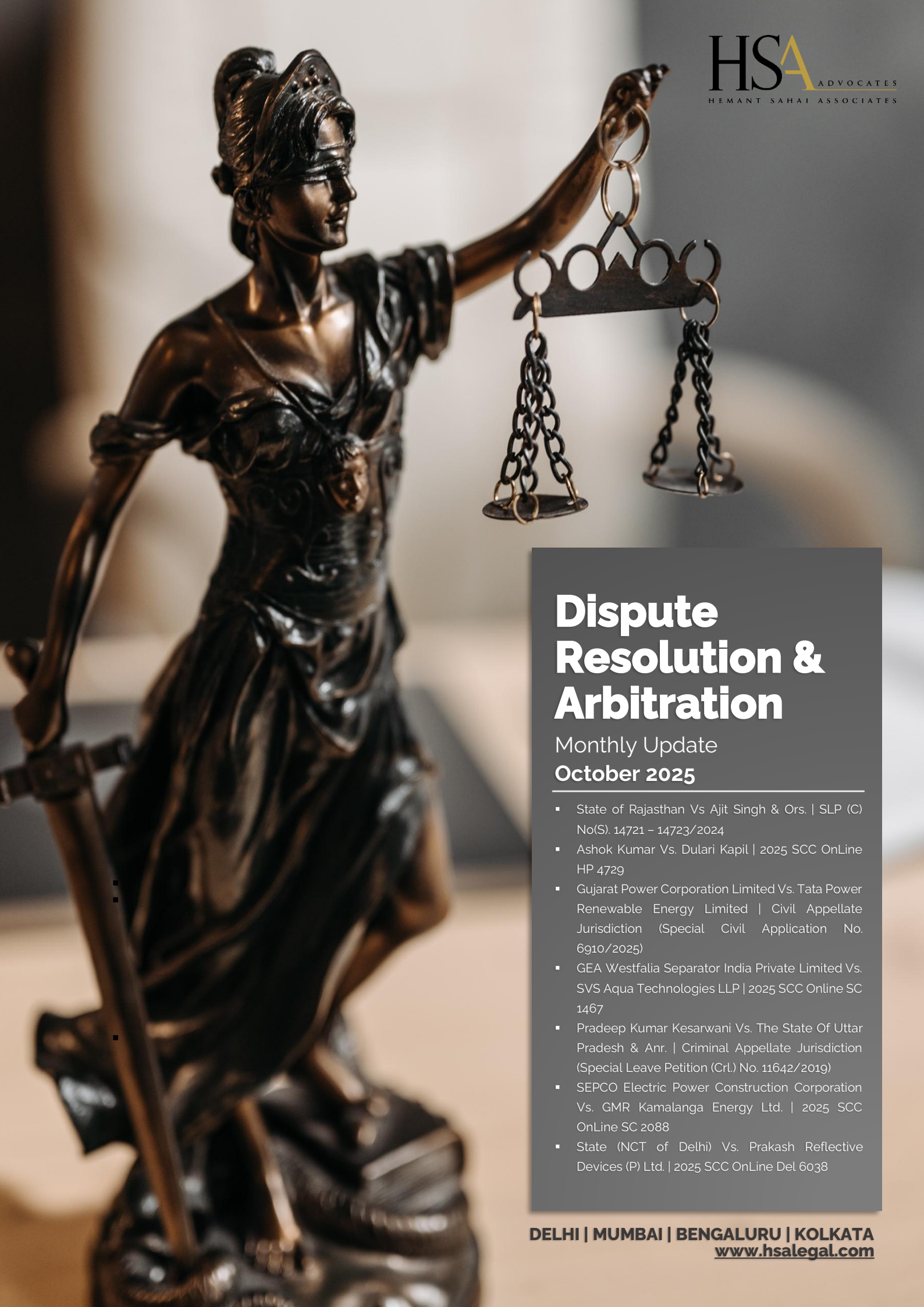

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Dispute Resolution & Arbitration

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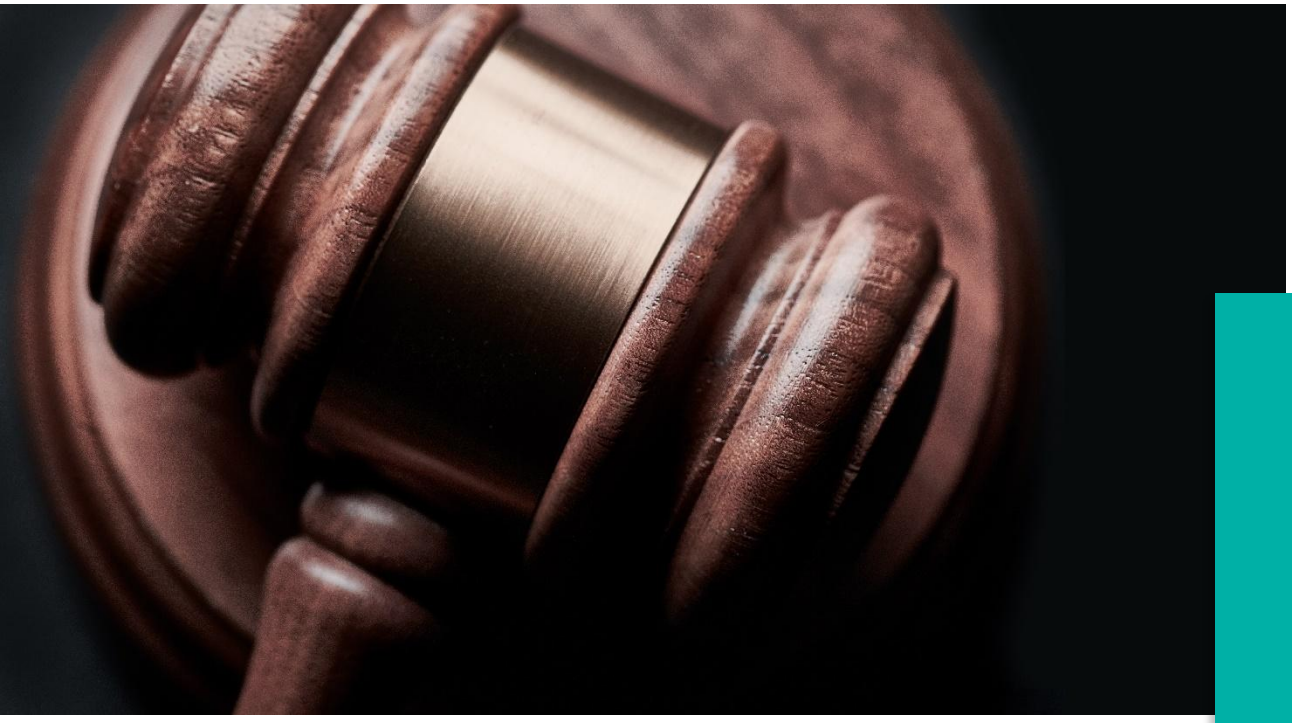

