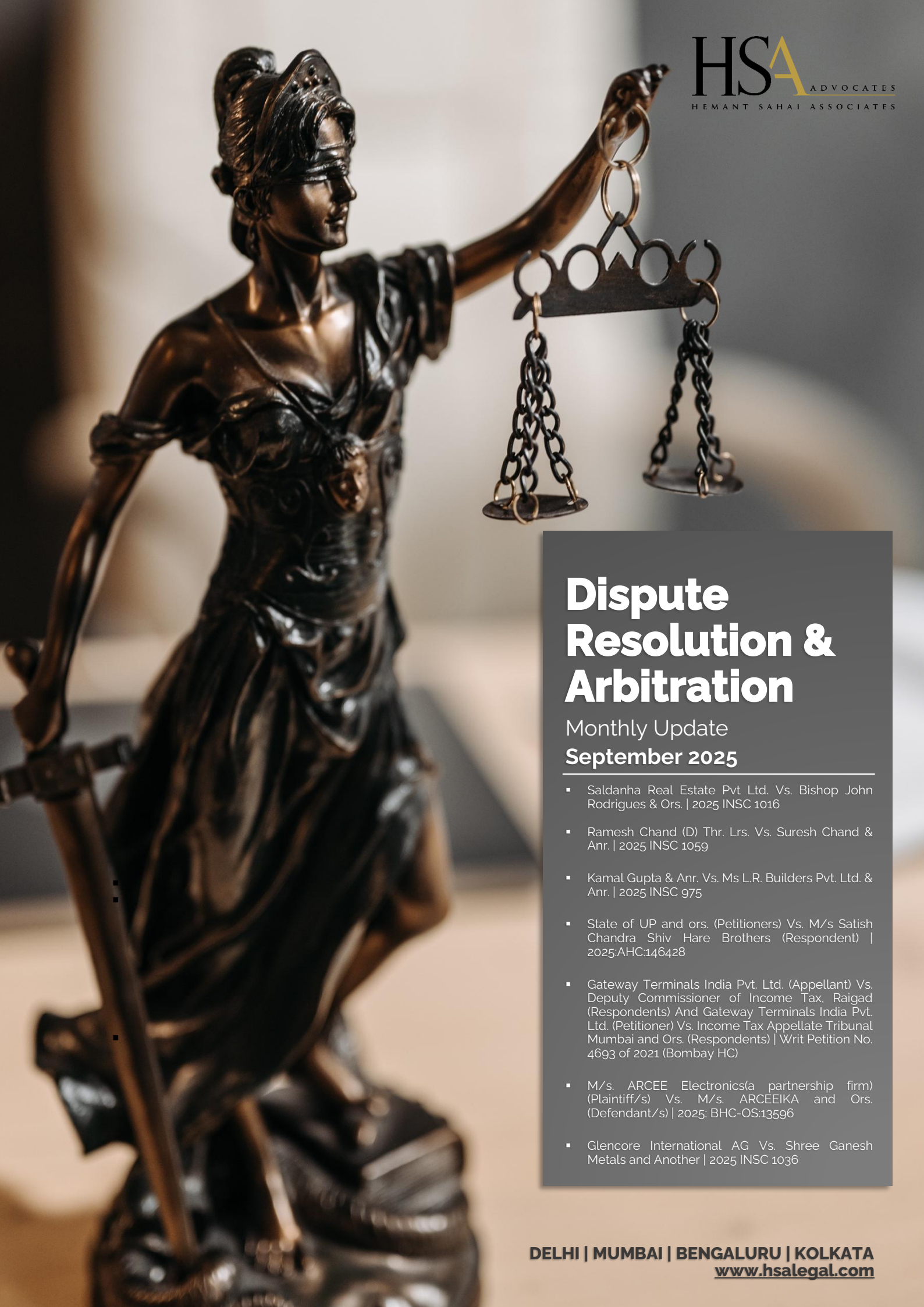

HSA ADVOCATES
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Dispute Resolution & Arbitration

