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Dispute Resolution & Arbitration

Monthly Update

July 2026

- In The Supreme Court of India | Mr. Vasumathi Vs. Authorised Officer & Ors.
- In The Supreme Court of India | Shephali Chakraborty Vs. The State of West Bengal
- In The Supreme Court of India | Dhiraj Dutta [Appellant] Vs. Anirban Sen & Ors.
- In The Supreme Court of India | Vinay Mawandia Vs Bimal Mawandia & Anr.
- In The Supreme Court of India | Gujarat Water Supply and Sewerage Board v. Saryu Plastics Pvt. Ltd.
- In The Supreme Court of India | M/S Tarini Prasad Mohanty v. M/S Sunflag Iron and Steel Co. Ltd
- In The Supreme Court of India | Rajat Kumar and others v. S. D. Adarsh Jain Kanya Maha Vidhyalaya, Sadhaura and others
- The Judicature of Bombay High Court
Life Insurance Corporation of India Vs. Abhishek Vasant Chavan
- In The Judicature of Bombay High Court
BK Corporation Vs. State of Maharashtra and Ors.
- Before the Maharashtra State Co-operative Appellate Court, Mumbai. Vatsala Niwas Co-operative Housing Society Ltd. Vs. Mrs. Poonam Soni & Anr.

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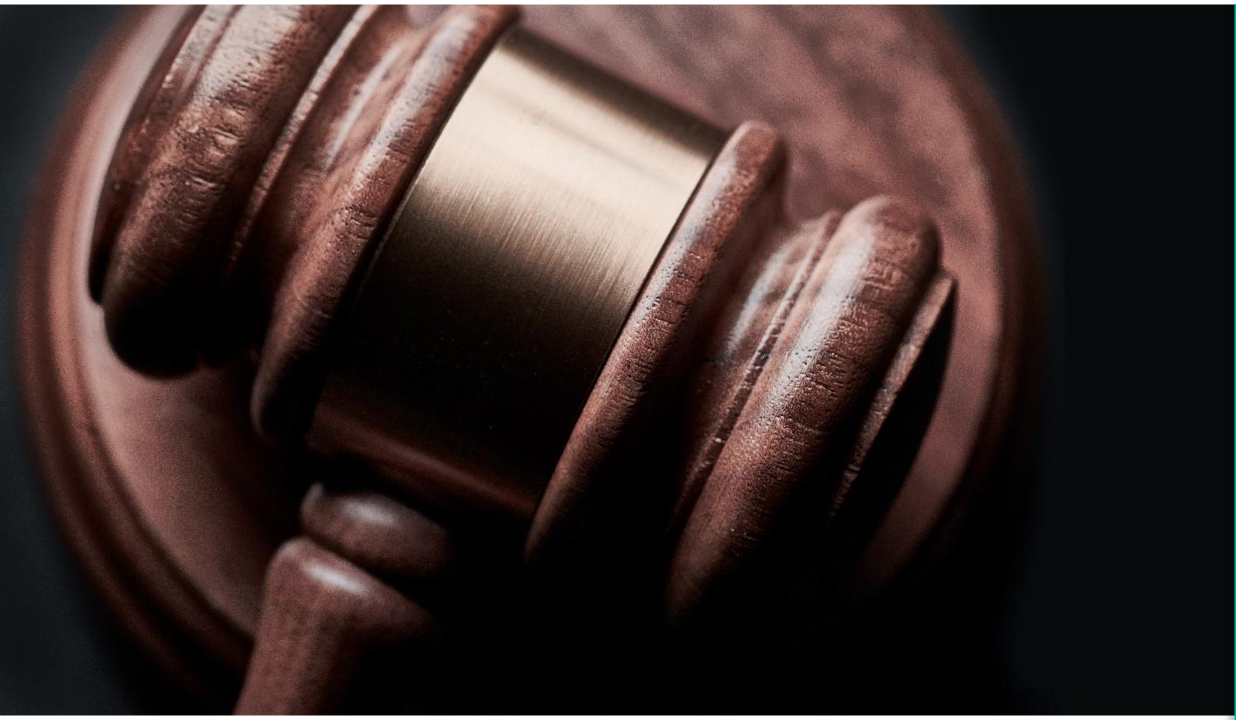
DISPUTE RESOLUTION AND ARBITRATION UPDATE



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In The Supreme Court of India
Mr. Vasumathi [Appellant] Vs. Authorised Officer & Ors. [Respondent].

2026 SCC OnLine SC 1103

Background facts

- The dispute traces back to a loan availed by S. Murugesan, sole proprietor of M/s Shiv Shankar Agencies, from the secured creditor in 1984. To secure the facility, G. Ramanujam stood as guarantor and mortgaged his immovable property in favour of the secured creditor. Following the borrower's default, the secured creditor instituted a mortgage suit before the City Civil Court, Chennai, and obtained a preliminary decree on 10.09.1997 for recovery of the outstanding dues. After the guarantor's demise, his legal heirs, including the appellant, inherited the mortgaged property. Although the parties explored the possibility of an amicable settlement, the negotiations ultimately did not materialise.
- More than a decade after the preliminary decree, the secured creditor invoked the provisions of the SARFAESI Act by issuing a demand notice under Section 13(2) on 08.09.2009, followed by a possession notice and a sale notice proposing the auction of the secured asset. At the auction held on 11.03.2010, the second respondent emerged as the successful bidder with a bid of ₹2,11,00,500/-. While the initial 25% of the bid amount was deposited immediately, the remaining 75% was paid only on 31.03.2010, beyond the fifteen-day period prescribed under Rule 9(4) of the Security Interest (Enforcement) Rules, 2002. Nevertheless, the secured creditor accepted the delayed payment and issued a sale certificate in favour of the auction purchaser on 10.04.2010.
- Challenging the recovery measures and the auction sale, the legal heirs approached the Debts Recovery Tribunal under Section 17 of the SARFAESI Act and also sought to set aside the auction sale, condonation of delay, interim relief, and permission to redeem the mortgaged property. The DRT dismissed their challenge, and the DRAT affirmed the decision. The Madras High Court also refused to interfere, holding that the secured creditor had validly exercised its powers under the

SARFAESI Act. Aggrieved by these concurrent findings, the appellant approached the Supreme Court.

Issue(s) at hand?

- Whether the auction sale conducted under the SARFAESI Act stood vitiated on account of non-compliance with the mandatory requirements of Rule 9 of the Security Interest (Enforcement) Rules, 2002, particularly in relation to the timeline for payment of the balance sale consideration.
- Whether the secured creditor could validly accept the delayed payment of the balance 75% of the sale consideration and regularise the auction sale in the absence of a written agreement extending the time for payment as contemplated under Rule 9(4) of the Security Interest (Enforcement) Rules, 2002.
- Whether the rights of a bona fide auction purchaser and the equities arising from a confirmed sale could override a sale process that was otherwise vitiated by statutory non-compliance.