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State of Rajasthan Vs. Ajit Singh & Ors.

SLP (C) No(S). 14721 – 14723/2024

Introduction

- In a recent and significant judgement, the Supreme Court of India has ruled that the State Government cannot invoke the doctrine of escheat under Section 29 of the Hindu Succession Act, 1956, once a Hindu male has executed a valid Will that has been probated by a competent court. This decision underscores the sanctity of testamentary succession and limits the role of the State in succession disputes.
- The ruling was delivered by a bench comprising Justice B.V. Nagarathna and Justice S.C. Sharma, while hearing an appeal filed by the State of Rajasthan challenging the probate granted to the Will of Raja Bahadur Sardar Singh of Khetri.

Background facts

- Raja Bahadur Sardar Singh of Khetri, a resident of Rajasthan, passed away in 1987. Before his death, he executed a Will on October 30, 1985, bequeathing his estate to a public charitable trust named the *Khetri Trust*.
- Following his demise, the State of Rajasthan invoked the Rajasthan Escheats Regulation Act, 1956, and took possession of the entire estate, asserting that the properties had escheated to the Government. The State subsequently challenged the Will before the Delhi High Court.
- A Division Bench of the High Court comprising Justice Najmi Waziri and Justice Vikas Mahajan upheld the validity of the Will in 2023, relying on the testimony of the attesting witnesses and granted probate in favour of the Trust.
- Aggrieved, the State of Rajasthan approached the Supreme Court, arguing that it had the locus to contest the probate proceedings in light of its earlier possession of the estate and by relying on the precedent set in *State of Rajasthan v. Lord Northbrook*.

Issue(s) at hand

- Whether the State Government has the locus standi to contest probate proceedings when a valid Will has been upheld by a competent court.

- Under what circumstances does Section 29 of the Hindu Succession Act, 1956 (doctrine of escheat), come into operation?
- Can the State Government claim succession rights over the estate of a Hindu male when testamentary succession through a Will is already established?

Findings of the Court

- The Supreme Court emphatically rejected the State's arguments and clarified the scope of Section 29 of the Hindu Succession Act:
  1. Doctrine of Escheat under Section 29
     - Section 29 provides that where a Hindu dies intestate (i.e., without leaving behind a valid Will) and there are no heirs under Classes I or II as specified in Section 8 of the Act, the estate devolves upon the Government.
     - Thus, escheat is a doctrine of *last resort*, triggered only when there is a complete failure of heirs.
  2. Effect of Testamentary Succession
     - Where a valid Will exists and probate has been granted, the provisions of the Hindu Succession Act relating to intestate succession do not apply. Instead, the Indian Succession Act governs such cases.
     - In such scenarios, the Government has no role to play, as the estate passes to the beneficiaries named in the Will.
  3. Government as a Stranger in Probate Matters
     - The Court held that the Government is a "stranger" to probate proceedings and cannot question the validity of a Will.
     - Probate, once granted by a competent court, can only be challenged by the likely heirs of the deceased, either through an appeal or by filing an application for revocation of probate under Section 263 of the Indian Succession Act, 1925.
  4. Rejection of State's Reliance on *Lord Northbrook*
     - The State relied on *State of Rajasthan v. Lord Northbrook*, where properties had devolved to the Government due to absence of heirs.
     - The Court distinguished this precedent, noting that in the present case, testamentary succession was in place through the Khetri Will, making escheat inapplicable.
  5. Case-Specific Determination
     - The Delhi High Court had already examined and upheld the validity of the Will.
     - The Supreme Court reaffirmed that the estate must be managed as per the wishes of the testator through the *Khetri Trust*, the sole beneficiary under the Will.

Conclusion

- The judgment in the *Khetri Trust* matter sets a binding precedent by drawing a clear line between intestate succession (where escheat may apply) and testamentary succession (where the Will governs). It strengthens the jurisprudence on succession law in India, upholding both the autonomy of individuals in disposing of their property and the finality of probate orders granted by competent courts.
- For testators, heirs, and beneficiaries, this ruling provides much-needed certainty and ensures that private testamentary dispositions are insulated from unwarranted governmental claims.