Monthly Update
September 2025

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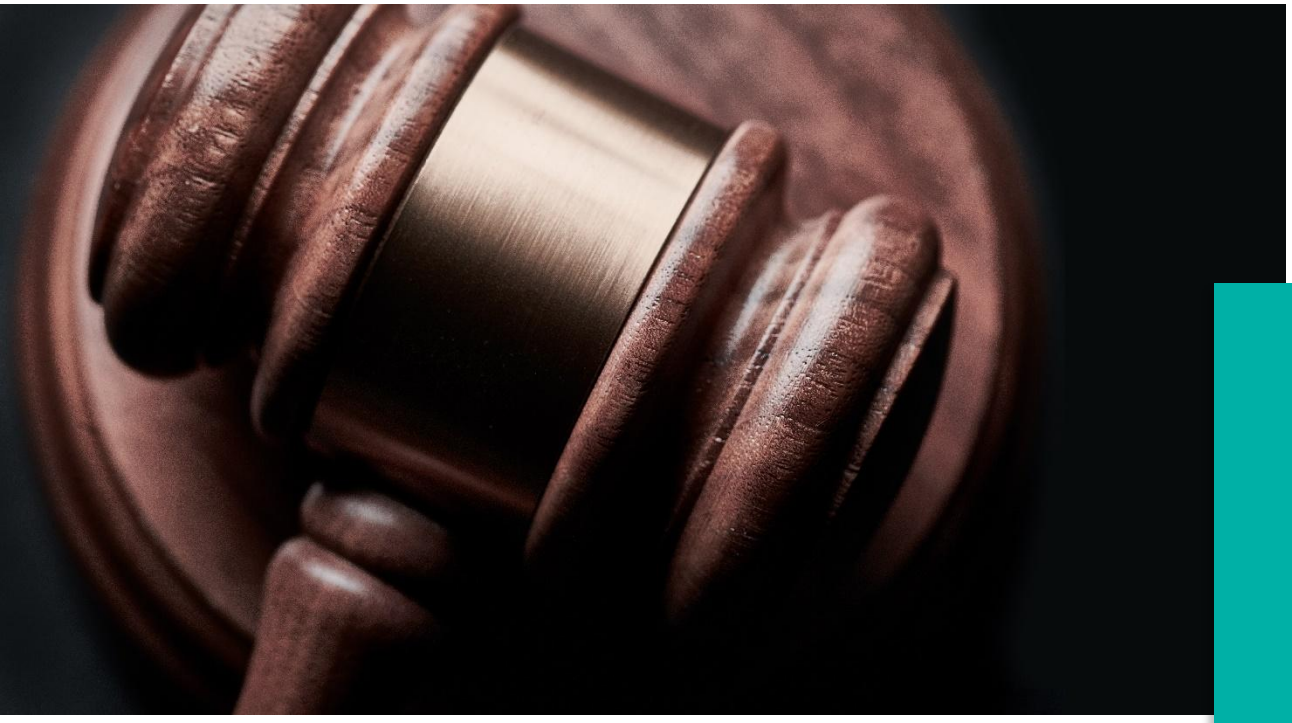
DISPUTE RESOLUTION AND ARBITRATION UPDATE



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Saldanha Real Estate Pvt. Ltd. Vs. Bishop John Rodrigues & Ors.

2025 INSC 1016

Background facts

- The subject land belonged to Bishop John Rodrigues and the Bombay Archdiocese. The Slum Rehabilitation Authority (SRA) initiated acquisition proceedings under The Slum Areas (Improvement and Clearance) Act, 1956 (Slums Act), in order to implement a redevelopment scheme with the participation of Saldanha Real Estate Pvt. Ltd. and a proposed cooperative housing society (Shri Kadeshwari CHS Ltd).
- The Bombay High Court, in its judgment dated June 11, 2024, declared the acquisition invalid, holding that the process was flawed and violative of the landowners' rights.
- Aggrieved parties—including Saldanha Real Estate, the proposed society, and the SRA—approached the Supreme Court.

Issue(s) at hand

- Whether the acquisition of the subject land under the Slums Act was valid in law.
- Whether the High Court erred in declaring the acquisition void and restraining redevelopment.
- What balance should be struck between slum rehabilitation objectives and landowners' property rights?

