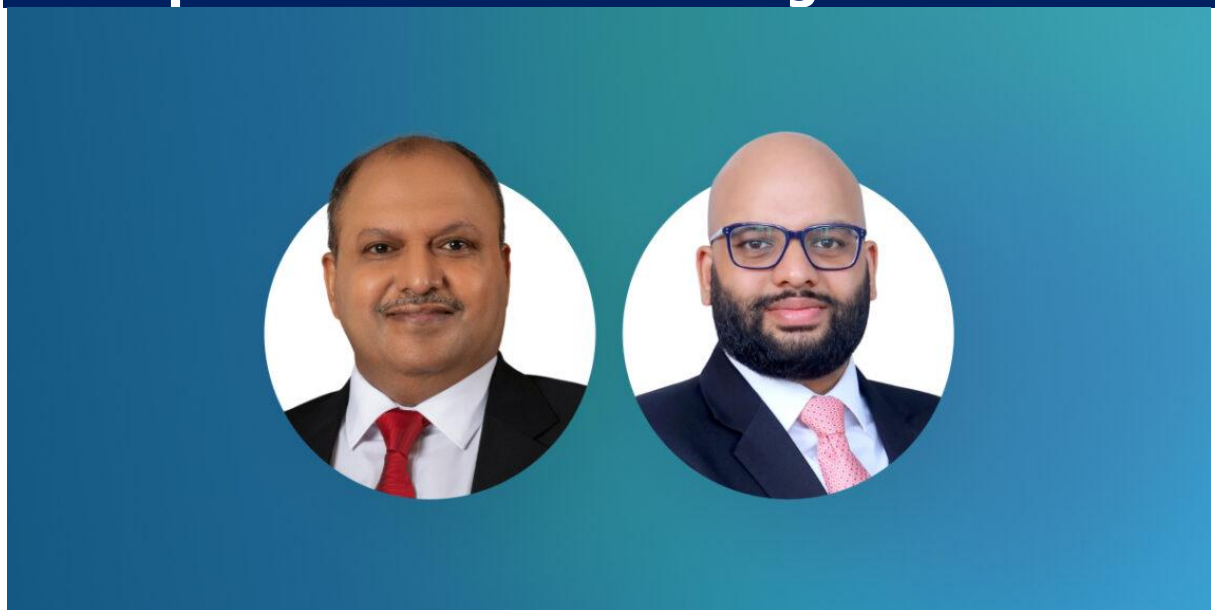
10 Important Arbitration Judgments of 2025



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2025 has been a landmark year for arbitration law jurisprudence in India, with the Supreme Court of India and various High Courts delivering several important decisions. From recognising a limited power to modify arbitral awards to crystallising the tests for a valid arbitration clause, these judgments collectively chart the course towards making India a global arbitration hub.

Below is a curated list of the ten most important Indian arbitration rulings in 2025, each with significant implications for arbitration practice.

1. *Gayatri Balasamy vs. ISG Novasoft Technologies Ltd.* [(2025) 7 SCC 1]

In ***Gayatri Balasamy***, a five-Judge Bench of the Supreme Court held that the Courts have only a limited power to modify arbitral awards under Sections 34 and 37 of the Arbitration and Conciliation Act, 1996 ("**the Act**"/"**Arbitration Act**").

The Supreme Court observed that the power to modify can be exercised only in limited circumstances, for instance, when the offending portion of the award is severable, or to correct obvious clerical or computational errors, or to modify post-award interest. However, the Apex Court held that Courts cannot rewrite the award or re-evaluate the case on its merits, as doing so would amount to going beyond the legislative intent of the Arbitration Act.

Brief Facts

Gayatri Balasamy ("**Appellant**") was awarded INR 2 crores (Indian Rupees Two Crores) in arbitral proceedings against the respondent-employer ("**Respondent**"). The Respondent, aggrieved by the award, challenged the same before the Madras High Court. In the proceedings before the High Court, the Appellant argued that several of her claims had not been considered. In 2014, the Madras High Court modified the award under Section 34 and increased compensation by INR 1.6 crores (Indian Rupees One Crore Sixty Lakhs). However, in 2019, the Division Bench acting under Section 37 of the Arbitration Act reduced the

increased amounts to INR 50,000 (Indian Rupees Fifty Thousand), calling the earlier modification excessive.

The Appellant ultimately approached the Supreme Court. Taking a note of conflicting judicial opinions on whether Courts can modify arbitral awards under Sections 34 and 37 of the Arbitration Act, the Supreme Court referred the matter to a five-Judge Bench to settle the law on the issue.

Issues

The Supreme Court was dealing with the following issues:

1. Whether the powers of the Court under Sections 34 and 37 of the Act will include the power to modify an arbitral award?

2. If the power to modify the award is available, whether such power can be exercised only where the award is severable, and a part thereof can be modified?

3. Whether the power to set aside an award under Section 34 of the Act, being a larger power, will include the power to modify an award and if so, to what extent?