HSA
Viewpoint

This judgment is a landmark clarification of the law on escheat and succession. It settles the long-standing uncertainty over whether the Government can intervene in probate proceedings where a Will exists.

Key takeaways include :

Respect for Testamentary Freedom : The Court reinforced the principle that the wishes of a testator, when expressed through a valid Will, must prevail. The doctrine of escheat cannot be invoked to defeat testamentary freedom.

Checks on Government Intervention : By limiting the Government's role, the Court has safeguarded individuals and trusts from unwarranted claims by the State. This is particularly relevant in cases involving large estates, charitable trusts, or public assets.

Clarity on Locus :
The decision clearly demarcates who may challenge probate, only the potential heirs of the deceased, not the State. This ensures that succession disputes remain private family or beneficiary matters.

Practical Implications :
For estate planning, this ruling gives greater certainty to testators and beneficiaries, assuring them that validly executed and probated Wills will be protected from State interference.

In essence, the Supreme Court has reaffirmed that the Government's right to claim property under Section 29 of the Hindu Succession Act arises only in the rare situation of intestacy coupled with complete absence of heirs. In all other cases, including those involving valid Wills, the State must remain a bystander.

Ashok Kumar Vs. Dulari Kapil

2025 SCC OnLine HP 4729

Background facts

- In this case, the landlord had purchased the shop from its previous owner, who had originally let it out to the tenant on a monthly rent with a specific condition that the tenant would not sub-let the premises or create a partnership.
- The landlord submitted that the tenant had since settled in Canada, and the shop, thereafter, came into the exclusive occupation of the sub-tenant.
- The tenant, however, denied the allegation of sub-letting. The sub-tenant also asserted that he was in occupation of the shop not as a sub-tenant, but as a direct tenant under the predecessor-in-interest of the landlord, and had been paying rent to the previous owner. It was claimed that after the transfer of ownership, he continued as a tenant under the landlord.
- The landlord filed a petition for eviction against the sub-tenant, alleging that :
  - the premises were required for his bona fide personal use,
  - the tenant had unlawfully sub-let the premises to the sub-tenant.
- To support his case, the landlord examined multiple witnesses:
  - A witness from the office of SDO (Phones) BSNL deposed that Telephone No. 224431 had been installed in the name of Bagga and Company since August 31, 1982.
  - Another witness from the AETC testified that Bagga and Company was a partnership registered in the tenant's name in 1985, with no registration in the sub-tenant's name.
  - The Shop Inspector stated that the sub-tenant's name did not appear in his official records regarding the shop.
  - The son of the previous owner was also examined and testified that the sub-tenant had never been inducted as a tenant by the previous owner.
- The Rent Controller allowed the eviction petition, but only on the ground of sub-letting. It concluded that the tenant had indeed sub-let the shop to the sub-tenant. The landlord's plea of personal bona fide requirement was rejected.
- The Appellate Authority affirmed the Rent Controller's order of eviction. The landlord did not challenge the rejection of the bona fide requirement ground and thus accepted that finding.
- Aggrieved by the concurrent findings of sub-letting, the sub-tenant filed the present revision petition.
- The landlord's counsel, however, raised a preliminary objection to the maintainability of the revision petition, contending that under Section 24(5) of the Rent Act, only an "aggrieved party" could file a revision petition. Since the tenant who is the original party to the lease, had accepted the verdict and had not filed any appeal, it was argued that the sub-tenant could not be considered an aggrieved party entitled to maintain the revision.

Issue(s) at hand?

- Whether the sub-tenant, having been impleaded as a party to the eviction petition, could maintain a revision petition under Section 24(5) of the Rent Act despite the tenant not challenging the eviction order?

Findings of the Court

- The Court relying on, *Hindustan Petroleum Corpn. Ltd. v. Dilbahar Singh*[1], wherein the Supreme Court clarified that the scope of revisional jurisdiction is much narrower than appellate jurisdiction. A Revisional Court cannot re-appraise evidence or substitute its own view if the findings of the lower courts are possible and legally sustainable. Applying this principle, the Court observed that the concurrent findings of the Rent Controller and the Appellate Authority on the issue of sub-letting could not be interfered with, as no perversity or illegality had been established by the sub-tenant.
- The Court then referred to *Patel Valmik Himatlal v. Patel Mohanlal Muljibhai*[2], where it was held that while exercising revisional powers, the High Court can correct only those errors which make the decision contrary to law or go to the root of the case. However, it is not empowered to rehear the matter or reassess the evidence. Applying this to the present case, the Court held that the sub-tenant's reliance on alleged rent receipts did not justify re-appreciation of evidence,

[1](2014) 9 SCC 78
[2](1998)7 SCC 383

HSA
Viewpoint

This decision reflects the functioning of the revisional courts, i.e. carefully, thoughtfully, and with respect for established legal principles. It reinforces the idea that sub-tenants can't simply avoid legal procedures or claim tenancy without clear and convincing evidence. The decision also serves as a reminder that technical lapses in pleadings, if unchallenged, do not invalidate substantive rights.

particularly since the Rent Controller had already disbelieved them on valid grounds such as non-production of originals and inconsistencies in dates.

- The Court relied on *Virendra Kashinath Ravat v. Vinayak N. Joshi*[3], which emphasised that cases should not be dismissed merely on technical grounds of insufficiency of pleadings. The Court applied this principle to note that the landlord's eviction petition, filed in 2009 under the Rent Act of 1971, could not be treated as defective just because it did not clearly state that the sub-tenancy was created after the Act came into force and without the landlord's written consent. Since neither the tenant nor the sub-tenant had raised any objection about this at the earlier stag e, such a technical lapse could not make the eviction order invalid.
- Considering the above precedents and the facts of the matter, the Court held that the sub-tenant had failed to establish any tenancy directly under the previous landlord and that the eviction order against the tenant would bind the sub-tenant as well. Consequently, the revision petition was dismissed.