Arguments of the Parties

- Arguments by Mr. Shyam Divan (representing Kadeshwari Society)
  - High Court should not have entertained Church Trust's Writ Petition.
  - Notice and order were procedural and did not merit interference.
  - Church Trust acted lackadaisically in developing the land and submitting proposals.
  - Trust's proposal was belated and did not adhere to format requirements.
  - No procedural infirmity or ulterior motive in notice and order.

- Arguments by Mr. Sudhanshu S. Choudhari (representing SRA)
  - SRA was not taking sides among parties.
  - Contentions already considered and negatived by the Court in Tarabai case.
- Arguments by Mr. Nikhil Sakhardande (representing Saldanha)
  - Adopted arguments made by Mr. Divan.
  - Acquisition was a bona fide effort for redevelopment, motivated by reasonable profits.
- Arguments by Dr. Milind Sathe and Mr. Chander Uday Singh (representing Church Trust)
  - Time limit of 120 days is directory, not mandatory.
  - Period would begin when specific notice is received by the owner.
  - Directions of the Court in Cognizance for Extension of Limitation would apply.
  - No legislative requirement to submit proposal as per Regulation 33(10).
  - SRA and private parties showed no necessity to acquire land.
  - Mala-fide intention behind acquisition, with Saldanha trying to grab land at a low price.
  - Decisions taken by Kadeshwari Society are suspect.

Findings of the Court

- The SC, while delivering the judgment, undertook a detailed examination of the Slums Act, the acquisition process, and prior precedents. The Court highlighted several critical points:
  - Purpose of the Slums Act
  - The Act empowers authorities to acquire land for improving living conditions of slum dwellers.
  - However, acquisition must be genuine, necessary, and compliant with statutory safeguards.
  - Defects in Acquisition
  - The acquisition proceedings failed to demonstrate public purpose necessity with adequate reasoning.
  - Procedural lapses undermined the legitimacy of the acquisition.
  - The High Court was correct in identifying that the SRA acted beyond its authority.
  - Rights of Landowners vs. Rehabilitation Needs
  - The Court stressed that landowners cannot be arbitrarily deprived of property.
  - At the same time, the state's commitment to slum rehabilitation remains paramount.
  - Therefore, a balanced approach is necessary: slum rehabilitation schemes must withstand judicial scrutiny while respecting constitutional property rights under Article 300A.
  - The SC upheld the Bombay High Court's ruling, confirming that
  - The acquisition of CTS No. B-960 was illegal and void.
  - The SRA cannot proceed with redevelopment of the subject land under the impugned acquisition.
  - That the landowners retain their rights, free from acquisition encumbrances.
  - Implications of the Judgment
  - <u>For Landowners</u>

    This ruling strengthens the protection of property rights in slum redevelopment contexts. Landowners now have firmer grounds to challenge acquisitions that lack transparency or statutory compliance.
  - <u>For Slum Rehabilitation Schemes</u>

    While the judgment does not undermine the larger objective of slum redevelopment, it reinforces the need for procedural fairness. Authorities must clearly justify acquisitions, follow due process meticulously and ensure that "public purpose" is not a cloak for irregular developer-led initiatives.
  - <u>For Developers & Housing Societies</u>

    Private developers and cooperative societies must recognize that their involvement in slum schemes is subject to strict legal scrutiny. Any shortcuts in acquisition processes may jeopardize entire projects.
  - <u>For Urban Policy in Mumbai</u>

    The decision highlights the tension between urban development and constitutional rights. Policymakers may need to revisit the framework of the Slums Act to ensure smoother yet legally robust rehabilitation mechanisms.

HSA
Viewpoint

This judgment is a milestone in urban property law, underscoring that slum rehabilitation cannot override due process and property rights. As Mumbai continues to grapple with balancing redevelopment and inclusivity, this decision will serve as a guiding precedent for courts, developers, landowners, and policymakers alike.

It reinforces a crucial message: development cannot come at the cost of legality.

Ramesh Chand (D) Thr. Lrs. Vs. Suresh Chand & Anr.