Findings of the Court

- The Hon'ble Supreme Court held that the validity of an auction sale under the SARFAESI Act must be tested strictly on the basis of compliance with the statutory framework and not on equitable considerations. It observed that the requirements under Rule 9 of the Security Interest (Enforcement) Rules, 2002 are mandatory, and any material deviation from them would render the sale legally unsustainable.
- Placing reliance on Sri Siddeshwara Cooperative Bank Ltd. v. Ikbal (2013) 10 SCC 83[1], the Court reiterated that although the fifteen- day period prescribed under Rule 9(4) for payment of the balance sale consideration may be extended, such extension is permissible only through a written agreement between the secured creditor, the borrower and the auction purchaser. In the present case, while the balance 75% of the sale consideration was admittedly paid beyond the prescribed period, there was no written agreement evidencing any extension of time.
- The Hon'ble Supreme Court further relied on IDBI Bank Ltd. v. Ramswaroop Daliya (2024 SCC OnLine SC 2878)[2] to reaffirm that delayed payment of the balance sale consideration can be accepted only where the extension is supported by a written agreement. Since no such agreement or request for extension existed on record, the secured creditor could not unilaterally regularise the delayed payment merely by accepting it.
- Rejecting the reasoning adopted by the DRT, DRAT and the High Court, the Hon'ble Supreme Court held that the conduct of the borrower, the delay in challenging the proceedings, or the bona fide status of the auction purchaser could not validate an auction sale conducted in breach of mandatory statutory provisions. The Court observed that a confirmed sale cannot be protected where the very process leading to the sale suffers from fundamental legal infirmities.
- While recognising that the auction purchaser had acted bona fide, the Court emphasised that statutory compliance must prevail over equitable considerations. It also noted that the appellant and the other legal heirs had consistently sought permission to redeem the mortgaged property before the DRT, which sufficiently reflected their intention to redeem the secured asset.
- Accordingly, the Hon'ble Supreme Court allowed the appeal in part, set aside the judgments of the Madras High Court, the DRAT and the DRT, and quashed the auction sale. The Court directed the secured creditor to refund the entire sale consideration to the auction purchaser along with interest at 7% per annum. Exercising its powers under Article 142 of the Constitution, it also granted the appellant a one-time opportunity to redeem the mortgaged property upon payment of the outstanding dues with interest, failing which the secured creditor was permitted to conduct a fresh auction after obtaining a fresh valuation report. Since the auction sale itself was found to be invalid, the Court left the issue of limitation under Section 36 of the SARFAESI Act open for determination in an appropriate case.

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Viewpoint

The judgment is likely to have a significant impact on the manner in which secured creditors conduct SARFAESI auctions. In practice, procedural requirements under the Security Interest (Enforcement) Rules, 2002 are often treated as curable irregularities, particularly where the auction has been concluded and the entire sale consideration has been paid. This decision makes it clear that such an approach may ultimately jeopardise the validity of the auction.

Some key takeaways are:

- The decision reinforces that statutory timelines are not mere procedural formalities but mandatory procedures. Compliance with Rule 9 is fundamental to the validity of the auction process.
- It serves as a reminder to banks and authorised officers that strict adherence to the prescribed procedure is essential, as even minor procedural lapses can invalidate an otherwise successful auction.
- The judgment also highlights the importance of due diligence for auction purchasers. A bona fide purchase alone may not be sufficient to protect an auction sale if the underlying statutory procedure has not been followed.
- By leaving the limitation issue open, the Supreme Court has consciously confined the decision to the procedural irregularities in the auction process, allowing the law on Section 36 of the SARFAESI Act to evolve in an appropriate case.

Overall, the decision is likely to encourage greater procedural discipline in SARFAESI enforcement proceedings. While it may require secured creditors to exercise greater caution during recovery proceedings, it ultimately strengthens the transparency, credibility and legal certainty of the auction process.

[1] (2013) 10 SCC 83
[2] 2024 SCC OnLine SC 2878

In The Supreme Court of India
Shephali Chakraborty Vs. The State of West Bengal

2026 INSC 621

Background facts

- The Appellant, Shephali Chakraborty, the natural guardian and mother of Master Basab Chakraborty, made an application under Section 8 of the Hindu Minority and Guardianship Act, 1956 ("HMGA") for permission to transfer the minor's share in the property inherited by the minor from his deceased father, Basudeb Chakraborty.
- Upon the death of Basudeb Chakraborty in 2018, his share of the property devolved jointly on the Appellant and her minor son. In the year 2022, the co-owners had entered into a Development Agreement with M/s Shivam Estates and Developers for redevelopment under which the minor was to get a one-third share in a flat of 1198 sq. ft. and a proportionate share in the monetary consideration.
- The Appellant applied before the District Judge, Darjeeling, seeking permission to act upon the Development Agreement in respect of the minor's share, contending that redevelopment would be beneficial for the minor's future.
- The District Judge rejected the application for failure to establish that the transaction was necessary or clearly beneficial to the minor. The High Court affirmed the decision, leading the Appellant to approach the Supreme Court.

Issue(s) at hand?

- Whether the proposed redevelopment arrangement satisfied the requirement under Section 8(4) of the HMGA that the transaction be necessary or evidently advantageous to the minor?
- Whether permission under Section 8(2) of the Hindu Minority and Guardianship Act, 1956 could be granted for implementing the Development Agreement concerning the minor's immovable property?

Findings of the Court

- The Supreme Court held that Section 8 of the HMGA is an ex ante protective measure that requires prior judicial permission before a natural guardian can transfer immovable property of a minor. The guardian has wide powers to administer the estate of the minor, but prior sanction of the court is necessary for sale, mortgage, exchange, gift or long-term lease of the estate of the minor, as the minor's welfare is paramount.
- The Court referring to earlier decisions, including Vishwambhar *& Ors. v. Laxminarayan*[1], *Nangali Amma Bhavani Amma v. Gopalkrishnan Nair*[2], *K.S. Shivappa v. Smt. K. Neelamma*[3], *Murugan & Ors. v. Kesava Gounder (Dead) through LRs*[4] and *Sri Narayan Bal & Ors. v. Sridhar Sutar & Ors*[5], reiterated that the requirement of prior judicial permission is to protect the interests of the minor, that an unauthorised transfer by a natural guardian is not void ab initio but can be challenged by the minor on attaining majority within the period of limitation, and that Section 8 applies to the separate property of a minor and not to the undivided joint family property governed by the traditional Hindu law.
- The Court held that the doctrine of parens patriae is well rooted in Indian law and is reflected in the judicial supervision under Section 8, which requires the courts to independently determine whether a proposed transaction is in the best interest of the minor, while balancing the rights of adult co-owners.
- While considering the facts of the case, the Court observed that an undivided share in undeveloped land may be a notional interest and of limited immediate utility, against a constructed residential unit and the monetary consideration, which may be tangible and beneficial assets for the minor. Applying these principles, the Court held that converting the minor's undivided share in undeveloped land into a share in a constructed flat along with ₹10 lakh, constituted an evident advantage under Section 8(4), providing a more valuable and secure asset.

[1] (2001) 6 SCC 163
[2](2004) 8 SCC 785
[3]2025 INSC 1195
[4](2019) 20 SCC 633
[5]1996) 8 SCC 54

- The Court set aside the decisions of the District Judge and the High Court and held that the Development Agreement sufficiently disclosed the transaction and was in the best interest of the minor.
- The Court directed that the minor's monetary share be deposited in a nationalised bank until majority, prohibited any change of the Development Agreement without prior approval of the Court, and required court permission for any sale of the minor's share during minority, while empowering the District Judge to impose further conditions.

HSA
Viewpoint

The judgment is a significant pronouncement on the scope and application of section 8 of the HMGA, particularly in matters of re-development and alienation of immovable property of a minor. The Supreme Court has reiterated that a judicial permission prior to Section 8 is a protective mechanism to secure the welfare and best interests of the minor.

The Supreme Court of India ruled that **the welfare of a minor is the paramount consideration** when evaluating the alienation or development of a minor's immovable property under Section 8 of the HMGA.

Moreover, the ruling elaborates on the doctrine of parens patriae and describes the role of Courts as independent guardians of a minor's interests when it comes to dealing with applications for transfer or development of a minor's property. The Court clarified that the test under Section 8(4) should be whether the proposed transaction is beneficial to the minor, with reference to the facts and circumstances of each case. By treating an illiquid, undivided share in ancestral land as inferior to a tangible flat plus liquid cash consideration, the Court rightly prioritised the minor's real, usable interests over rigid proprietary continuity.

The judgment reinforces the principle that courts should independently evaluate the minor's best interests rather than defer to the guardian's consent. The conditions imposed by the Court in this case further illustrate how judicial supervision can balance competing interests.