[3] (1999)1 SCC 47

Gujarat Power Corporation Limited Vs. Tata Power Renewable Energy Limited

Civil Appellate Jurisdiction (Special Civil Application No. 6910/2025)

Background facts

- Under the Power Purchase Agreement dated October 23, 2019, the original claimant (TPREL) was required to install and commission a 250 MW power plant with the Scheduled Commercial Operation Date (SCOD) of January 22, 2021, later extended to June 22, 2021.
- As per Clause 7.3.3 of the Implementation and Support Agreement (ISA) dated December 13, 2019, the claimant was also obliged to lay 33 KV power cables connecting each 50 MW unit (total 250 MW across Plots P1, P2, P3, P4, P8, and P9) with the Internal Pooling Station (IPS) to be set up by the respondent (GPCL), enabling transmission to the grid.
- According to the respondent, unless the 250 MW plant was fully installed and commissioned and the 33 KV cables laid by the claimant, the IPS had no immediate relevance. Therefore, no loss could be said to have been caused to the claimant until those prerequisites were met.
- Alleging breach of obligations under the ISA, the claimant invoked Article 13.3 and initiated arbitral proceedings, filing Arbitration Petition No. 4 of 2023 under Sections 11(5) and 11(6) of the Arbitration and Conciliation Act, 1996 seeking appointment of an arbitrator.
- Pursuant to order dated September 29, 2023 of the High Court, a Sole Arbitrator (Hon'ble Ms. Justice Harsha N. Devani, Former Judge, Gujarat High Court) was appointed. The claimant then filed its Statement of Claim (SOC) on December 26, 2023, seeking Rs. 150 crores in damages with interest.
- The respondent filed its Statement of Defence (SOD) on March 15, 2024, fully denying the claim. A rejoinder was filed by the claimant on April 15, 2024, and terms of reference were settled. Both sides were directed to file Affidavits in lieu of Examination-in-Chief of their witnesses.
- The claimant filed affidavits of CW-1 (Ajay Sheth) and CW-2 (Bhaskar Kamath) on 29.08.2024. The respondent filed affidavit of RW-1 (Rajendra Mistry) on August 28, 2024.
- The claimant asserted that its 250 MW plant was fully commissioned and operational by June 21, 2021, but due to the respondent's failure to provide evacuation infrastructure, it suffered losses of Rs.146.13 crores between June 22, 2021 and March 27, 2022. The central issue thus turned on whether the plant and 33 KV cables were ready as of June 21, 2021.
- During the proceedings, the claimant sought to file a revised affidavit of CW-2 with additional documents on October 21, 2024. Despite opposition, the Tribunal allowed this on November 30, 2024.
- Subsequently, the respondent applied on March 21, 2025 to file an Additional Affidavit of RW-1 with fresh documents. Meanwhile, cross-examination of CW-1 and CW-2 took place on March 25-26, 2025.
- In cross-examination, CW-1 claimed the 33 KV cables were completed by June 21, 2021, while CW-2 admitted not knowing the exact date, only that it was "before CEIG inspection."
- To verify, the respondent sought records from the Chief Electrical Inspector General (CEIG). By letter dated April 2, 2025, CEIG confirmed that evacuation from the claimant's 250 MW plant was not possible until March 15, 2022, when underground 33 KV cables were finally completed.
- These documents, though in the claimant's possession, had been suppressed in the SOC. Consequently, the respondent filed an application under Section 23(3) seeking amendment of its SOD to include these newly discovered facts, showing that the claimant had misrepresented readiness as of June 21, 2021.
- However, under the impugned order dated April 25, 2025, the Sole Arbitrator allowed the respondent's application to file the Additional Affidavit of RW-1 but rejected the application for amendment of SOD under Section 23(3).
- Aggrieved, the respondent (GPCL) has approached the Court by way of the present petition.

Issue(s) at hand?

- Whether the Arbitral Tribunal erred in its order, dated April 25, 2025 in Arbitration Case No. 94 of 2023, in rejecting the petitioner's (GPCL) application under Section 23(3) of the Arbitration and Conciliation Act, 1996, seeking amendment of its Statement of Defence?

Findings of the Court

- The Hon'ble Court, after considering submissions from both parties, placed reliance on *Serosoft Solutions Pvt. Ltd. v. Dexter Capital Advisors Pvt. Ltd*[1]. to examine the scope of writ jurisdiction under Articles 226 and 227 of the Constitution of India in relation to orders passed by arbitral tribunals. The Court noted that judicial interference is permissible only in exceptional circumstances, such as when an order is completely perverse, passed in bad faith, or causes a party to be left remediless under the statute. The judgment was cited to underscore that High Courts ought to discourage unnecessary litigation that interferes with the arbitral process, and that excessive interference could undermine the efficiency and autonomy of arbitration.
- Reliance was also placed on *Bhaven Construction v. Executive Engineer*[2], Sardar Sarovar Narmada Nigam Ltd. wherein the Apex Court had emphasized that writ jurisdiction over arbitral proceedings should be exercised only in rare or exceptional cases, particularly when one party is left remediless under the statutory framework. The Court observed that the principles laid down in Bhaven Construction illustrate that even challenges to substantive orders of arbitral tribunals, such as those determining jurisdiction under Section 16 of the Act, are not easily entertained. Applying this reasoning, the Court concluded that the impugned order, being procedural and within the tribunal's discretion, does not warrant intervention under Articles 226 or 227.
- Further, the Court drew support from *ONGC Petro Additional Ltd. v. Technimont S.P.A. & Anr*[3]., which considered whether an arbitral tribunal's rejection of a party's application to place additional documents on record could be challenged outside the statutory mechanism. The Delhi High Court in *ONGC* Petro held that the Courts cannot create an opening where the statutory scheme does not permit one, and that the proper role of the Court is to apply the law as it exists rather than to substitute its view for that of the arbitral tribunal. This reasoning was adopted to reinforce that procedural decisions by a tribunal, even if arguable, cannot be circumvented by invoking writ jurisdiction, particularly where the Arbitration Act prescribes remedies under Sections 34 and 37.