2025 INSC 1059

Introduction

- The Supreme Court of India, in its recent judgment in Ramesh Chand (D) Thr. Lrs. vs. Suresh Chand & Anr[1]., delivered by a division bench comprising Justice Aravind Kumar and Justice Sandeep Mehta, reiterated the settled principle that an *Agreement to Sell* or execution of a *General Power of Attorney (GPA)* cannot, in itself, confer ownership rights in an immovable property. The Court, setting aside the Delhi High Court's ruling which had upheld the trial court's decree of possession and declaration, clarified that ownership is transferred only through a duly executed and registered *Sale Deed* under the Transfer of Property Act, 1882 and the Registration Act, 1908. This pronouncement not only reaffirms established law but also reinforces procedural safeguards intended to curb misuse of informal property transactions.

Background facts

- Claim of the Plaintiff

  The plaintiff asserted that he had purchased the suit property from his father in 1996 through a bundle of documents, namely an *Agreement to Sell*, a *General Power of Attorney*, an Affidavit, a Receipt, and a registered Will. On this basis, he contended that ownership had effectively passed to him. He further alleged that his brother, the defendant, was merely a licensee in the property who had later sold a portion of it to a third party (Respondent No. 2) without any lawful authority.

- Defense of the Defendant

  The defendant, Ramesh Chand, disputed the plaintiff's claim and argued that the property had been orally gifted to him by their father in 1973, following which he remained in uninterrupted possession. He challenged the plaintiff's reliance on the documents as legally untenable, emphasizing that none of them amounted to a valid conveyance of title.

- Lower Court Proceedings

  The trial court accepted the plaintiff's case and decreed the suit for possession, mandatory injunction, and declaration, holding that the documents produced were sufficient to establish ownership. The Delhi High Court upheld this finding in appeal, affirming the trial court's reasoning despite the absence of a registered sale deed.

- Appeal before the Supreme Court

  Aggrieved, the defendant approached the Supreme Court, contending that both the Trial Court at Delhi and the Delhi High Court had erred in law by treating unregistered instruments and a General Power of Attorney as valid conveyances of title. The central dispute before the Apex Court, therefore, was whether such documents could substitute a registered Sale Deed and confer ownership rights upon the plaintiff.

Issue(s) at hand?

- Whether execution of an Agreement to Sell, in the absence of a registered Sale Deed, transfers ownership rights in an immovable property?
- Whether a General Power of Attorney executed in favor of a party is sufficient to convey title?
- Whether possession under Section 53A of the Transfer of Property Act, 1882, or reliance on a Will, is sufficient to establish ownership?

Findings of the Court

- Agreement to Sell does not confer ownership

  The Court held that an Agreement to Sell is merely a contract that creates a right to seek execution of a Sale Deed but does not itself amount to conveyance. Referring to Section 54 of the Transfer of Property Act, 1882, the bench clarified that a sale of immovable property above ₹100 in value can only be effected by a registered Sale Deed. Since the plaintiff had no registered conveyance, his claim of ownership was legally unsustainable.

- General Power of Attorney is not a sale

  The Court emphasized that a General Power of Attorney is an instrument of agency that authorizes the holder to act on behalf of the principal. It does not transfer ownership rights. The bench noted that even if the General Power of Attorney permits actions such as mortgaging or letting the property, it cannot operate as a document of conveyance. The plaintiff's reliance on the General Power of Attorney was therefore rejected as insufficient to establish title.

HSA
Viewpoint

This judgment is a reaffirmation of the statutory mandate governing property transactions in India. By distinguishing between contractual and ownership rights, the Court has prevented misuse of Agreements to Sell and General Power of Attorneys as instruments of de facto ownership. The ruling underscores that adherence to the Transfer of Property Act, 1882 and the Registration Act, 1908 is not a matter of procedural formality but a substantive safeguard of property rights. Importantly, by scrutinizing the suspicious circumstances surrounding the Will, the Court has reinforced judicial vigilance against fabricated or questionable documents. This decision strengthens transparency, reduces the risk of fraudulent claims, and upholds the integrity of property law jurisprudence.

[1]Civil Appeal No. 6377 of 2012 - Supreme Court

- Suspicious Will cannot confer Title

  The plaintiff's reliance on a registered Will was also rejected. The Court observed several suspicious circumstances surrounding the Will, particularly the exclusion of three out of four children of the testator without any explanation. It reasoned that it was improbable for a father to bequeath his entire estate to only one child while disinheriting the others, absent evidence of estrangement. The Will, though registered, did not inspire confidence and was held incapable of conferring ownership.