4. Whether the power to modify an award can be read into the power to set aside an award under Section 34 of the Act?

5. Whether the judgment of the Supreme Court in ***M. Hakeem*** and subsequent decisions that follow the position in ***M. Hakeem*** laid down the correct law?

Observations

The majority, by a 4:1 verdict, held that Courts do possess a limited power to modify arbitral awards under Sections 34 and 37 of the Act. The Supreme Court stated that this power arises from a purposive reading of the Act, particularly the *proviso* to Section 34(2)(a)(iv), which allows Courts to set aside only the offending parts of an award that are severable.

The majority reasoned that if Courts can strike down a part of an award, they can also modify it to correct severable and obvious errors, such as clerical or computational mistakes, patent illegality, or jurisdictional overreach. This, the Supreme Court said, was necessary to prevent unnecessary delays, repetitive proceedings, and inefficiencies caused by remitting cases back for fresh arbitration over minor defects. However, the Supreme Court made it clear that this power does not allow re-evaluation of facts or merits. It can only be used when the error is clear and self-contained. The majority added that such limited modification would not affect the international enforceability of awards under the New York Convention, as many jurisdictions, including Singapore and the UK, also permit similar modifications.

The dissenting opinion took a completely opposite view. It held that Section 34 gives Courts the power only to "*set aside*" an arbitral award, not to modify it. The dissent stated that the Act deliberately omitted the modification power that existed under Sections 15 and 16 of the Arbitration Act, 1940, in order to reduce judicial interference and align with the UNCITRAL Model Law. Reintroducing this power by interpretation, it said, would amount to judicial legislation. The dissent also warned that a modified award may lose its character as an arbitral award under the New York Convention, affecting its enforceability abroad. The minority view reasoned that Courts cannot rewrite or improve upon the law for convenience. If powers to

modify arbitral awards were genuinely considered necessary, Parliament must introduce them expressly.

2. ***Disortho S.A.S. vs. Meril Life Sciences (P) Ltd.*** [2025 SCC OnLine SC 570]

In ***Disortho***, the Supreme Court examined the principles for determining the law governing arbitration agreements in international commercial contracts. It distinguished between *lex contractus* (law governing the contract), *lex arbitri* (law governing the arbitration), and *lex fori* (law governing the procedure before the supervisory Court). The Supreme Court held that where an agreement stipulates Indian governing law and vests jurisdiction in Indian courts, designating a foreign venue (Bogota, Colombia) does not strip Indian Courts of their referral powers and jurisdiction under Section 11(6) of the Arbitration Act to appoint arbitrators.

Brief Facts

Disortho S.A.S. ("**Petitioner**"), a company incorporated in Colombia, and Meril Life Sciences Pvt. Ltd. ("**Respondent**"), an Indian company based in Gujarat, entered into an International Exclusive Distributor Agreement in May 2016 for the sale and distribution of medical devices in Colombia.

The contract contained two key clauses:

Firstly, Clause 16.5, which stated that the agreement would be governed by Indian law and disputes would fall under the jurisdiction of the Courts in Gujarat.

Secondly, Clause 18, which provided that disputes would first go to conciliation and then arbitration under the Rules of the Chamber of Commerce of Bogota, Colombia. Disortho filed a petition under Section 11(6) of the Act seeking the appointment of an arbitral tribunal in India. Meril opposed the petition, arguing that the seat of arbitration was Bogota and that Indian Courts lacked jurisdiction to appoint arbitrators.

Issue

Whether Courts have jurisdiction under Section 11(6) of the Act to appoint an arbitral tribunal when the contract provides for Indian governing law but designates a foreign seat (Bogota, Colombia) for arbitration.

Observations

The Supreme Court observed that three different systems of law may operate in any cross-border arbitration: *first*, the *lex contractus* (law governing the substantive contract); *second*, the *lex arbitri* (law governing the arbitration agreement and arbitral process); and *third*, the *lex fori* (law of the Court exercising supervisory jurisdiction).

The Apex Court endorsed the "*three-stage test*" laid down in ***Sulamérica Cia Nacional de Seguros S.A. vs. Enesa Engenharia S.A.*** for determining the law governing the arbitration agreement, *viz.*, (i) express choice, (ii) implied choice, and (iii) closest and most real connection.

Applying these principles, the Supreme Court noted that although the Distributor Agreement was governed by Indian law, Clause 18 explicitly provided for arbitration in Bogota under Colombian procedural law, thus indicating Colombia as the juridical seat. The Court found that

the choice of Indian law in Clause 16.5 extended to the arbitration agreement as an implied choice of law. Therefore, both the lex contractus and lex arbitri were Indian law, while Bogota was merely the venue. Under Section 2(2) of the Act, Part I applies only when the seat of arbitration is in India.

The Supreme Court held that since the juridical seat remained in India, Indian Courts had full jurisdiction under Section 11(6) of the Act. The petition was accordingly allowed and an arbitrator was appointed.

3. *ASF Buildtech (P) Ltd. vs. Shapoorji Pallonji & Co. (P) Ltd.* [(2025) 9 SCC 76]

The Supreme Court in ***ASF Build Tech*** held that in suitable cases, a tribunal may invoke the "Group of Companies", "alter ego", or "composite transactions" doctrine to summon non-signatories, even without a separate notice under Section 21 of the Arbitration and Conciliation Act, 1996 ("**the Act**").