HSA
Viewpoint

The Court's decision to dismiss the petition on the ground of non-entertainability under Articles 226 and 227 is sound and well-reasoned. Allowing writ jurisdiction to interfere with arbitral proceedings at an interlocutory stage could undermine the legislative framework established under the Arbitration and Conciliation Act, which already provides specific remedies, including Sections 34 and 37, for challenging arbitral awards.

By restricting intervention at this stage, the Court preserves the autonomy of the arbitral process, prevents unnecessary delays, and ensures that parties cannot bypass the procedural safeguards intentionally put in place. This approach strikes a balance between judicial supervision and respect for arbitration as an efficient dispute-resolution mechanism.

[1](2025 SCC OnLine SC 22)
[2](2022 1 SCC 75)
[3](OMP (COMM) 196/2019)

GEA Westfalia Separator India Private Limited Vs. SVS Aqua Technologies LLP

2025 SCC Online SC 1467

Background facts

- GEA Westfalia Separator India Private Limited ("Applicant") and SVS Aqua Technologies LLP ("Respondent") entered into a Manufacturing and Supply Agreement dated November 13, 2019 ("Agreement").
- Disputes arose between the Applicant and Respondent in respect to the said Agreement.
- Accordingly, the disputes that arose between the Applicant and Respondent was referred to Micro and Small Enterprises Facilitation Council.
- Micro and Small Enterprise Facilitation Council vide arbitral award dated November 18, 2024, directed the Applicant to make payment of the awarded sum along with interest to the Respondent.
- Being aggrieved by the same the Appellant filed the petition under Section 34 of the Arbitration and Conciliation Act, 1996 ("Act").

Issue(s) at hand?

- Whether the Hon'ble Bombay High Court ("BHC") has the territorial jurisdiction under Section 34 of the Arbitration Act to entertain the present Petition and the Interim Application?

Findings of the Court

- At the outset, the BHC held that though the parties had an agreement providing for "arbitration in Mumbai," it was never invoked. The BHC held that the arbitration that led to the impugned award was conducted under Section 18 of the Micro Small and Medium Enterprises Development Act, 2006 ("MSMED Act"), which provides for a statutory arbitration agreement coming into force once conciliation fails. The BHC observed that statutory arbitration was held at the Facilitation Council, at Pune in whose jurisdiction the Respondent is located.
- The BHC held that the Applicant's reliance on the contractual arbitration clause was misplaced, as no arbitration was conducted under that clause. The BHC held that the arbitration agreement envisaged a three-member tribunal in Mumbai under International Centre for Alternate Dispute Resolution ("ICADR") Rules, however, the actual proceedings were held before the Facilitation Council in Pune under the MSMED Act. The Court observed that the contractual clause was never acted upon and was therefore irrelevant, as the Facilitation Council exercised statutory arbitral jurisdiction under Section 18 of the MSMED Act, not contractual jurisdiction under the Agreement.
- The BHC observed that the Agreement did not contain any clause conferring exclusive or even non-exclusive jurisdiction upon any particular court. The Court further observed that under Section 34 read with Section 2(1)(e) of the Act, the jurisdiction for trying an application under Section 34 of the Act lies with the principal civil court of original jurisdiction in a district and includes the High Court in exercise of its ordinary.
- The BHC held that since the Respondent is based in Pune and the goods were supplied from Pune, the Facilitation Council at Pune had statutory territorial jurisdiction to conduct the arbitration, making Pune the principal court with original jurisdiction for any challenge to the Impugned Award.
- The BHC observed that Clause 23 of the Agreement providing for arbitration in Mumbai was never acted upon and therefore had no relevance to the arbitration proceedings conducted under the MSMED Act.
- The BHC held that the Applicant's reliance on the judgement in the case of *Gammon Engineers and Contractors Pvt Ltd. Vs Rohit Sood*[1] ("Gammon Engineering") was misconceived, as the facts of that case were materially different.The BHC held that in the case of Gammon Engineers, the parties had expressly agreed to confer exclusive jurisdiction on the Courts at Mumbai, which is not the situation in the present case.
- The BHC further held that, unlike in the case of Gammon Engineers, where the exclusive jurisdiction clause in favour of Mumbai was upheld, in the present case the Agreement did not contain such, exclusive jurisdiction clause and only provided for a reference to arbitration in Mumbai under ICADR Rules, which by itself did not confer jurisdiction or determine the seat of arbitration.

HSA
Viewpoint

The judgment reinforces the settled legal principle that when arbitration is conducted under the MSMED Act, such arbitration is statutory in nature and derives its jurisdiction from Section 18 of the MSMED Act, rather than any contractual arbitration clause between the parties. The BHC has once again clarified that the statutory arbitral process under the MSMED Act overrides any prior contractual arbitration agreement, where the contractual clause has not been invoked.