- Doctrine of part performance (Section 53A TPA) inapplicable

  The bench clarified that the doctrine of part performance under Section 53A of the Transfer of Property Act merely protects possession against the transferor; it does not create ownership rights. Hence, the plaintiff could not rely on possession to validate his claim of title.

- Final Ruling

  The Court set aside the judgments of the trial court and the High Court, holding that neither the Agreement to Sell, nor the General Power of Attorney, nor the Will could operate as a substitute for a registered Sale Deed. Consequently, the plaintiff's suit was dismissed.

Kamal Gupta & Anr. vs. Ms L.R. Builders Pvt. Ltd. & Anr.

2025 INSC 975

Background facts

- An oral family settlement was reached in 2015 between two brothers *i.e.,* Kamal Gupta and Pawan Gupta for restructuring the family business. The understanding between the brothers later came to be crystallised into a Memorandum of Understanding/Family Settlement Deed ('Family MOU') on July 9, 2019. Notably, Rahul Gupta *i.e.,* the son of Kamal Gupta was not a signatory to the Family MOU.
- Disputes arose between the brothers. Since the Family MOU contained an arbitration clause, Pawan Gupta along with another party filed an application under Section 11(6) of the Arbitration and Conciliation Act, 1996 ('the Act') for the appointment of a sole arbitrator for adjudicating the disputes between the parties.
- In the proceedings filed under Section 11(6) of the Act, an application for intervention was filed by Rahul Gupta, a non-signatory to the Family MOU, seeking permission to intervene in the said proceedings so as to oppose the maintainability of the same and also claimed to have a substantial interest in the Family MOU's outcome.
- Pawan Gupta and another filed an application under Section 9 of the Act seeking interim measures and a similar application for intervention was filed by Rahul Gupta and another in these proceedings as well. By an order dated March 22, 2024, the Delhi High Court:
  - Appointed a sole arbitrator to adjudicate the disputes between the brothers
  - Directed the petition under Section 9 of the Act to be treated as an application under Section 17 of the Act to be decided by the Sole Arbitrator; and
  - Dismissed the intervention applications filed by Rahul Gupta being a non-signatory to the Family MOU.
- Months later, Rahul Gupta and other non-signatory companies filed new applications in the now disposed of Section 11(6) proceedings. Vide the application filed, the parties sought permission to: (a) attend the arbitration;(b) revive the earlier applications; and (c) access all related documents.
- The Delhi High Court, reversing its earlier stance, issued an order dated November 12, 2024, allowing the non-signatories to attend the arbitral proceedings and issued other directions regarding the division of properties. The Hon'ble High Court justified its decision on the ground that Rahul Gupta's presence would ensure transparency and enable him to safeguard his claimed interests.
- Aggrieved by this order of the Delhi High Court, the signatory parties *i.e.,* Pawan Gupta and Kamal Gupta, challenged the legality of the High Court's order dated November 12, 2024 order before the Supreme Court, contending that the order of the High Court violates the framework of an arbitration being a private dispute resolution mechanism between the contracting parties.

Issue(s) at hand?

- Whether it is permissible for a non-signatory to an agreement leading to arbitration proceedings to remain present in such arbitration proceedings?
- After appointment of an arbitrator under Section 11 (6) of the Arbitration and Conciliation Act, 1996, whether it is permissible for the Court in such disposed of proceedings to issue any further ancillary directions concerning the arbitration proceedings that have commenced pursuant to appointment of the arbitrator?

Findings of the Court

- The Hon'ble Supreme Court examined the scope of Section 35 of the Act, which states that an arbitral award is final and binding on the '*parties and persons claiming under them*.' By necessary implication, the Supreme Court deduced that non-signatories cannot be bound by an arbitral award. Thus, consequently, the Apex Court held that if the arbitral award cannot bind such non-signatories, there exists no legal basis to allow them to remain present during the proceedings. The Hon'ble Court categorically held that permitting non-signatories to attend arbitral hearings would undermine the finality contemplated under Section 35 of the Act and in the present case, Rahul Gupta's interests, even if substantial, did not confer a right to participate in confidential proceedings.
- The Hon'ble Supreme Court highlighted the importance of confidentiality in arbitral proceedings. By referring to Section 42A of the Act, which mandates confidentiality to be maintained by the arbitrator, arbitral institution, and parties, it was held that allowing non-signatories to attend proceedings would constitute a direct breach of this confidentiality. The legislative intent behind

Section 42A of the Act, explained the Hon'ble Apex Court, was to preserve the sanctity and privacy of arbitral proceedings, which would be diluted if non-signatories, who have no privity to the arbitration agreement, were permitted to participate.