Brief Facts

The case arose from arbitral proceedings between Shapoorji Pallonji & Co. Pvt. Ltd. ("**SPCPL**") and Black Canyon SEZ Pvt. Ltd. ("**BCSPL**"), which arose from a Works Contract dated 21.11.2016. SPCPL filed a counterclaim, seeking to join ASF Build Tech Pvt. Ltd. ("**ABPL**") and ASF Insignia SEZ Pvt. Ltd. ("**AISPL**"), alleging that these companies, along with BCSPL, operated as a single economic unit under the ASF Group. ABPL objected to this, maintaining that it was merely a holding company and had no involvement in the contract.

ABPL and AISPL moved applications under Section 16 of the Act, challenging the tribunal's jurisdiction. The sole arbitrator, however, dismissed their objections, holding that their impleadment involved mixed questions of fact and law that required deeper examination.

The Delhi High Court affirmed this view. It relied on ***Cox & Kings Ltd. vs. SAP India Pvt. Ltd.*** to hold that the three companies formed part of a single economic entity. Dissatisfied with this finding, ABPL approached the Supreme Court.

Issues

The Supreme Court was dealing with the following three issues:

Firstly, whether an arbitral tribunal can implead non-signatories after its constitution without a prior Court order.

Secondly, whether the absence of a notice under Section 21 of the Act to such non-signatories invalidates their impleadment.

Thirdly, whether such determinations fall within the scope of referral Courts or arbitral tribunals.

Findings and Observations

The Supreme Court revisited the law on whether arbitral tribunals have the power to bring non-signatories into arbitration. In ***Chloro Controls vs. Severn Trent Water Purification Inc.***[(2013) 1 SCC 641] the Apex Court had accepted the "*group of companies*", "*alter ego*", and "*agency*" doctrine to extend arbitration agreements to related entities. The Supreme Court

reiterated that a non-signatory may be bound by an arbitration clause if its conduct indicates a clear intention to be part of the transaction.

The Apex Court observed that the power to determine mutual consent and bind a non-signatory lies in the definitions of "*party*" and "*arbitration agreement*" under Section 2(1)(h) and (b). The term "*claiming through or under*" must be interpreted broadly to include persons who, though not formal signatories, are substantively involved in the contractual relationship. The Supreme Court rejected the narrow view that only referral Courts under Sections 8 or 45 could decide such questions. It clarified that the tribunal itself can assess evidence and apply doctrines of "*alter ego*" and "*group of companies*" to determine whether a non-signatory should be part of the arbitration.

The Apex Court noted that ABPL, AISPL, and BCSPL shared management, offices, email domains, and financial obligations. AISPL had issued comfort letters and participated in the performance of the project. Correspondence and minutes of meetings consistently treated "ASF" as a single entity. On this basis, the Supreme Court upheld the decision of the Tribunal to implead ABPL and AISPL.

On the issue of Section 21-notice, the Court held that such notice serves primarily to fix the date of commencement for limitation purposes. The absence of notice does not affect jurisdiction, particularly when impleadment arises from a counterclaim or amendment of pleadings. The Supreme Court reasoned that to insist on a separate notice for every impleaded party would frustrate the efficiency of arbitration.

The Supreme Court also discussed the division of roles between Courts and tribunals. It noted that while referral Courts under Sections 8 and 11 may conduct only a *prima facie* examination of the arbitration agreement, detailed questions regarding the impleadment of non-signatories are for the arbitral tribunal to decide under Section 16 of the Act.

4. ***Kamal Gupta vs. L. R. Builders Pvt. Ltd.*** [2025 INSC 975]

The Supreme Court in ***Kamal Gupta*** addressed two fundamental questions that go to the root of the Indian arbitration practice. *First,* whether a non-signatory to an arbitration agreement may be permitted to observe arbitral proceedings. *Second,* whether a referral Court continues to exercise ancillary powers once an arbitral tribunal has been constituted under Section 11(6) of the Arbitration and Conciliation Act, 1996 ("**the Act**"). The Apex Court answered both questions in the negative.

Brief Facts

The dispute arose out of an oral family settlement dated 20.06.2015 between Pawan Gupta and Kamal Gupta, which was subsequently reduced to a Memorandum of Understanding/Family Settlement Deed ("**MoU**"/ "**FSD**") dated 09.07.2019. Rahul Gupta, son of Kamal Gupta, was not a signatory to the MoU/FSD. Pawan Gupta filed a petition under Section 11(6) of the Act seeking appointment of an arbitrator. Rahul Gupta filed an intervention application opposing the maintainability of this petition and also filed a separate application under Section 9 of the Act.

On 22.03.2024, the High Court appointed a sole arbitrator while disposing of the Section 11(6) petition, dismissed the intervention application, and directed that the Section 9 petition be treated as an application under Section 17 of the Act.