The Court reaffirmed that once a dispute is referred to the Facilitation Council under Section 18 of MSMED Act, the arbitration proceeds under a statutory arbitration agreement, and the seat and jurisdiction are determined by the location of the supplier, and the Facilitation Council having jurisdiction over such location of the supplier will conduct the arbitration.

The Judgement removes all ambiguities and makes it clear that once an arbitral award is passed by Facilitation Council, then all challenges to the award must be made before the court having jurisdiction over the Council's location, irrespective of any contractual jurisdiction clause in the arbitration agreement, except in cases where an exclusive jurisdiction clause has been mentioned in the arbitration agreement .

[1] (2024) SCC OnLine Bom 3304

- In view of the above, the BHC held that it did not have the jurisdiction to entertain the present Petition and the Interim Application, and accordingly dismissed the Petition and the Interim Application for want of jurisdiction.

Pradeep Kumar Kesarwani Vs. The State Of Uttar Pradesh & Anr.

Criminal Appellate Jurisdiction (Special Leave Petition (Crl.) No. 11642/2019)

Background facts

- Pradeep Kumar Kesharwani ("Appellant") developed acquaintance with Respondent No.2 while both were studying in Allahabad and eventually befriended her. It is alleged that one day the Appellant raped Respondent No.2 and also prepared objectionable video clips of the act.
- It is further alleged that thereafter, the Appellant continued to rape Respondent No.2 under the pretext of marriage and also forced her into unnatural intercourse. Respondent No.2 also stated that she became pregnant and urged the Appellant to marry her, but he abused her, saying it was not the right time, and compelled her to abort the child against her will.
- When Respondent No.2 and her guardian met the Appellant to request marriage, the Appellant and certain others allegedly abused them and refused. Respondent No.2 then sought help from the police by contacting the control room of Faridabad district. The police arrived and took all parties to the police station.
- The SHO of Old Cantt Police Station, District Faridabad, after hearing both sides, stated that refusal to marry would amount to an offence. The Appellant then consented to marry in front of the police but later backed out.
- Aggrieved, Respondent No.2 filed complaints with the SHO Shivkuti, the SSP Women Commission, U.P., and the Chairman, SC/ST Commission, U.P., but no action was taken.
- Consequently, Respondent No.2 filed a private complaint before the Ld. Additional Chief Judicial Magistrate, Allahabad, on 11 August 2014 for offences punishable under Sections 323, 504, 376, 452, 377, and 120B of the Indian Penal Code, 1860 ("IPC"). The complaint was treated as an application under Section 156(3) of the Criminal Procedure Code, 1973 ("CrPC").
- The Magistrate took cognizance of the complaint but initiated an inquiry under Section 202 CrPC instead of ordering an investigation. Upon completion of the inquiry, the Magistrate issued process for the offence of rape under Section 376 IPC.
- Being aggrieved, the Appellant challenged the order before the High Court under Section 482 CrPC. The High Court declined to interfere and dismissed the application. The Appellant then filed the present appeal before the Supreme Court.

Issue(s) at hand?

- Whether the High Court erred in rejecting the application filed by the Appellant under Section 482 CrPC?

Findings of the Court

- At the outset, the Hon'ble Supreme Court ("SC") held that on a plain reading of the complaint and material on record, the Additional Chief Judicial Magistrate had erred in passing the summoning order, and the High Court overlooked relevant aspects while rejecting the Section 482 petition.
- The SC noted that there was no explanation for the delay of four years in filing the complaint. The SC also noted that the Appellant's parents had been unnecessarily arrayed as accused and that the allegations lacked independent corroboration.
- The SC relied on judgement in the case of *Mohammad Wajid v. State of UP*[1], and held that courts must examine the FIR, surrounding circumstances, and collected evidence before deciding whether to quash proceedings.
- The SC while distinguishing between rape and consensual sex under a promise to marry, relied on the judgement in the case of *Deepak Gulati v. State of Haryana*[2], and held that where consent is obtained by deceit or false promise to marry, it constitutes rape. However, if the intention to marry was genuine but the relationship later failed, it remains consensual.
- The SC laid down a four-step test for quashing proceedings under Section 482 CrPC:
  - Whether the material relied upon by the accused is credible and of sterling quality;
  - Whether it dispels the factual foundation of the allegations;
  - Whether the material is uncontroverted or incapable of being refuted;
  - Whether allowing the trial to continue would amount to abuse of process or fail to serve the ends of justice.

[1] 2023 SCC OnLine SC 951
[2] 2013 Criminal Law journal 2990

If all four conditions are satisfied, the Court must quash the proceedings to secure justice and prevent waste of judicial time.

- The SC also noted that Respondent No.2's refusal to accept notice further reflected her lack of seriousness in prosecuting the case. Accordingly, the SC held that the High Court should have exercised its powers under Section 482 CrPC to quash the proceedings.
- In view of the above, the appeal was allowed, and the criminal case pending before the Magistrate was quashed.

HSA
Viewpoint

This judgment reinforces the SC's consistent position that frivolous and unsubstantiated criminal proceedings must be quashed to prevent abuse of the judicial process. The SC emphasized that delayed and vague accusations without independent corroboration cannot sustain a prosecution.

The ruling also highlights the necessity to differentiate between consensual relationships and cases involving deceit under the pretext of marriage, ensuring that the criminal process is not misused.

It further clarifies that High Courts must apply the four-step test under Section 482 CrPC to determine whether continuing a prosecution would amount to injustice, thereby streamlining the jurisprudence on quashing criminal proceedings.