In The Supreme Court of India
Civil Appellate Jurisdiction
Dhiraj Dutta Vs. Anirban Sen & Ors.

Civil Appeal No. 8280 of 2026 (Arising out of SLP (C.) No. 3371 of 2026), Decided on 29.05.2026

Background facts

- Smt. Gouriprova Sen (Deceased) inherited the properties of her husband, Amulya Chandra Sen, as his sole legal heir. She executed a Will dated 9 July 1989 which appointed her nephew, the Appellant, as sole executor and beneficiary.
- On 8 October 1989, the Deceased passed away and probate of the Will was granted on 28 September 1995.
- In 2010–11, the Appellant initiated mutation proceedings for certain properties. Respondents being the nephews of Amulya Chandra Sen, were also served with notice of such proceedings. Respondents took no action pursuant to the same.
- Apparently in or around 2019 they found out about the above facts and in 2019 lodged a suit for declaration and injunction against the Appellant.
- In July 2022, they also filed an application for revocation of the probate granted in 1995 under section 236 of Indian Succession Act 1925 ("**ISA**"). The Single Judge vide his order dated 16th June 2023 found this application to be time barred under Article 137 of the Limitation Act and dismissed the same, but the Division Bench overruled this decision stating that limitation had only commenced from the date that the Respondents received knowledge which was alleged to be in 2019 therefore they had until 2022 to apply for revocation of the probate as granted by the Single Judge.
- The aforementioned order of the Division Bench was challenged by way of the subject appeal before the Apex Court.

Issue(s) at hand?

- Whether the application for revocation of probate in 2022 was barred by limitation under Article 137 of the Limitation Act?
- Whether the Respondents had constructive notice of the probate in 2013 when they received notices in mutation proceedings?
- When does the "right to apply" under Article 137 accrue for revocation of probate on actual knowledge or constructive knowledge?

Findings of the Court

- Section 236 of ISA envisages that a probate or letters of administration may be revoked or annulled if there is 'just cause'. The revocation or annulment is a discretionary power. The explanation to the section sets out circumstances in which just case may including situations such as when the proceedings to obtain the grant were defective in substance, the grant was obtained fraudulently or the grant has become useless and inoperative through circumstances.
- It was also observed that where just cause is pleaded by a party, it has to be supported with relevant facts and evidence, mere allegations would not suffice.
- The Court observed that whilst the ISA covers what is just cause, it does not set out limitation to seek the revocation or annulment and therefore recourse is to be taken to article 137 of the Limitation Act which provides a period of three years from when the right to apply accrues. In the above aspect, the Court placed reliance on the law settled in Lynette Fernandes v. Gertie Mathias[1] and Ramesh Nivrutti Bhagwat v. Surendra Manohar Parakhe[2]. It is categorically stated in these judgments that the grant of probate or letters of administration is right in rem and therefore if the probate is granted the same applies from the date of probate for purpose of limitation.
- Article 137 makes a reference to the period beginning from when the "right to apply" accrues. In this regard, it was held that the same would depend on when the applicant has knowledge of the fact. It is not necessary that the knowledge is actual, it could be constructive also.
- In the present case, the Respondents' received the notices for mutation proceedings as far back as 2013, the said position is not refuted. Despite the said notices, the Respondents did not take any steps to figure out what rights were being sought on their uncle's property or why proceedings

[1](2018) 1 SCC 271
[2](2020) 17 SCC 284

were initiated by a third party. Further, Respondents had failed to adduce any meaningful evidence or explanation as to why action was not initiated against the Appellant between 2013 to 2019.

- Citing cases such as Rajasthan Housing Board v. New Pink City Nirman Sahkari Samiti Ltd[3] the Court held that such inaction amounted to wilful abstention or gross negligence, satisfying the test for constructive notice. Therefore, their constructive knowledge of the Respondents regarding grant of probate could be considered from 2013 itself and limitation began therefrom not 2019. The 2022 revocation application was hopelessly time-barred. The Court accordingly set aside the Division Bench's order and restored the Single Judge's dismissal of the revocation application.

HSA
Viewpoint

The ruling builds on the settled law regarding limitation in revocation or annulment of grant of probate or letters of administration by discussing when the right to apply accrues. It further explores the relationship between knowledge of a fact and its bearing on limitation.

Ordinarily, right to apply would be considered from the date of grant. However, where there are circumstances such as fraud or omission, the right to apply needs to be considered from the date of knowledge of such fact. However, it is not necessary that a party ought to have actual knowledge, constructive knowledge is enough.

Once a party has received notice of proceedings, as a prudent person it ought to inquire into the reasons for issue of such notice or nature of proceedings. A party's neglect or omission to do so will be considered as wilful abstention or gross negligence. Where a party has thus received notice and has failed to act on the same, it will be deemed that they had constructive knowledge and they will be disentitled from claiming limitation from any other date.

[3](2015) 7 SCC 601

In The Supreme Court of India
Vinay Mawandia Vs Bimal Mawandia & Anr

OM.P. /2024 & I.A. 3246/2024 (Stay)

Background facts

- The dispute arose out of a family settlement between three brothers belonging to the Mawandia family. In 2019, the parties executed a Memorandum of Understanding dated February 27, 2019, to divide various family owned properties and assets ('**MoU**'). However, disputes subsequently arose regarding the implementation of the MoU, resulting in the parties entering into an Arbitration Agreement dated June 13, 2021 ('**Arbitration Agreement**'). Under the Arbitration Agreement, the disputes were referred to a three member arbitral tribunal constituted by mutual consent.
- During the arbitral proceedings, the Tribunal passed an award dated November 13, 2021 ('**Award**') concerning, *inter alia*, the transfer of two immovable properties situated at Sushant Lok, Gurugram and Dobson Road, Howrah. The Award was initially circulated to the parties through a WhatsApp group created specifically for resolving the family disputes. The petitioner acknowledged receipt of the Award by responding '*Noted thanks*' and thereafter actively participated in discussions concerning its implementation, including preparation of gift deeds, transfer deeds, obtaining No Objection Certificates from the bank, and removal of movable assets from the properties.
- Nearly three years later, after the Respondents initiated execution proceedings under Section 36 of the Arbitration and Conciliation Act, 1996 ('**the Act**'), the Petitioner challenged the Award under Section 34 of the Act.
- The Petitioner contended that the Award was illegal, had been passed without any pleadings or adjudicatory process, lacked reasons, dealt with rights of non-signatories to the Arbitration Agreement, and was invalid because it bore the signatures of only two of the three arbitrators.
- The Petitioner also argued that limitation had not commenced since no signed copy of the Award had ever been delivered in terms of Section 31(5) of the Act. The Respondents, on the other hand, opposed the petition primarily on the ground that it was hopelessly barred by limitation and that the Petitioner had accepted and acted upon the Award for several years before challenging it.

Issue(s) at hand?

- Whether the petition under Section 34 of the A&C Act challenging the Interim Award was barred by limitation under Section 34(3).
- Whether the petitioner's contention regarding non-delivery of a signed copy of the arbitral award postponed the commencement of the limitation period.
- Whether, having acknowledged, accepted and acted upon the award, the petitioner was precluded from subsequently challenging its validity.
- Whether the execution petition could proceed in the event the challenge under Section 34 failed.