Thereafter, Rahul Gupta and other non-signatories filed fresh applications in the disposed of proceedings seeking permission to observe the arbitral proceedings. By order dated 07.08.2024, the Single Judge permitted them to attend, which was also confirmed by an order dated 12.11.2024. Aggrieved by these directions, Pawan Gupta and Kamal Gupta challenged the orders before the Supreme Court.

Observations:

On Non-Signatories Observing the Arbitration Proceedings

The Supreme Court noted that when the High Court appointed the sole arbitrator on 22.03.2024, it had already dismissed the intervention application, holding that the intervenors' apprehension regarding their properties was unfounded since they would not be bound by the arbitral award.

The Apex Court observed that under Section 35, an arbitral award binds only the parties to the arbitration and those claiming under them. Section 2(h) of the Act defines a "party" strictly as one who is a signatory to the arbitration agreement. Therefore, the participation of non-signatories has no legal foundation and is "unknown to law".

It noted that the presence of non-signatories was not necessary for adjudicating disputes between the signatories, Pawan Gupta and Kamal Gupta. It observed that non-parties cannot participate or observe arbitral proceedings as they are strangers to arbitration. Their remedy, if any, lies only under Section 36 if the arbitral award is sought to be enforced against them.

The Supreme Court noted that allowing a stranger to observe arbitration proceedings would contravene Section 42A of the Act, which mandates confidentiality in arbitral proceedings. Hence, the permission granted to Rahul Gupta and other non-signatories to attend the proceedings was held to be without jurisdiction and contrary to the scheme of the Act.

On the Referral Court's Powers After Section 11(6) Appointment

The Supreme Court observed that the Section 11(6) and Section 9 petitions had been conclusively disposed of on 22.03.2024 upon the appointment of the sole arbitrator. Despite this, fresh intervention applications were filed in August 2024. The Supreme Court observed that once an arbitrator is appointed under Section 11(6), the referring Court becomes *functus officio* and cannot issue further directions, as the Act is a self-contained code that expressly limits judicial intervention under Section 5. Even if Rahul Gupta's apprehensions were genuine, the Court held that such concerns could not justify permitting a stranger to be present in arbitral proceedings when the Act does not provide for it.

Relying on ***In Re: Interplay between Arbitration Agreements under the Arbitration and Conciliation Act, 1996 and the Indian Stamp Act, 1899***, the Apex Court reiterated that judicial intervention in arbitration is minimal and confined to what is expressly provided in Part I of the Act. It stated that "*even the spirit of Section 5 of the Act precludes the Court from entertaining such requests which do not find place in Part I of the Act. Moreover, the impugned direction runs counter to Section 42A of the Act*."

The Supreme Court concluded that once an arbitrator is appointed, no further action lies under Section 11(6), and the referral Court cannot entertain intervention requests from non-signatories. Even Section 151 of the Code of Civil Procedure, 1908 could not be invoked to justify such participation.

The Supreme Court accordingly allowed the appeals and imposed costs of INR 3 lakhs on the respondents.

5. *Tamil Nadu Cements Corporation vs. Micro and Small Enterprises Facilitation Council* [(2025) 4 SCC 1]

In ***Tamil Nadu Cements Corporation***, the Supreme Court held that writ petition under Article 226 of the Constitution is maintainable against an order of the Micro and Small Enterprises Facilitation Council ("**MSEFC**") passed under Section 18 of the Micro, Small and Medium Enterprises Development Act, 2006 ("**MSMED Act**"), where such order is without jurisdiction, passed contrary to the statutory procedure, or amounts to a nullity. While the MSMED Act provides for a statutory remedy under Section 34 read with Section 19, such remedy does not bar the exercise of writ jurisdiction in exceptional cases.

Brief Facts

Tamil Nadu Cements Corporation Limited ("**TANCEM**"/ "**Appellant**") invited tenders for the design, supply, erection, and commissioning of Electrostatic Precipitators ("**ESPs**") for its Ariyalur Cement Works. The contract was awarded to M/s Unicon Engineers in April 2010 for ₹7.50 crores. However, Unicon failed to complete the project within time. TANCEM issued several warning letters about poor performance and substandard work.

In January 2014, Unicon Engineers filed a petition under Section 18 of the MSMED before the MSEFC, claiming ₹2.66 crores with interest. After several hearings, the MSEFC on 04.06.2016 held that conciliation had failed. Placing reliance on Sections 15 and 16 of the MSMED Act, MSEFC directed TANCEM to pay ₹39.66 lakhs as balance retention money and ₹1.57 crores towards additional expenditures with interest.

TANCEM challenged the order before the High Court of Madras under Section 33 and Section 34 of the Arbitration and Conciliation Act, 1996 ("**A&C Act**"), and also filed a writ petition challenging the vires of Sections 16 to 19 of the MSMED Act. The High Court dismissed TANCEM's objections for being time-barred and for failure to make the mandatory 75% pre-deposit under Section 19 of the MSMED Act. Subsequent appeals and writ petitions filed by TANCEM were also dismissed on the ground that TANCEM had exhausted all remedies.