SEPCO Electric Power Construction Corporation Vs. GMR Kamalanga Energy Ltd.

2025 SCC OnLine SC 2088

Background facts

- SEPCO Electric Power Construction Corporation ("Appellant/SEPCO") is an Engineering, Procurement, and Construction ("EPC") Contractor which entered into numerous agreements with GMR Kamalanga Energy Ltd. ("Respondent/GMRKEL") for the construction of three 350 Mega Watt coalfired thermal power plants at the village of Kamalanga in District Dhenkanal of state of Odisha (collectively, "Project" and individually, "Unit 1", "Unit 2", "Unit 3", "Unit 4").
- The details of the aforesaid agreements are as follows:
  - Agreement for Civil Works and Engineering, Erection, Testing and Commissioning dated August 28, 2008. ("CWEETC Agreement")
  - Guarantee and Co-ordination Agreement dated August 28, 2008 ("GCA")
  - Onshore Supply Agreement dated August 28, 2008 ("Onshore Supply Agreement")
  - Offshore Supply Agreement dated August 28, 2008 ("Offshore Supply Agreement") (collectively, "EPC Agreements")
- The work for Unit 4 was suspended by Respondent/GMRKEL in August 2011. Each of the four EPC Agreements had undergone several amendments between 2009 and 2013 ("Amended EPC Agreements").
- Delays in the project timelines led to disputes, leading Appellant/SEPCO to demobilize from the project site in January 2015. Thereafter, Appellant/SEPCO issued a Notice of Dispute on January 30, 2015, followed by a Notice of Arbitration on June 8, 2015, resulting in the constitution of a three-member Arbitral Tribunal.
- The Arbitral Tribunal, in its award dated September 7, 2020, held the Respondent/GMRKEL liable for causing quantifiable delays in the Project. The Arbitral Tribunal rejected Appellant/SEPCO's claim for modifications to the 400 kV switchyard, as no variation claim was lodged, and also denied claims arising from a "Change in Law".
- It also concluded that Respondent/GMRKEL's suspension of Unit 4 for over six months was unlawful, entitling Appellant/SEPCO to reimbursement. The net effect of determining all the claims in juxtaposition with customs clearance by the Arbitral Tribunal was that the obstruction(s) caused by Respondent/GMRKEL gave rise to a recovery in favour of Appellant/SEPCO. The Arbitral Tribunal found Appellant/SEPCO liable for delayed payment of liquidated damages and defects, namely, attemperation flow, HFO system, fly ash removal, and ash handling. The invocation of bank guarantees, by Respondent/GMRKEL was upheld, subject to restitution of amounts retained by them. After adjusting the claims and counterclaims, the Arbitral Tribunal directed Respondent/GMRKEL to pay approximately INR 995 Crores to Appellant/SEPCO.
- Assailing the Arbitral Award, Respondent/GMRKEL filed a challenge under Section 34 of the Arbitration and Conciliation Act, 1996 ("Arbitration Act"), before the Hon'ble Orissa High Court, alleging unfair treatment of the parties. Respondent / GMRKEL contended that the Arbitral Tribunal had wrongly modified the CWEETC Agreement and waived the need for written notices under Section 25.5.3. The Single Judge, through judgement dated June 17, 2022 ("Section 34 Judgment"), upheld the award, relying on equitable estoppel despite Respondent/GMRKEL's contention that estoppel could not override the "No Oral Modification" clause, except in cases of unequivocal representation and reliance thereof.
- Respondent/GMRKEL appealed under Section 37 of the Arbitration Act, and the Division Bench of the Hon'ble High Court, by judgment dated September 27, 2023, set aside both the Section 34 Judgment and the Arbitral Award. Relying on Sections 62 and 63 of the Indian Contract Act, 1872 ("Indian Contract Act"), it held that waiver requires intentional relinquishment of rights and cannot arise from miscommunication or involuntary behaviour. The Division Bench found the Arbitral Tribunal's reliance on estoppel is unfounded, in view of the "No Waiver" and "No Oral Modification" clauses. Further, it also criticized the Arbitral Tribunal's determination of liquidated damages and the attribution of delays to Respondent/GMRKEL.
- The Hon'ble Division Bench also held that the Arbitral Tribunal was observed to have distorted the liability and the computation of the liquidated damages. The Hon'ble Division Bench elaborated that the termination rights were "comprehensive and exclusive" under Section 4.16 of the Amended CWEETC Agreement. However, by ignoring Section 16.3.1 and thereby revising the agreement, the Arbitral Tribunal erroneously observed in the Arbitral Award that common law termination remedies survived. This is a direct contravention of the explicit prohibition in the Onshore Supply Agreements and the Amended CWEETC Agreement.

- Appellant/SEPCO filed a Civil Appeal before the Hon'ble Supreme Court, challenging the findings of the Hon'ble Division Bench and seeking restoration of the award.

Issue(s) at hand?

- Whether the operation of the "No Oral Modification" and "No Waiver" clauses in the EPC Agreements barred the application of the doctrine of equitable estoppel, or could estoppel serve as an exception to such clauses in light of conduct and correspondence (such as Respondent/GMRKEL's email dated March 18, 2012)?
- Whether the Arbitral Tribunal interpreted the contractual provisions correctly in assessing that issuance of contractual notices is a condition precedent? If so, then can the condition of issuance of notice be waived and whether a party can claim estoppel consequent thereto?
- Whether the Arbitral Tribunal exceeded its jurisdiction by rewriting contract terms regarding test completion milestones?
- Whether the High Court's Division Bench properly exercised its limited jurisdiction under Section 37 in setting aside the award?