Findings of the Court

- At the outset, the Hon'ble Court reiterated the settled principles governing interference with arbitral awards under Section 34 of the Act. Relying extensively upon *OPG Power Generation (P) Ltd. v. Enexio Power Cooling Solutions (India) (P) Ltd.* (2025) 2 SCC 417 and other Supreme Court precedents, the Hon'ble Court observed that judicial review under Section 34 is extremely limited and does not permit the Court to sit in appeal over an arbitral award. Interference is permissible only on the limited statutory grounds such as patent illegality or conflict with the public policy of India. Mere errors of law or appreciation of evidence are insufficient to warrant setting aside an arbitral award.
- The Hon'ble Court first addressed the issue of limitation, observing that Section 34(3) prescribes a strict limitation period of three months from the date of receipt of the arbitral award, extendable only by a further thirty days upon sufficient cause being shown, '*but not thereafter*.' Referring to the decisions of the Supreme Court in *Union of India v. Popular Construction Co.* (2001) 8 SCC 470 and *Simplex Infrastructure Ltd. v. Union of India* (2019) 2 SCC 455, the Hon'ble Court held that this limitation period is mandatory and incapable of extension beyond the statutory outer limit.
- The Petitioner argued that limitation period had never commenced because no signed copy of the Award had been delivered in compliance with Section 31(5) of the Act. The Court rejected this contention in the peculiar facts of the case. It noted that immediately after the Award was uploaded in the family WhatsApp group, the Petitioner expressly acknowledged it and thereafter actively participated in numerous discussions relating to its implementation. The Petitioner

negotiated the terms of gift deeds, suggested modifications to transfer documents, insisted upon obtaining bank clearances, and participated in implementation of the Award without raising any objection regarding the absence of a signed copy. At no point for nearly two years did the Petitioner approach the Arbitral Tribunal seeking delivery of a signed copy or complain of non-compliance with Section 31(5) of the Act. The Court therefore held that the plea regarding non delivery of a signed copy was merely an afterthought raised only after execution proceedings had commenced.

- The Court further held that the doctrine of *approbate* and *reprobate* squarely applied. A party who knowingly accepts benefits flowing from a transaction and actively acts upon it cannot subsequently challenge its validity. The Petitioner's conduct clearly demonstrated acquiescence in the Award. The arbitral proceedings had themselves been initiated by mutual consent, and the Arbitration Agreement expressly recorded that the decision of the Arbitral Tribunal would be final and binding upon the parties. The contemporaneous conduct of the parties established that the Award embodied their mutually agreed settlement rather than a contested adjudication. Accordingly, the Petitioner could not be permitted to resile from the Award after having accepted and implemented substantial portions thereof.
- The Court also rejected the Petitioner's objection that the award affected the rights of a non-signatory (Mrs. Madhu Mawandia) and bore only two signatures of the three arbitrators. It held that Mrs. Madhu Mawandia had herself participated in the arbitral proceedings and acted upon the Award, and in any event the Petitioner could not challenge the Award on behalf of a third party. Similarly, assuming there was any procedural irregularity arising from the absence of one arbitrator's signature, the Petitioner had knowledge of the same from the very beginning and nevertheless proceeded to implement the Award. Such technical objections could not be raised after years of acquiescence solely because execution proceedings had been initiated.
- Having concluded that the petition was hopelessly barred by limitation, the Court declined to examine the substantive grounds challenging the legality or validity of the Interim Award. Consequently, the objection petition under Section 34 was dismissed. Since the challenge failed, there remained no legal impediment to enforcement of the award. Accordingly, the execution petition was allowed to proceed, and the judgment debtor was directed to transfer the Gurugram property in accordance with the directions contained in the Award within six weeks.

HSA
Viewpoint

The judgment reinforces the strict and mandatory limitation regime under Section 34(3) of the Act and underscores that a party who knowingly accepts, acknowledges, and acts upon an arbitral award cannot subsequently challenge it after participating in its implementation. It also demonstrates the Court's unwillingness to entertain technical objections raised belatedly after execution proceedings have commenced, thereby strengthening the principles of finality, party autonomy, and expeditious enforcement of arbitral awards.

In The Supreme Court of India
Gujarat Water Supply and Sewerage Board Vs. Saryu Plastics Pvt. Ltd.

2026 SCC OnLine SC 944

Background facts

- The Appellant, Gujarat Water Supply and Sewerage Board ("the Board"), had awarded rate contracts between 1998-2000 to the Respondent i.e., Saryu Plastics Pvt. Ltd. ("the Company"), for supply of PVC pipes. An audit later revealed excess payments, and the Board blacklisted the Company by its order dated 29.08.2003.
- Over a decade later, on 03.04.2012, the parties executed an Arbitration Agreement appointing Mr. K.J. Wadher as Sole Arbitrator, with a six-month mandate under Clause 4. The mandate, having expired on 18.10.2012, was extended with consent up to 30.09.2014, after which the Arbitrator unilaterally extended it thrice (up to 31.03.2015, 30.06.2015 and 31.08.2015) citing voluminous documents, without objection from the Board.
- The Board consented to extend the mandate up to 30.09.2015 (04.09.2015). The Arbitrator sought a further extension till 15.11.2015, and fixed a hearing for 15.10.2015 at the Board's own request, the Board's email dated 14.10.2015 cited only its inability to attend, without asserting that the mandate had expired.
- The Arbitrator passed the Award on 27.10.2015, awarding the Company approximately Rs. 1.01 crore with simple interest at 21.675% p.a. for the pendente lite period (and compound interest thereafter), rejecting claims for blacklisting compensation and costs. The Award was dispatched by courier on 27.10.2015 and received by the Board on 30.10.2015.
- On 28.10.2015, before receiving the Award, the Board emailed stating it had not extended the mandate and would proceed under Section 14 of the Arbitration and Conciliation Act, 1996 ("the Act"). A corrected Award was issued on 08.11.2015 (correcting paragraph 54(c)).
- The Board filed a Section 34 application (03.12.2015), the Company filed a Section 33 application (07.12.2015) seeking substitution of "simple interest" with "compound interest" in paragraph 54(c). After the Commercial Court rejected the Company's Section 34 application (31.01.2017) and its writ petition was withdrawn, the Company's review application succeeded, by order dated 25.09.2018, the Commercial Court modified the Award to grant compound interest for the pendente lite period as well, escalating the Board's liability from approximately Rs. 30.38 crores to Rs. 144.93 crores.
- The Commercial Court separately rejected the Board's Section 34 application (17.10.2018). The Board's appeals against both orders were dismissed by the High Court of Gujarat by judgment dated 11.11.2022 (as corrected on 16.12.2022), leading to the present appeals before the Supreme Court..

Issue(s) at hand?

- Whether the arbitral mandate had validly subsisted at the time the Arbitral Award came to be passed.
- Whether the Arbitrator, despite the Board's letter dated 28.10.2015, had in fact dispatched the Award on 29.10.2015 (i.e., after receipt of that letter).
- Whether the arbitral proceedings were conducted in accordance with the principles of natural justice.
- Whether the Commercial Court possessed jurisdiction under Section 33(1)(a) of the Act to modify the Award by substituting the simple interest awarded for the pendente lite period with compound interest).

Findings of the Court

- On"the mandate issue, the Hon'ble Supreme Court held that although the Arbitrator had unilaterally extended his mandate thrice after the consent-based extension expired on 30.09.2014, the Board never objected that the mandate had expired, not even in its email dated 14.10.2015, which cited only an inability to attend. Since Section 29A of the Act (retrospective from 23.10.2015) did not apply, and the grievance was contractual rather than statutory, the Board's continued participation without objection amounted to acquiescence, estopping it from challenging the Award on this ground.
- On dispatch of the Award, the Court held that a courier receipt showed dispatch on 27.10.2015, before the Board's email of 28.10.2015, while the Board's tracking report showed only the later

delivery date (30.10.2015). Dispatch, not delivery, being determinative, the Award was held to have been validly dispatched before the Board's email.