Aggrieved, TANCEM approached the Supreme Court challenging the maintainability of writ petitions against MSEFC orders and the conflicting judicial positions on the issue.

Observations

The Supreme Court noted that the core issue was *whether a writ petition under Article 226 is maintainable against orders of the MSEFC passed under Section 18 of the MSMED Act, and if so, under what circumstances*. The Court examined the conflicting precedents.

In ***Jharkhand Urja Vikas Nigam Ltd. vs. State of Rajasthan*** [(2021) 19 SCC 206], a two-Judge Bench held that conciliation and arbitration under Section 18(2) and (3) are distinct stages. If conciliation fails, the Council must formally initiate arbitration under the A&C Act. Proceedings cannot be clubbed. Hence, if an order passed without following due process, a writ petition is maintainable even bypassing Section 34 proceedings.

Conversely, in ***Gujarat State Civil Supplies Corporation Ltd. vs. Mahakali Foods Pvt. Ltd.*** [(2023) 6 SCC 401], another two-Judge Bench, without referring to *Jharkhand Urja*, held that the MSEFC could act both as conciliator and arbitrator even though Section 80 of the A&C Act bars such dual roles. It reasoned that the MSMED Act, being a special statute with overriding non-obstante clauses, prevailed over the A&C Act. The MSEFC could therefore act as arbitrator after failed conciliation, and its orders could be challenged only under Section 34 of the A&C Act with compliance of Section 19 of the MSMED Act (requiring 75% pre-deposit).

Further, in ***India Glycols Ltd. vs. MSEFC*** [2023 SCC OnLine SC 1852], a three-Judge Bench upheld *Gujarat State Civil Supplies* and held that writ petitions are not maintainable against MSEFC orders due to existence of a statutory remedy under Section 34. The Court held that deposit requirement under section 19 is a condition precedent to maintain an application to set aside such awards.

The Supreme Court observed that there is a direct conflict between ***Jharkhand Urja*** and ***Gujarat State Civil Supplies***, and expressed reservations about ***India Glycols***, which excludes the writ remedy even where the MSEFC's order is passed without jurisdiction or contrary to the statutory procedure. The Court noted that Section 18 of the MSMED Act contemplates mandatory conciliation and thereafter arbitration "as if" an arbitration agreement existed, but it does not empower the MSEFC to collapse the two processes or issue directions akin to an award without proper arbitral proceedings.

The Supreme Court held that writ jurisdiction under Article 226 may still be invoked where the MSEFC acts in excess of jurisdiction, in violation of natural justice, or where the order is a nullity.

6. *Oil and Natural Gas Corporation Ltd. vs. G & T Beckfield Drilling Services Pvt. Ltd.* [2025 INSC 1066]

In the case of ***ONGC,*** the Supreme Court held that an arbitral tribunal's power to grant *pendente lite* interest can be curtailed only by an express or necessarily implied prohibition in the contract. A clause merely excluding interest on delayed or disputed payments does not, by itself, bar the tribunal from awarding *pendente lite* interest. Post-award interest, being statutorily provided under Section 31(7)(b) of the Arbitration and Conciliation Act, 1996 ("**the Act**"), cannot be contracted out of by the parties.

Brief Facts

Oil and Natural Gas Corporation Ltd. ("**ONGC**"/ "**Appellant**") entered into an agreement with G & T Beckfield Drilling Services Pvt. Ltd. ("**Respondent**") for certain drilling operations. Disputes arose regarding non-payment of several invoices. The Disputes were referred to arbitration. On 21.11.2004, a three-member arbitral tribunal passed an award in favour of the respondent, directing ONGC to pay USD 6,56,272.34 along with interest at 12% per annum from 12 December 1998 till recovery and Rs. 5 lakh as costs. ONGC's counterclaims were dismissed.

Aggrieved, ONGC filed an application under Section 34 of the Act before the District Judge, Sivasagar, seeking to set aside the award on the grounds that it was non-reasoned and that the arbitral tribunal had not properly addressed its jurisdictional objection under Section 16(2) of the Act. The District Judge allowed the application and set aside the award on both counts. The respondent then preferred an appeal under Section 37 before the Gauhati High Court, which allowed the appeal and restored the arbitral award.

ONGC challenged this decision before the Supreme Court through a Special Leave Petition, limited only to the question *whether the arbitral tribunal was justified in awarding interest at 12% per annum from 12 December 1998 despite clause 18.1 of the agreement prohibiting interest on delayed or disputed payments.*

Observations

The Supreme Court confined its analysis to the question of interest and examined the scope of Section 31(7) of the Act. It observed that sub-section (7) empowers the arbitral tribunal to award interest for three distinct periods: pre-reference, pendente lite, and post-award. It noted that the power to grant pre-reference and pendente lite interest is subject to the agreement between the parties, while post-award interest is statutory and cannot be contracted out of.

The Supreme Court noted that in the instant case, the tribunal had awarded interest at 12% per annum not from the date the cause of action arose but from the date the statement of claim was affirmed before the tribunal (12 December 1998), which thus amounted to *pendente lite* interest.