Findings of the Court

- The Hon'ble Supreme Court Bench, comprising Chief Justice of India Mr. B.R. Gavai and Mr. Justice Augustine George Masih dismissed Appellant/SEPCO's appeal and upheld the Division Bench's decision to set aside the Arbitral Award. The Arbitral Tribunal erroneously concluded that contract's notice requirements could be waived through equitable estoppel, despite the explicit "No Oral Modification" and "No Waiver" clauses. The Hon'ble Court emphasised that such clauses are binding and cannot be overridden by informal communications without clear evidence of deliberate intention to waive contractual rights.
- The Hon'ble Supreme Court observed that the Arbitral Tribunal violated Section 28(3) of the Arbitration Act by disregarding the explicit terms of the contract. Specifically, the Arbitral Tribunal erroneously held that the Performance Guarantee Test was successfully completed despite clear contractual language indicating that the successful completion of prerequisite tests mandatory.
- The Hon'ble Supreme Court held that the Arbitral Tribunal violated the fundamental principle of equal treatment under Section 18 of the Arbitration Act by applying the waiver of notice requirement discriminatorily. The Arbitral Tribunal allowed Appellant/SEPCO's claims to succeed despite the lack of notices but rejected Respondent/GMRKEL's counterclaims on the very ground that it failed to serve notices.

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Viewpoint

The Hon'ble Supreme Court has delivered a seminal judgment that reaffirms the sanctity of contracts. The Hon'ble Supreme Court rightly held that an Arbitral Tribunal cannot invoke equitable doctrines like estoppel to override explicit "No Oral Modification" and "No Waiver" clauses, thus protecting parties' contractual autonomy. The Hon'ble Supreme Court emphasized that arbitrators must adhere to contract terms under Section 28(3) of the Arbitration Act, limiting judicial and arbitral overreach. The judgment also highlighted that violations of natural justice, such as discriminatory treatment in applying waiver provisions, are grounds for setting aside awards under Section 18 of the Arbitration Act. The Hon'ble Supreme Court reiterated its position, that the scope of interference with the arbitral award under Section 37 of the Arbitration Act is narrow although when the award is in conflict with the fundamental policy of Indian law, which includes adherence to principles of natural justice, then it can be set aside.

State (NCT of Delhi) v. Prakash Reflective Devices (P) Ltd.

2025 SCC OnLine Del 6038

Background facts

- The dispute arose from a contract between the Public Works Department and the Respondent for installation of retro-reflective signage along a highway in Delhi. Owing to delays occasioned by changes in drawings and site conditions, the execution of work exceeded the stipulated completion period. The contractor claimed compensation under several heads, including escalation in the prices of cement and structural steel.
- The arbitral tribunal, upon a meticulous evaluation of the correspondences and other evidence, partly allowed the claim for escalation and awarded interest and costs. The State, invoking *Section 34* of the *Arbitration and Conciliation Act, 1996* ("A&C Act"), impugned the award on the ground that *Clause 10CA* of the contract expressly excluded escalation in price, contending that the award travelled beyond the four corners of the agreement.

Issue(s) at hand?

- Whether an arbitral tribunal can award compensation for price escalation despite a contractual prohibition.
- Whether the impugned arbitral award was vitiated by patent illegality so as to justify interference under *Section 34* of the *A&C Act*.

Findings of the Court

- The Hon'ble Delhi High Court declined to interfere with the award. The Court observed that the arbitrator had undertaken a reasoned and judicious examination of the contractual provisions, correspondence, and market realities.
- Drawing upon the dictum of the Supreme Court in *K.N. Sathyapalan v. State of Kerala* (2007) 13 SCC 43, the Court reiterated that even in the absence of an escalation clause, or in the face of one that prohibits such a relief, an arbitral tribunal may award escalation claims where the delay is not attributable to the contractor. This flows from the broader principle that a contractor cannot be compelled to absorb additional costs resulting from delay caused, wholly or partly, by the tendering authority.
- The Hon'ble Court further cited *Dyna Technologies Pvt. Ltd. v. Crompton Greaves Ltd.* (2019) 20 SCC 1, to reaffirm that interference under *Section 34* is not an appellate review. Courts must resist the temptation to reappraise evidence or to substitute their interpretation for that of the arbitrator. Only when the impugned award reeks of patent illegality or perversity should judicial interference be applied.
- Finding none in the impugned award before it, the Court upheld the grant of escalation, interest, and costs, holding that the arbitrator's decision rested on a rational appraisal of both fact and law.

HSA
Viewpoint

This judgment is a gentle yet firm reaffirmation of the ethos of arbitral autonomy and judicial restraint. It breathes life into the principle that justice in commercial disputes must not become hostage to textual rigidity.

Even where contracts attempt to silence the claim of escalation, arbitral wisdom may pierce that silence if delay in the execution of the contract springs from the tendering authority's own inaction. The High Court's reasoning recognises that the law does not permit one party to profit from its own default.

Equally, the judgment reaffirms that Section 34 is not a portal for reappraising arbitral discretion. Courts are not to act as supervisory auditors of reason, but as guards ensuring that arbitral adjudication remains free from perversity and patent illegality.

From a commercial viewpoint, the judgment highlights a pragmatic approach to the reality of construction disputes, where inflation, delay, and disruption are also the by-products of bureaucratic indecision rather than contractor's default. It thus steers the law towards a more humane and economically literate understanding of fairness in contracts with government tendering authorities. Thus, the High Court's decision is a reminder that while contracts are drafted in ink, justice must still be written in reason.

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