of limitation as a preliminary issue, which constituted an interim award challengeable under Section 34. It did not concern a jurisdictional objection under Section 16, and therefore had no application to the present case.
- Accordingly, the Supreme Court held that the Respondent's Section 34 application against the order rejecting its Section 16 plea was not maintainable, and consequently, no appeal under Section 37 could arise. The Delhi High Court erred in deciding the appeal on merits without first examining maintainability. The judgment of the High Court was set aside, with liberty to the Respondent to challenge the jurisdictional issue only after the final arbitral award under Section 34.

The Learning Curve Educational Trust v. The Indian Institute of Technology, MANU/HP/0873/2026

CASE SUMMARY

- In The Learning Curve Educational Trust v. The Indian Institute of Technology, the dispute arose out of an Agreement dated 20.11.2017 under which the Petitioner was permitted to establish and manage a school within the IIT Mandi campus. The Agreement contained a termination clause permitting either party to terminate the arrangement by giving at least two years' prior written notice. Pursuant to this clause, IIT Mandi issued a termination notice dated 01.05.2024 directing the Petitioner to vacate the school premises within two years.
- The Petitioner did not immediately challenge the said termination notice and continued to operate the school. Nearly two years later, when the notice period was nearing its end, the Petitioner filed a writ petition seeking protection against the termination notice. The Hon'ble High Court declined interim relief and the Petitioner subsequently withdrew both the writ petition and the appeal filed against the interim order. Thereafter, the petitioner invoked Section 9 of the Arbitration and Conciliation Act, 1996 seeking interim protection, maintenance of status quo, and a stay on the operation of the termination notice pending arbitration.
- The petitioner contended that the termination notice was without authority and further relied upon subsequent Minutes of the Board of Governors to argue that a fresh cause of action had arisen. IIT Mandi opposed the petition and argued that the petitioner had failed to challenge the termination notice for almost two years and was attempting to obtain through Section 9 proceedings the same relief which had already been refused in writ proceedings.
- The Court further held that the grievance of the petitioner originated from the termination notice itself and not from the subsequent Minutes of the Board of Governors. Accordingly, the petition under Section 9 was dismissed.

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