Clause 18.1 stated that "*no interest shall be payable by ONGC on any delayed payment/disputed claim.*" The Supreme Court interpreted this clause in light of established precedents in ***Irrigation Deptt. vs. G.C. Roy*** [(1992) 1 SCC 508], ***Union of India vs. Ambica Construction*** [(2016) 6 SCC 36], ***Reliance Cellulose Products Ltd. vs. ONGC*** [(2018) 9 SCC 266], ***Sayeed Ahmed & Co. vs. State of U.P.*** [(2009) 12 SCC 26], and ***THDC vs. Jaiprakash Associates Ltd.*** [(2012) 12 SCC 10]. It reiterated that only an express or necessarily implied bar can restrict the arbitrator's power to grant *pendente lite* interest. Such a restriction must be clear from the contractual terms.

The Supreme Court held that clause 18.1 merely provided that ONGC would not pay interest on delayed or disputed payments. It did not contain an absolute prohibition found in clauses like those in *Sayeed Ahmed* or *THDC*, which explicitly barred interest "*in any respect whatsoever*". Therefore, clause 18.1 could not be construed as barring the arbitral tribunal's authority to award pendente lite interest.

The Supreme Court further held that the rate of 12% awarded was reasonable, being lower than the statutory post-award rate of 18% prescribed under Section 31(7)(b) at the time. Since the arbitral tribunal's award of *pendente lite* and post-award interest was consistent with law and the contract, the Supreme Court refused to interfere. Accordingly, it dismissed ONGC's appeal and upheld the arbitral award in its entirety.

7. ***Arabian Exports (P) Ltd. vs. National Insurance Co. Ltd.*** [2025 SCC OnLine SC 1034]

In ***Arabian Exports***, the Supreme Court has held that signing of a "full and final discharge voucher" under financial distress or economic duress does not bar reference to arbitration. At the stage of Section 11(6) proceedings under the Arbitration and Conciliation Act, 1996 ("**the Act**"), the Court's inquiry is limited to confirming the existence of an arbitration agreement; issues of coercion, fraud, or economic duress are to be decided by the arbitral tribunal.

Brief Facts

Arabian Exports Pvt. Ltd. ("**Appellant**"), engaged in the business of exporting meat and meat products, had insured its Taloja factory premises, plant, machinery, and stock under two policies issued by the National Insurance Company Ltd. ("**Respondent**"): a Standard Fire and Special Perils Policy and a Fire Declaration Policy. Due to unprecedented floods on 26.07.2005, the factory was submerged, and the appellant suffered extensive losses. Despite informing the insurer promptly and following-up, the insurance claim was not settled for over three years.

In December 2008, under severe financial distress caused by the insurer's delay and pressure from creditors, the appellant signed an undated "full and final settlement" voucher for ₹1.88 crore, much lower than its total claim of ₹5.71 crore. Soon thereafter, the appellant protested the inadequate settlement through a letter dated 24.12.2008, reserved its rights, and invoked arbitration under the policy. The insurer did not consent to arbitration, asserting that the claim was fully settled. Thereafter, the appellant filed two applications under Section 11 of the Act before the Bombay High Court for appointment of an arbitrator. The High Court dismissed the applications, holding that the discharge voucher constituted full accord and satisfaction, precluding arbitration.

Observations

The Supreme Court observed that the core issue was *whether disputes raised after signing a full and final discharge voucher could be referred to arbitration*. It noted that such an issue is no longer *res integra*. It revisited its judgment in ***National Insurance Co. Ltd. vs. Boghara Polyfab Pvt. Ltd.*** [(2009) 1 SCC 267]*,* wherein it was held that that discharge vouchers executed under economic duress or coercion do not bar arbitration.

The Supreme Court also relied on ***Duro Felguera S.A. vs. Gangavaram Port Ltd.*** [(2017) 9 SCC 729] and ***Vidya Drolia vs. Durga Trading Corporation*** [(2021) 2 SCC 1] and observed that the Court's role at this stage is confined to examining the existence of an arbitration agreement—nothing more, nothing less. The plea of coercion or economic duress must be examined by the arbitral tribunal itself under the doctrine of *Kompetenz-Kompetenz*, which allows the tribunal to rule on its own jurisdiction.

The Supreme Court further relied on ***Oriental Insurance Co. Ltd. vs. Dicitex Furnishing Ltd.*** [(2020) 4 SCC 621] and ***SBI General Insurance Co. Ltd. vs. Krish Spinning*** [2024 SCC OnLine SC 1754] and held that execution of discharge vouchers does not automatically extinguish the arbitration agreement or prevent arbitration if the claim of duress or coercion is plausible. It reiterated that disputes concerning the voluntariness of a "*full and final settlement*" would be arbitrable since they "*arise out of or in connection with the contract*".

Accordingly, the Supreme Court set aside the Bombay High Court's order, held that the dispute was arbitrable, and appointed a sole arbitrator to adjudicate the claims.