- On natural justice, the Court held that the Board was afforded ample opportunity across more than three and a half years of proceedings, but its own dilatory conduct, repeated non-attendance, delayed replies, and declining the hearing fixed at its own request on 15.10.2015 without seeking an adjournment caused the delay. The Arbitrator was therefore justified in proceeding to pass the Award, and no violation of natural justice was found.
- On the Commercial Court's jurisdiction, the Court held, relying on *State of Arunachal Pradesh v. Damani Construction Co., (2007) 10 SCC 742 and Gyan Prakash Arya v. Titan Industries Ltd., (2023) 1 SCC 153,* that Section 33(1)(a) permits only correction of computational, clerical or typographical errors, not substantive modification. Substituting "simple interest" with "compound interest" for the pendente lite period was a deliberate, substantive determination by the Arbitrator, not a clerical slip, and the Commercial Court exceeded its jurisdiction in altering it.
- Accordingly, the High Court's judgment dated 11.11.2022 (as corrected on 16.12.2022) and the Commercial Court's order dated 25.09.2018 were set aside, and the Company was held entitled to simple interest at 21.675% for the pendente lite period. The appeals were disposed of with no order as to costs.

HSA
Viewpoint

This ruling is a reaffirmation of two key principles. First, A party that participates in arbitral proceedings and agrees or acquiesces to the extension of the arbitral mandate, may not raise a technical objection to the termination of the mandate after the arbitrator has issued an adverse Award. Second, the judgment was a brick wall against Section 33(1)(a) of the Arbitration and Conciliation Act. It was earlier used by the tribunal or by a court exercising review jurisdiction based on it, as a backdoor to effectively go back to the drawing board to substantially alter or improve an Award. The decision here is a handy reminder of the importance of exercising caution before making a change in the nature of an award, under the guise of a change, that greatly increased the Board's liability.

In The Supreme Court of India
M/S Tarini Prasad Mohanty Vs. M/S Sunflag Iron and Steel Co. Ltd.

2026 SCC OnLine SC 973

Background facts

- The dispute arose out of an Agreement for Sale dated 12.02.2004 executed between Tarini Prasad Mohanty (the mine owner) and Sunflag Iron and Steel Company Limited (SISCO) for the sale of iron ore. The parties also entered into several supplementary agreements during the course of their business. Subsequently, disputes arose between them and were referred to arbitration in terms of the arbitration clause contained in the agreement.
- During the arbitral proceedings, the mine owner filed an application under Section 16 of the Arbitration and Conciliation Act, 1996 ('**the Act**') contending that the Agreement for Sale and the supplementary agreements were insufficiently stamped. According to the mine owner, the documents were in substance 'conveyances' and not merely agreements to sell. It was argued that unless the agreements were impounded and proper stamp duty was paid, the arbitral tribunal lacked jurisdiction to continue with the proceedings.
- The Sole Arbitrator rejected the objection and held that the agreements were only agreements to sell and had been properly stamped under the applicable provisions of the Indian Stamp Act. Aggrieved by this order, the mine owner approached the Hon'ble Orissa High Court by way of a writ petition under Articles 226 and 227 of the Constitution of India. The Ld. Single Judge of the Hon'ble High Court held that the agreements were insufficiently stamped, directed their impounding and set aside the order passed by the Ld. Sole Arbitrator. In appeal, the Division Bench of the Hon'ble High Court reversed the decision passed by the Ld. Single Judge, holding that such interference during the pendency of arbitration was not justified. The mine owner thereafter approached the Supreme Court.

Issue(s) at hand?

- Whether the Hon'ble High Court, while exercising its discretionary and supervisory jurisdiction under Articles 226 and 227 of the Constitution of India, should entertain a challenge against an interlocutory order passed by an Arbitral Tribunal under Section 16 of the Act objecting to the insufficiency of stamping while the Arbitrator is actively seized of the proceedings.
- Whether the Hon'ble Division Bench of the High Court was justified in interfering with the order passed by the Ld. Single Judge which had set aside the decision of the Arbitral Tribunal under Section 16 of the Act on the ground that the Single Judge acted in excess of jurisdiction.

Findings of the Court

- The Supreme Court upheld the judgment of the Division Bench and dismissed the appeal. The Hon'ble Court reiterated the settled principle that the Arbitration and Conciliation Act is a self-contained code intended to minimise judicial interference during the arbitral process. Referring to its earlier decisions in *S.B.P. & Co. v. Patel Engineering Ltd., Deep Industries Ltd. v. ONGC, Bhaven Construction v. Sardar Sarovar Narmada Nigam Ltd.,* and the Constitution Bench judgment in *Re: Interplay Between Arbitration Agreements Under the Arbitration and Conciliation Act, 1996 and the Indian Stamp Act, 1899*, the Hon'ble Court held that where an objection under Section 16 of the Act is rejected by the Arbitral Tribunal, the aggrieved party must ordinarily wait until the arbitral award is passed and thereafter challenge the decision under Section 34 of the Arbitration and Conciliation Act.
- The Hon'ble Court observed that questions relating to stamping of agreements fall within the jurisdiction of the Arbitral Tribunal. The Tribunal is competent to decide such objections in the first instance under Section 16 of the Act, and any error in that decision can be examined subsequently in proceedings under Section 34 of the Act. A mere allegation that the Arbitrator has taken an incorrect view does not amount to a case of inherent lack of jurisdiction or exceptional perversity warranting interference under Articles 226 or 227 of the Constitution.
- The Hon'ble Supreme Court further held that the Ld. Single Judge had exceeded the permissible limits of writ jurisdiction by examining the true nature of the agreements and independently concluding that they amounted to "conveyances". Such an exercise necessarily involved interpretation of contractual terms and consideration of issues that formed part of the merits of the dispute. Since the arbitration proceedings were still pending and evidence was yet to be led, the Hon'ble High Court ought not to have undertaken such an exercise.
- The Hon'ble Court also rejected the contention that postponing the stamping issue until the post-award stage would cause prejudice. Relying on the Constitution Bench decision in *Re: Interplay*,

the Hon'ble Court reiterated that insufficient stamping is only a curable defect and does not render the agreement void or non-existent. Consequently, the objection regarding stamping could appropriately be raised after the award under Section 34 of the Act, if necessary.

- Accordingly, the Hon'ble Supreme Court held that the Ld. Single Judge was not justified in interfering with the order passed by the Ld. Arbitrator under Section 16 of the Act and that the Hon'ble Division Bench had rightly restored the arbitral proceedings. The Hon'ble Court also clarified that the issue regarding the nature of the agreements and the question of stamping remained open to be urged by the aggrieved party in proceedings under Section 34 of the Act after the passing of the arbitral award.

HSA
Viewpoint

The present judgment reinforces the legislative policy of minimal judicial intervention in arbitration proceedings. It clarifies that the Hon'ble High Courts should exercise great restraint while entertaining writ petitions against Interlocutory Orders passed by Arbitral Tribunals, particularly orders under Section 16 of the Act. Unless there is a clear case of patent lack of jurisdiction or exceptional perversity, parties should be required to follow the statutory mechanism provided under the Arbitration and Conciliation Act.

Further, by enforcing the true spirit of Section 5 of the Act which severely restricts the role of judicial intervention, the Hon'ble Supreme Court has ensured that the arbitral process remains efficient and unaffected by any outside influence. This decision also plays a very important role by greatly reducing the load on the High Courts as it draws limits of jurisdiction in such a way that the High Courts will not entertain any case which clearly falls within the domain of arbitral tribunals or where there is an effective remedy under Section 34.

In The Supreme Court of India

Rajat Kumar and others Vs. S. D. Adarsh Jain Kanya Maha Vidhyalaya, Sadhaura and others.

