
Strict Timelines In Arbitration: Supreme Court Calls For Legislative Reconsideration On Limitation Periods

Authors: *Vasanth Rajasekaran and Harshvardhan Korada*

Introduction

In a recent decision, the Supreme Court of India reaffirmed the strict application of statutory limitation periods in arbitration disputes. The case titled *My Preferred Transformation and Hospitality Pvt. Ltd. v. M/s Faridabad Implements Pvt. Ltd.* [2025 INSC 56], centred around the dismissal of a petition under Section 34 of the Arbitration and Conciliation Act, 1996 ("A&C Act") for being time-barred. The judgment reinforces the judicial approach that limitation periods in arbitration are not merely procedural but substantive mandates that ensure efficiency and finality in dispute resolution. In this article, we navigate through the facts of the case and the findings rendered by the Supreme Court.

Brief Facts

The dispute arose between the parties from lease agreements, leading to the invocation of arbitration by the respondent. An arbitral tribunal was constituted, and an award was rendered on 4 February 2022. A soft copy of the award was provided to the appellants on the same day via email, while a signed hard copy was delivered on 14 February 2022.

Under Section 34(3) of the A&C Act, a party has three months from the date of receipt of the award to challenge it. Thus, the limitation period for the appellants to file a petition under Section 34 would have ended on 14 May 2022. However, due to the COVID-19 pandemic, the Supreme Court had extended the limitation period for filing Court proceedings until 29 May 2022.

Despite this extension, the appellants failed to file the petition by the deadline. Instead, they waited until 4 July 2022, citing the summer vacation of the High Court as the reason for the delay. When the High Court dismissed their petition as time-barred, the appellants challenged the decision before the Supreme Court.

Arguments from Both Sides

The appellants contended that although the limitation period expired on 29 May 2022, the Courts had been closed for summer vacation from 4 June to 3 July 2022. They relied on Section 4 of the Limitation Act, 1963, which permits the filing of a suit or application on the first working day after the Court reopens if the limitation period expires during the closure. They argued that since the High Court reopened on 4 July 2022, their petition should be considered timely.

The respondent countered that the appellants had a clear opportunity to file their challenge on 29 May 2022, which was a working day. Since they failed to do so, they had exceeded not only the three-month limitation period but also the additional 30-day condonable period allowed under the proviso to Section 34(3). The respondent relied on *Popular Construction Co. v. State of Maharashtra*, (2001) 8 SCC 470,

where the Supreme Court held that Courts have no power to condone delays beyond the prescribed 120-day period.

Findings of the Supreme Court

The Supreme Court upheld the High Court's decision, concluding that the petition was filed beyond the permissible period and was thus time-barred. It reasoned that Section 4 of the Limitation Act could not be invoked in this case because the limitation period expired on 29 May 2022, a working day. Since the appellants had the opportunity to file their petition within the statutory timeline, they could not take shelter under the provisions of the Limitation Act.

The Supreme Court also examined Section 10 of the General Clauses Act, 1897, which allows filings to be made on the first working day after a Court holiday. It held that this provision was inapplicable because the limitation period under the A&C Act is governed by the Limitation Act, which explicitly precludes the application of Section 10 of the General Clauses Act.

In support of its findings, the Supreme Court relied on its ruling in ***Popular Construction Co. (supra)***, where it had held that the limitation period under Section 34(3) of the A&C Act is absolute and not subject to extension beyond the statutory 120 days. The Court also referred to ***Consolidated Engineering Enterprises v. Principal Secretary, Irrigation Department***, (2008) 7 SCC 169, which reaffirmed that special statutes prescribing their own limitation periods override the general provisions of the Limitation Act.

Further, the Supreme Court distinguished the present case from ***Sagufa Ahmed v. Upper Assam Polywood Products Pvt Ltd.***, (2021) 2 SCC 317, where the extension of limitation was allowed under different factual circumstances. It held that arbitration law mandates strict compliance with limitation periods, leaving no room for equity-based extensions.

Ultimately, the Supreme Court ruled that the appellants' petition, filed more than a month beyond the extended deadline, was not maintainable. It dismissed the appeal and upheld the dismissal of the Section 34 petition.

This judgment, while reaffirming the strict interpretation of limitation periods under the A&C Act, also acknowledges the potential hardship caused by such rigidity. The Supreme Court, before concluding, observed that the current legal framework imposes an unduly stringent construction of limitation statutes, which excessively restricts the ability of parties to challenge arbitral awards. Recognising the need for a more balanced approach, the Court suggested that this issue warrants legislative reconsideration. It emphasised that while efficiency and finality in arbitration must be upheld, Parliament should assess whether the existing framework unduly curtails the rights of parties and whether a more flexible mechanism could be introduced to accommodate genuine cases of delay without undermining the objectives of arbitration.

Comment

This judgment reinforces the principle that the timelines under the Indian arbitration-law framework are sacrosanct and cannot be extended at the Court's discretion. The ruling aligns with the objective of the A&C Act, which is to ensure speedy and efficient dispute resolution. By strictly enforcing limitation periods, the judiciary prevents protracted litigation and upholds the finality of arbitral awards.

The Supreme Court's approach in this case is consistent with its past rulings, particularly *Popular Construction Co. (supra)*, which clarified that the 120-day period under Section 34(3) is an outer limit. This ensures that arbitration proceedings do not become entangled in prolonged judicial scrutiny.

Contact

For any query, help or assistance, please reach out at info@trinitychambers.in or visit us at www.trinitychambers.in.

Authors



Vasanth Rajasekaran
Founder & Head
vasanth@trinitychambers.in



Harshvardhan Korada
Counsel
harshvardhan@trinitychambers.in