8. *K. Mangayarkarasi vs. N.J. Sundaresan* [(2025) 8 SCC 299]

In ***K. Mangayarkarasi***, the Supreme Court discussed the arbitrability of trademark disputes arising out of purely contractual relationships. It held that Courts must refer parties to arbitration under Section 8 of the Arbitration and Conciliation Act, 1996 ("**the Act**") once a *prima facie* valid arbitration agreement is shown, even if the plaint includes allegations of fraud, forgery, or if the statutory violations are confined to the *inter se* relationship of the parties and do not implicate public rights or sovereign functions.

Brief Facts

The dispute arose from the long-standing family business associated with the name "Sri Angannan", a well-known biryani brand in Coimbatore. After the death of Angannan in 1986, his daughter Mangayarkarasi (herein, "**the Plaintiff**") and her family continued the business and claimed to have retained control over the goodwill and related marks. Years later, Sundaresan ("**the Defendant**"), who was related through the extended family and had assisted in the business, claimed rights over the same mark. His claim rested on two deeds of assignment said to have been signed by Mangayarkarasi in 2017 and 2019. She denied ever agreeing to assign the trademark, asserting that the documents were created using blank stamp papers and that her signatures were misused. On this ground, she and her daughter filed a commercial suit seeking injunctions and damages for misuse of the mark "SRI ANGANNAN BIRIYANI HOTEL".

The defendants invoked Section 8 of the Act, arguing that both alleged assignment deeds contained arbitration clauses. The Commercial Court referred the matter to arbitration. The Madras High Court upheld the order. The plaintiffs then approached the Supreme Court, reiterating that the deeds themselves were fraudulent and that disputes about trademark ownership were not suitable for arbitration. The Supreme Court (in SLP (C) No. 13012/2025) dismissed the challenge, holding that the dispute concerned rights *in personam* which flowed from private assignments. It observed that mere allegations of intra-family fraud could not defeat the intention of parties to submit the dispute to arbitration.

Observations

The Supreme Court observed that once an application in compliance with Section 8 of the Act is filed, the approach of the civil Court should be not to see whether the Court has jurisdiction; it should be to see whether its jurisdiction has been ousted.

As to arbitrability, the Supreme Court reiterated that trademark disputes are not per se non-arbitrable and distinguished between disputes that alter the legal status of the mark erga omnes (e.g., grant, cancellation, or rectification) and disputes over private entitlements under assignments or licenses, the latter being suitable for arbitration. The Supreme Court, relying on ***Booz Allen and Hamilton Inc. vs. SBI Home Finance Limited*** [(2011) 5 SCC 532] and ***Vidya Drolia vs. Durga Trading Corporation*** [(2021) 2 SCC 1], observed that the dispute in the present case were not actions *in rem*, but were purely contractual, which could be decided by way of arbitration.

In other words, the Supreme Court held that disputes relating to trademark rights arising purely from contractual assignment deeds are arbitrable because they involve rights *in personam.* It reiterated that allegations of fraud, unless they are so grave as to nullify the entire contract or involve public interest, do not bar arbitration and can be adjudicated by the arbitral tribunal under Section 16 of the Act.

The Apex Court also observed that a person who was "claiming through or under", deriving rights through a signatory (in this case, by a gift deed) would bound by the arbitration agreement, as per Section 8 of the Act.

9. Lancor Holdings Limited vs. Prem Kumar Menon [2025 INSC 1277]

In *Lancor Holdings Limited vs. Prem Kumar Menon.*, the Supreme Court held that mere delay in pronouncing an arbitral award does not, by itself, render the award invalid; however, an

inordinate and unexplained delay which adversely impacts the final decision of the Arbitral Tribunal and renders the award unworkable can be a ground to set aside the award under Section 34 of the Arbitration and Conciliation Act, 1996 ("**the Act**"). The Apex Court also held that it is not necessary for the aggrieved party to first seek termination of the arbitrator's mandate under Section 14(2) before filing a challenge under Section 34 on the ground of delay.

Brief Facts

Lancor Holdings Limited ("**Appellant**") and Prem Kumar Menon along with other landowners ("**Respondents**") had entered into a Joint Development Agreement ("**JDA**") for putting up a multi-storey software technology park in Chennai, known as "Menon Eternity". Over the next few years, from 2004 to 2007, a series of supplemental agreements were executed to carry the arrangement forward. Under the JDA, the landowners were to receive a defined share of the constructed space. The core dispute that arose between the parties was whether or not the construction of the building was completed as per the agreed terms. The disputes were referred to arbitration under the JDA.

The arbitrator reserved the award on 28.07.2012, but it was not delivered until 16.03.2016, without any explanation for the delay. The award failed to settle the issues between the parties, forcing them to seek a remedy through the Court process.

Issues

Two questions arose for consideration in the appeals:

1. What is the effect of undue and unexplained delay in the pronouncement of an arbitral award upon its validity?

2. Is an arbitral award that is unworkable, in terms of not settling the disputes between the parties finally while altering their positions irrevocably thereby leaving them no choice but to initiate further litigation, liable to be set aside on grounds of perversity, patent illegality and being opposed to the public policy of India? If so, would it be a fit case for exercise of jurisdiction under Article 142 of the Constitution?