2026 INSC 648

Background facts

- The dispute arose from two civil suits filed by the original plaintiff seeking mandatory injunctions against the defendants for removing alleged illegal encroachments and unauthorized constructions. In the first suit, the plaintiff sought removal of a wall constructed by the defendants on a common open space adjoining his house and also prayed for a permanent injunction restraining any further construction. In the second suit, the plaintiff sought removal of a lintel of the defendants' school building which had allegedly been erected on the wall of his house.
- Both suits were decreed by the Trial Court and the defendants were directed to remove the encroachments and were restrained from carrying out any further unauthorized construction. The decrees were further affirmed by the First Appellate Court.
- The defendants thereafter preferred second appeals before the Hon'ble Punjab and Haryana High Court. Initially, the Hon'ble High Court modified the decrees by directing the defendants to pay monetary compensation instead of removing the encroachments. However, the Hon'ble Supreme Court set aside those judgments and remanded the matter to the Hon'ble High Court, observing that the Hon'ble High Court had modified the decrees without deciding the appeals on merits and without framing substantial questions of law as required under Section 100 of the Code of Civil Procedure, 1908 ('**CPC**').
- After remand, the Hon'ble High Court once again set aside the concurrent decrees. Instead of directing removal of the encroachments, it held that the plaintiff could be compensated in monetary terms and directed the Executing Court to assess the value of the constructions through a valuer and award compensation to the legal heirs of the plaintiff. Aggrieved by this course adopted by the Hon'ble High Court, the legal heirs of the original plaintiff approached the Hon'ble Supreme Court.

Issue(s) at hand?

- Whether the Hon'ble High Court, while exercising its jurisdiction under Section 100 of CPC, could substitute a decree of mandatory injunction with monetary compensation and order valuation of the disputed construction in the absence of any such prayer made by the plaintiff.

Findings of the Court

- The Hon'ble Supreme Court held that the Hon'ble High Court made an error by substituting a decree of mandatory injunction with monetary compensation, when the plaintiff never asked for monetary compensation. In the absence of any such prayer made by the plaintiffs, the High Court could not force the plaintiffs to accept such compensation, replacing the mandatory injunction decree granted to them.
- The Hon'ble High Court had set aside the decrees issued by trial courts; hence, no executing decrees survived. Therefore, the order issued by the High Court asking the executing court to assess the value of the disputed construction and award monetary compensation was legally unsustainable. The course adopted by the High Court does not find support under Order XXI of the Code of Civil Procedure, 1908.Even after the remand, the Hon'ble High Court repeated the same error. It granted a new relief by directing the Executing Court to undertake valuation of the wall and compensate the legal heirs of the plaintiff in monetary terms, even when the plaintiffs made no such prayer, and no consent of the legal heirs was taken on this matter. Hence, the Hon'ble High Court could not have imposed such a direction on them.
- The Impugned Order passed by the High Court proceeded on an erroneous premise that the trial court had declared the disputed wall to be a common wall between the parties. No such finding was recorded by the Trial Court. Further, though the Hon'ble High Court has referred to the 'substantial questions of law', it failed to treat them as substantial questions of law before setting aside the decrees issued by the Trial Court, thereby failing to comply with the mandate set by Section 100 CPC.
- The Hon'ble Supreme Court held the judgment of the Hon'ble High Court is unsustainable and resulted in a miscarriage of justice. The Hon'ble Court set aside the Impugned Judgment and remanded the appeals back to the Hon'ble High Court to reconsider both the appeals in accordance with Section 100 of the Code and decide the same on their own merits

HSA

Viewpoint

The Hon'ble Court in this judgment strengthened the established principle that courts cannot grant relief that parties have not asked for or mentioned. Under Section 100 of the CPC, the Hon'ble High Court, in exercising its appellate authority, must focus on substantial questions of law. It cannot replace an existing decree with a completely different remedy, solely on consideration of equity. The judgment also makes it clear that the executing court cannot perform directed actions without a supporting executable decree. The Hon'ble Court highlighted the importance of pleadings, following the procedural and statutory framework governing second appeals. The Hon'ble Supreme Court stressed the limited scope of interference under Section 100 of CPC. This protects the right of litigants against judicially imposed remedies that law does not provide for.

In The Judicature of Bombay High Court
Life Insurance Corporation of India Vs. Abhishek Vasant Chavan.

Civil Revision Application No. 24 of 2022, Bombay High Court; Decided on July 3, 2026

Background facts

- The dispute arose from R.A.D. Suit No. 660 of 2012 filed by the Respondent, Abhishek Vasant Chavan, before the Small Causes Court, Mumbai, under the Maharashtra Rent Control Act, 1999. The Respondent sought a declaration that he was the lawful tenant of Room No. 12, Building No. 160, East and West Willa, Grant Road (West), Mumbai, and a declaration that the Applicant, Life Insurance Corporation of India ("LIC"), could not dispossess him except by following due process of law.
- LIC challenged the maintainability of the suit by filing an application under Order VII Rule 11(d) of the Code of Civil Procedure, 1908, contending that the suit premises constituted "public premises" under Section 2(e) of the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 ("Public Premises Act"). LIC further contended that, in view of the statutory bar contained in Section 15 of the Public Premises Act, the Small Causes Court lacked jurisdiction to entertain the suit.
- During the pendency of the suit, LIC initiated proceedings under the Public Premises Act before the Estate Officer. By an order dated 20 January 2015, the Estate Officer directed the Respondent's eviction and also awarded arrears of rent and damages. The Respondent challenged the said order before the City Civil Court under Section 9 of the Public Premises Act, and the operation of the Estate Officer's order was stayed pending disposal of the appeal.
- By its order dated 1 March 2021, the Small Causes Court dismissed LIC's application under Order VII Rule 11(d), holding that the suit was maintainable. Aggrieved thereby, LIC preferred the present Civil Revision Application before the Bombay High Court.

Issue(s) at hand?

- Whether a suit seeking a declaration of tenancy and protection against dispossession under the Maharashtra Rent Control Act, 1999 is maintainable before the Small Causes Court when the premises in question are "public premises" under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 and are subject to the jurisdictional bar under Section 15 of the said Act?
- Whether an occupant claiming tenancy rights in public premises can continue to seek protection under the Maharashtra Rent Control Act merely because the alleged tenancy existed prior to the enactment of the Public Premises (Eviction of Unauthorised Occupants) Act, 1971?

Arguments of the Parties

- The Hon'ble Bombay High Court allowed LIC's Civil Revision Application, set aside the order of the Small Causes Court dated 1 March 2021, and rejected the plaint under Order VII Rule 11(d) of the Code of Civil Procedure, holding that the suit was barred by Section 15 of the Public Premises (Eviction of Unauthorised Occupants) Act, 1971.
- The Hon'ble Bombay High held that once premises fall within the definition of "public premises" under Section 2(e) of the Public Premises Act and the dispute concerns unauthorised occupation, the jurisdiction of the civil court stands barred under Section 15. Consequently, a person in unauthorised occupation cannot seek a declaration of tenancy or protection against eviction under the Maharashtra Rent Control Act.
- Rejecting the respondent's contention that the alleged tenancy predated the Public Premises Act, the Court observed that no prima facie material had been produced to establish such tenancy. The Court further held that, even assuming such tenancy existed, the statutory bar under Section 15 would nevertheless apply, as the applicability of the Public Premises Act is not dependent upon the date of creation of the tenancy but upon whether the premises are "public premises" and the occupation is unauthorised.
- While arriving at its conclusion, the Hon'ble Bombay High traced the evolution of the Supreme Court's jurisprudence governing the interplay between the Public Premises Act and State Rent Control legislations. It relied upon the Constitution Bench decision in Ashoka Marketing Ltd. & Anr. v. Punjab National Bank (1990) 4 SCC 406[1], which held that the Public Premises Act prevails over State Rent Control laws in cases involving public premises. The Court also relied upon Jain Ink Manufacturing Co. v. LIC (1980) 4 SCC 435[2], which recognised the summary eviction mechanism under the Public Premises Act as a special procedure enacted for public authorities,

[1](1990) 4 SCC 406
[2](1980) 4 SCC 435

and Kaiser-I-Hind Pvt. Ltd. v. National Textile Corporation (2002) 8 SCC 182[3], which reaffirmed that State Rent Control legislation cannot prevail where it is repugnant to the Public Premises Act.

- The Hon'ble Bombay High considered the respondent's reliance on Dr. Suhas H. Pophale v. Oriental Insurance Co. (AIR 2014 SC 1509)[4] and Banatwala & Co. v. LIC (2011) 13 SCC 446[5]. It noted that while *Banatwala* recognised the jurisdiction of Rent Courts in limited matters such as fixation of standard rent and restoration of essential services, those principles did not apply where the dispute pertained to eviction from public premises. More significantly, placing reliance on the larger Bench decision in Life Insurance Corporation of India v. Vita (2025 SCC OnLine SC 2772)[6], the Court held that *Dr. Suhas H. Pophale* no longer represents the correct position in law, having been expressly overruled. The Court reaffirmed that the Public Premises Act applies even to tenancies created prior to the enactment of the statute, provided the premises qualify as "public premises" and the occupation is unauthorised

HSA
Viewpoint

This judgment is an important reaffirmation of the legal position governing disputes relating to public premises.

By following the Supreme Court's larger Bench decision in *Life Insurance Corporation of India v. Vita*, the Bombay High Court has reiterated that where premises fall within the ambit of the Public Premises (Eviction of Unauthorised Occupants) Act, 1971, the protections available under State Rent Control legislation cannot be invoked to defeat proceedings under the Public Premises Act.

A notable aspect of the decision is the Court's clarification that the mere assertion of a tenancy existing prior to the enactment of the Public Premises Act does not, by itself, preserve the protection available under the rent control regime.

The judgment underscores that the relevant enquiry is whether the premises qualify as "public premises" and whether the occupation has become unauthorised.

From a practical standpoint, the ruling provides much-needed clarity for public authorities and statutory corporations by reaffirming that disputes concerning unauthorised occupation of public premises are to be addressed within the framework of the Public Premises Act.

The decision is therefore likely to serve as an important precedent in future cases involving the interplay between the Public Premises Act and State Rent Control legislations

[3](2002) 8 SCC 182
[4](AIR 2014 SC 1509)
[5](2011) 13 SCC 446
[6](2025 SCC OnLine SC 2772)

In The Judicature of Bombay High Court
BK Corporation Vs. State of Maharashtra and Ors.

Writ Petition No. 2453 of 2018
(Decided on 09.06.2026)

Background facts

- The subject property comprises a single layout bearing survey no. 41, being plot nos. F-7 to F-14 of Block "F", corresponding to CTS Nos. 626/6, 626/7, 626/8, 626/9 to 626/11, admeasuring about 10,130.56 sq. mtrs. (approximately 11,733.36 sq. yds.). On one part of the property admeasuring about 8259 sq mtrs four buildings have been constructed namely Apeksha, Noble House, Valencia and Cameron Heights. The societies of these buildings are Respondent Nos. 3 to 6 in the subject writ petition. All the Societies have received their Occupation Certificate.
- By a letter dated 23rd October 2010, the Petitioner informed all four societies that it proposed the execution of a common conveyance in favour of all societies jointly. By a communication dated 18th December 2010, Respondent No. 4 demanded an independent conveyance. The Petitioner, through its advocate's reply dated 2nd September 2011, declined this request.
- In June 2021, Respondent No. 4 instituted a civil suit against the Petitioners, original landowners and remaining societies seeking conveyance of exempted land. Vide order dated 29th November 2012, ad-interim reliefs sought by Respondent No. 4 were rejected.
- On 2nd January 2016 Respondent No. 3 filed its first deemed conveyance application which was opposed by the Promoter as well as other three societies. On 4th August 2016 the Respondent No. 2 rejected the said application vide a reasoned order and granting liberty to Respondent No. 3 to file a fresh application as and when the Suit was dismissed. The said order was not challenged.
- Pending the suit, Respondent No. 2 filed a second deemed conveyance application which came to be allowed vide order dated 31st May 2017, under Section 11 of the Maharashtra Ownership of Flats Act, 1963 (MOFA), passed in favour of Respondent No. 3. 4 societies viz. Respondent Nos. 3 to 6 stood on the plot of land for which deemed conveyance was granted.
- Aggrieved by the said order, the Petitioner has filed the subject writ petition.

Issue(s) at hand?

- Whether the second deemed conveyance application dated 3rd January 2017 was maintainable in light of the earlier order dated 4th August 2016.
- Whether the impugned order amounts to an impermissible exercise of review jurisdiction by the Competent Authority.
- Whether the grant of deemed conveyance in favour of Apeksha CHSL suffers from jurisdictional or procedural infirmity warranting interference under Article 226 of the Constitution of India.

Findings of Court

- The Bombay High Court held that the liberty granted to Respondent No. 3 first deemed conveyance order was conditional, not absolute and as the same was never formally challenged, it attained finality and continued to bind all parties involved. Therefore, unless the condition was met, the liberty could not be utilized by Respondent No. 3.
- It was explicitly observed that a party cannot simply bypass or ignore an existing, binding order merely because they believe the decision to be legally incorrect.
- Applying the principles of *res judicata* based on the decision of *M/s Faime Makers Pvt. Ltd. vs District Deputy Registrar*[1], the Court also noted that the said principle equally binds quasi-judicial authority, therefore the order of a predecessor whether right or wrong, if unchallenged, is binding on the quasi-judicial body.
- Further referring to *Yadaiah & Another vs. State of Telangana & Others*[2], it was reiterated that *inter alia* res judicata finds its roots in public policy, finality of adjudication and judicial discipline. A matter is substantially adjudicated after giving parties a chance to be heard fully and thus parties are constrained by such determination.
- The Court then proceeded to analyse what really is the test for identification of points that are 'directly and substantially' in issues versus collateral issues. It observed that in current case the factual matrix, the subject matter and even the parties had continued unaltered. Thus there could be no dispute that the second deemed conveyance application was not maintainable.
- Citing judgments such as Kashish Park Reality Pvt. Ltd. & Anr v. State of Maharashtra and anr.[3] the Court highlighted that a statutory or quasi-judicial authority does not possess any inherent power of review unless the same is explicitly conferred by statute or where such exercise of power is

necessary to right a manifest jurisdictional or procedural illegality. The power under review is limited and cannot be permitted to assume the character of appeal in disguise. MOFA also does not encompass or envisage that Respondent No. 2 i.e. Competent Authority under MOFA has any inherent or statutory power to review its own previous decisions.

- Although the Court agreed, in line with settled law, that pendency of a civil suit does not restrict a claim for deemed conveyance, it stated that the same was not the matter in challenge in this Writ Petition. The bar exists in light of the first reasoned order of Respondent No. 2.
- By entertaining the second application based on the exact same facts, parties, and property without the original condition being met, the Respondent No. 2 acted entirely beyond its legal jurisdiction.
- Concluding that the authority's decision suffered from a fundamental jurisdictional defect, the High Court set aside the May 31, 2017, order and officially cancelled the unilateral deed of deemed conveyance executed in favour of the housing society.
- The Court clarified that the ongoing civil suit before the City Civil Court remains unaffected by this ruling. Additionally, a four-week stay on the operation of the judgment was granted, providing the society a brief window to pursue appropriate legal remedies before an appellate court.

HSA

Viewpoint

Pertinently even though the main dispute was focused on grant of deemed conveyance this judgment does not deal with the law on same, it utilises the writ jurisdiction to assess the propriety of the order.

It analyses the foundation of the *res judicata* emphasising that it is based on principles of public policy, finality of adjudication and judicial discipline. When orders are passed after giving parties opportunity of hearing and substantially deciding the issue unless there's patent lack of jurisdiction or error the same ought not to be interfered with. Res judicata is just as applicable to quasi judicial authorities as well.

Therefore, unless a previous order has been set aside by the correct appellate authority, it is binding on the quasi-judicial authority.