Observations

The Supreme Court observed that the arbitral award in question was reserved on 28.07.2012 but pronounced only on 16.03.2016, *i.e.*, after a delay of nearly four years without any satisfactory explanation. It held that while delay alone is not a ground to set aside an award under Section 34 of the Act, an unexplained and inordinate delay that results in prejudice or renders the award unworkable may be considered a factor in determining whether the award is opposed to public policy or patently illegal.

The Supreme Court referred to ***Harji Engg. Works Pvt. Ltd. vs. BHEL*** [(2009) 107 DRJ 213], where the Delhi High Court had set aside an award delivered more than three years after hearings had ended. The High Court had held that long, unexplained delay causes prejudice to parties because an arbitrator may forget submissions. It had reiterated that justice must not only be done but also appear to be done. The High Court had treated such delay as contrary to public policy in the absence of justification.

The Apex Court also referred to the case of *Director General, CRPF vs. Fibroplast Marine* [(2022) 3 High Court Cases (Del) 304], where a one-and-a-half-year unexplained delay was considered sufficient to make the award vulnerable under Section 34(2)(b)(ii), in addition to other illegalities. In *GL Litmus Events Pvt. Ltd. vs. DDA* [2025 SCC OnLine Del 5772], the Delhi High Court had held that the principle that 'justice delayed is indeed justice denied' would be applicable to arbitration, given that the Act of 1996 aims to ensure a speedy mechanism for dispute resolution.

The Supreme Court further observed that the award in this case did not finally resolve the disputes between the parties, instead leaving them to initiate further litigation. The arbitrator had also altered the parties' positions irreversibly through interim orders, which made it impossible to restore the *status quo*. The Apex Court found that such an approach was contrary to the principles of justice and public policy. It therefore set aside the award. It noted that the power under Article 142 of the Constitution could be exercised in exceptional cases to do complete justice, where setting aside the award would only result in further protracted litigation.

10. Glencore International AG vs. Shree Ganesh Metals, [2025 SCC OnLine SC 1815]

In ***Glencore International AG vs. Shree Ganesh Metals***, the Supreme Court held that an arbitration agreement does not always need to be contained in a formally signed contract. Reiterating that consent is the cornerstone of arbitration, the Apex Court held that intention to arbitrate may be evidenced through correspondence, invoices, or even conduct, provided the requirements of Section 7 of the Arbitration and Conciliation Act, 1996 ("**the Act**") are met.

Brief Facts

The dispute arose from a proposed fifth contract between Glencore International AG ("**Appellant**") and Shree Ganesh Metals ("**Respondent**") for the supply of 6,000 MT of zinc. Although the written Contract dated 11.03.2016 was not formally signed by the Respondent-buyer, the parties had exchanged emails agreeing to the essential terms. Respondent modified only one point regarding provisional pricing, which was accepted by the Appellant and incorporated into the draft contract. Despite not signing the written contract, the respondent lifted 2,000 MT of zinc, accepted 8 invoices referring to the contract, and arranged Standby Letters of Credit through HDFC Bank, expressly mentioning the said contract dated 11.03.2016. Correspondence between the parties repeatedly referred to this contract.

When disputes arose regarding performance and invocation of the Letters of Credit, the respondent filed a civil suit before the Delhi High Court. The Appellant sought a reference to arbitration under Section 45 of the Act, invoking clause 32.2 of the said Contract. The Single Judge and the Division Bench of the Delhi High Court held that there was no binding arbitration agreement as the written contract was not signed. Glencore appealed to the Supreme Court.

Observations

The Supreme Court noted that the Single Judge and the Division Bench overlooked crucial facts showing that the respondent had accepted and acted upon the Contract. It reiterated that an arbitration agreement may be inferred from correspondence and conduct; the absence of a signature does not defeat an otherwise valid agreement.

The Supreme Court relied strongly on ***Govind Rubber Limited vs. Louis Dreyfus Commodities Asia Pvt. Ltd.*** [(2015) 13 SCC 477] and noted that commercial agreements must be construed to give effect to the parties' intention, not to defeat it, especially where conduct clearly shows acceptance. In *Govind Rubber,* it was observed l *it can be prima facie shown that the parties are at ad idem, then the mere fact of one party not signing the agreement cannot absolve him from the liability under the agreement."*

The Supreme Court also reaffirmed the ratio laid down in ***Caravel Shipping Services vs. Premier Sea Foods*** [(2019) 11 SCC 461] that an arbitration agreement must be in writing but need not be signed. The Court then also relied upon the Constitution Bench decision in *In Re: Interplay between Arbitration Agreements*, and went on to hold that at the Section 45 stage the Court must only examine the matter *prima facie*, not conduct a detailed inquiry.

On the facts, the Court found ample evidence of acceptance of the contract, viz., the Respondent had lifted 2,000 MT under the contract; procured multiple Standby Letters of Credit mentioning the same contract; and Respondent's emails expressly acknowledged the said Contract and promised full performance. The Supreme Court held that this conduct showed clear assent to the contract including its arbitration clause. Accordingly, it directed the parties be referred to arbitration under Section 45 of the Act.

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