The Court also reiterated the limitations and contours of the powers of a quasi-judicial authority i.e. no power of review by quasi judicial authority exists if not expressly granted to them under statute. It also reiterated that the power of review should not be abused to exercise powers of appeal and findings of fact and law cannot be simply overturned.

Before the Maharashtra State Co-operative Appellate Court, Mumbai

Vatsala Niwas Co-operative Housing Society Ltd. Vs. Mrs. Poonam Soni & Anr.

Appeal from Order (A.O.) No. 49 of 2025, Maharashtra State Co-operative Appellate Court, Mumbai

Background facts

- The Appellant, Vatsala Niwas Co-operative Housing Society Ltd., is a co-operative housing society ("**Society**") registered under the Maharashtra Co-operative Societies Act, 1960. Respondent No. 1, Mrs. Poonam Soni is the owner of Unit No. 201 in the Society, while Respondent No. 2, M/s. Poonam Soni Signature Line Pvt. Ltd., carries on business from Unit No. 203 situated within the Society premises.
- A dispute arose between the parties concerning maintenance charges and other amounts claimed by the Society from the Respondents in respect of the unit no. 201 and unit no. 203 ("**Units**").
- The Respondents instituted Dispute No. CC/II/313/2024 before Co-operative Court No. II, Mumbai ("**Co-operative Court**"), challenging the maintenance charges levied by the Society and the demand raised towards alleged arrears amounting to INR 15,33,112 (Rupees Fifteen Lakh Thirty-Three Thousand One Hundred and Twelve).
- By an order dated 28.04.2025, the Co-operative Court allowed the interim application and restrained the Society from recovering INR 17,26,422 (Rupees Seventeen Lakh Twenty-Six Thousand Four Hundred and Twenty-Two) from the Respondents until the final disposal of the dispute. The Co-operative Court further directed the Society to provide a break-up and calculation of the amounts claimed and to levy maintenance charges in accordance with the Government Order dated 29.04.2000.
- Aggrieved by the order dated 28.04.2025 passed by the Co-operative Court, the Society filed an Appeal from Order No. 49 of 2025 before the Maharashtra State Co-operative Appellate Court ("**Court**"), Mumbai.

Issue(s) at hand?

- Whether the Respondents had established a prima facie case warranting interim protection against recovery of the disputed maintenance charges.
- Whether the balance of convenience lies in favour of the Disputants.
- Whether irreparable loss will be caused to the Disputants if injunction, as prayed, is not given.
- Whether the impugned order passed by the Ld. Trial Court is in accordance with law.
- Whether interference of this Court is required in the impugned order?

Arguments of the Parties

- Arguments by Shri. Aditya N. Sashittal (representing the Appellant):
  - The basis of the charges levied upon the Respondents had been duly disclosed, and all relevant information and supporting documents were furnished through its letter dated 30.03.2024 and subsequent correspondence exchanged between the Society and the Respondents.
  - The Co-operative Court failed to consider that the amounts sought to be recovered from the Respondents constituted legitimate dues payable to the Society and were not arbitrary or unexplained demands.
  - The Society relied upon various records and supporting documents, including bills and payments made to the Brihanmumbai Municipal Corporation ("**BMC**"), architects, structural consultants, and civil contractors in connection with the Occupation Certificate process, structural repairs, waterproofing works, and other related expenses incurred for the maintenance and benefit of the Society.
  - The impugned order granting interim relief in favour of the Respondents was erroneous in law and on facts and therefore warranted interference by the Appellate Court.
- Arguments by Shri. Aditya Lele (representing the Respondents)
  - The levy of maintenance charges on the basis of the area of individual units rather than on an equal per-unit basis was contrary to the Government Order dated 29.04.2000 and the legal position laid down in *Venus CHSL v. Dr. J.Y. Detwani.*
  - Despite repeated requests, the Society failed to adequately disclose the basis of the maintenance charges and other amounts claimed, or to furnish the supporting calculations and relevant records.

- While the maintenance bill dated 11.12.2023 reflected no arrears in respect of Unit No. 201, the subsequent bill dated 21.03.2024 suddenly reflected arrears of INR 15,33,112 (Rupees Fifteen Lakh Thirty-Three Thousand One Hundred and Twelve) without any supporting explanation or documentary evidence.
- Substantial amounts aggregating to INR 36,44,986 (Rupees Thirty-Six Lakh Forty-Four Thousand Nine Hundred and Eighty-Six) and INR 37,90,680 (Rupees Thirty-Seven Lakh Ninety Thousand Six Hundred and Eighty) had already been paid towards expenses relating to the regularisation and other obligations of the Society, yet additional demands continued to be raised.
- In the absence of a proper break-up, supporting calculations, and documentary evidence, the alleged arrears could not be validly recovered. The claim lacked transparency.

Findings of the Court

- The Maharashtra State Co-operative Appellate Court dismissed the appeal and upheld the Co-operative Court's order for the following reasons:
    - *Maintenance Charges Levied Contrary to Applicable Framework*
        - The Court observed that the Society appeared to be calculating maintenance charges on the basis of the area of the units rather than on a per-unit basis. At the interim stage, the Court found this approach to be inconsistent with the Government Order dated 29.04.2000 and the legal position recognised in *Venus CHSL v. Dr. J.Y. Detwani*.
    - *Failure to Provide Satisfactory Explanation for Sudden Arrears*
        - The Court found that the Society had failed to provide any satisfactory explanation, break-up, or supporting documents justifying the sudden appearance of arrears amounting to INR 15,33,112 (Rupees Fifteen Lakh Thirty-Three Thousand One Hundred and Twelve) in Unit No. 201, despite repeated requests from the Respondents.
    - *Lack of Transparency and Supporting Documentation for Demands Raised*
        - Although the Society produced a large number of documents relating to expenses incurred by it, it failed to explain how those expenses translated into the specific amount demanded from the Respondents. The Court found the absence of a proper bifurcation and supporting calculations significant. The Court also noted that the Society's reliance on its letter dated 30.03.2023 was misplaced, as the letter merely listed documents and failed to provide an itemized break-up of the disputed dues.
    - *Satisfaction of the Requirements for Grant of Interim Injunctive Relief*
        - Applying the principles of prima facie case, balance of convenience, and irreparable loss, the Court held that all three requirements were satisfied in favour of the Respondents. Consequently, the interim relief granted by the Co-operative Court was justified.
    - *Judicial Consideration of the Authorities and Doctrines Relied Upon by the Appellant*
        - The Appellant relied upon *Adv. Babasaheb Wasade v. Manohar Gangadhar Muddeshwar* (Doctrine of Necessity), *Chairman, SBI v. M.J. James*, and *Daman Singh v. State of Punjab*. However, the Court held that these authorities did not materially assist the Appellant's case, and issues relating to acquiescence could be considered at the stage of trial.
- Implications of the Judgment
    - *For the Appellant*
        - The appeal was dismissed, and the Society was restrained from recovering the disputed amount of INR 17,26,422 (Rupees Seventeen Lakh Twenty-Six Thousand Four Hundred and Twenty-Two) until the final adjudication of the dispute. The Society was also directed to provide a detailed break-up and calculation of the alleged arrears and to levy maintenance charges in accordance with the applicable legal framework.
    - *For the Respondents*
        - The judgment protects the Respondents from recovery of disputed and unexplained arrears during the pendency of the dispute. It also upholds their right to seek transparency and accountability from the Society regarding maintenance charges and related demands.

HSA
Viewpoint

This judgment reinforces the duty of co-operative housing societies to maintain transparency and accountability in the levy and recovery of maintenance charges. It affirms that substantial financial demands must be supported by clear calculations and documentary evidence, thereby safeguarding members against arbitrary claims. The decision further reiterates that maintenance charges must be levied in accordance with the applicable legal framework and on a unit-wise basis, rather than on the basis of the area of individual units.

HSA

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