- The Hon'ble Court clarified that the only recourse for a non-signatory is to challenge the enforcement of an award under Section 36 of the Act if and when it is sought to be enforced against them. The Hon'ble Court also clarified that while certain doctrines like the '*group of companies doctrine*' or the principle of implied consent have, in exceptional cases, extended arbitral obligations to non-signatories, those instances are limited to situations where there is evidence of a direct role in negotiation, performance, or termination of the contract. In the present case, the Hon'ble Court held that Rahul Gupta was entirely excluded from the Family MOU and had neither signed nor accepted its terms. Therefore, the Hon'ble Court rejected any attempt to stretch arbitral participation beyond its contractual foundation.
- The Supreme Court, while dealing with a court's power under Section 11 (6) of the Act, unequivocally held that once the court appoints an arbitrator under Section 11(6) of the Act and disposes of the application, its jurisdiction is exhausted, and it becomes *functus officio*. It cannot entertain subsequent applications in the same matter. The Court reiterated the principle of minimal judicial interference enshrined in Section 5 of the Act. The Act is a self-contained code, and courts cannot invoke general powers, such as Section 151 of the CPC, to circumvent its specific provisions. The Court deemed the filing of fresh applications in the disposed of proceedings an abuse of the legal process, as it was an attempt to achieve indirectly what was directly refused earlier.

HSA
Viewpoint

In this significant ruling, the Supreme Court of India clarified two core principles of arbitration law *i.e.,* the right of non-signatories to attend confidential arbitration proceedings; and the scope of a court's powers after appointing an arbitrator under Section 11(6) of the Act. The Apex Court conclusively held that non-signatories have no such right and that a court's jurisdiction ceases once the appointment is made, reinforcing the principles of party autonomy, confidentiality, and minimal judicial intervention.

State of UP and Ors. (Petitioners) Vs. M/s Satish Chandra Shiv Hare Brothers (Respondent)

2025:AHC:146428

Background facts

- M/s Satish Chandra Shiv Hare Brothers ("Respondent") was a successful bidder for the project involving the construction of a gymnastic hall.
- Accordingly, the Respondent entered into a contract with the Petitioner for the construction of a gymnastic hall at Iklavya Sports stadium in Agra. The contract entered into between the Respondent and Petitioner contained an arbitration clause.
- Certain disputes arose between the Petitioner and Respondent in respect of the contract.
- In view of the same, the Petitioner and Respondent entered into an arbitration to resolve the disputes on the behest of the Respondent.
- The Arbitral Tribunal passed an award in favour of the Respondent, whereby they awarded the Respondent an amount of Rs 40,61,264 along with cost and simple interest of 18% per annum from March 31, 2000 to August 26, 2007.
- Aggrieved by the arbitral award, the Petitioner moved before the District Judge under Section 34 of the Arbitration and Conciliation Act, 1996 ("Act").
- In the interim, the Respondent initiated execution proceedings under Section 36 of the Act.
- In the execution proceeding, the Commercial Court, Agra vide orders dated July 18, 2023, and July 27, 2023, directed the Petitioner to pay simple interest at the rate of 18% per annum for a period of 12 years starting from December 17, 2010.
- Aggrieved by the orders, the Petitioner filed the present Writ Petition under article 227 of the Constitution of India.

Issue(s) at hand?

- Whether the executing court was justified in awarding post-award interest when the Arbitral Tribunal had not granted the same?

Findings of the Court

- At the outset, the Hon'ble Court relied on the judgement in the case of BCCI vs Kochi Cricket Pvt. Ltd. and Anr.[1] wherein it was held that while the 2015 Amendments to the Act are generally prospective, the procedural provisions operate retrospectively. The Hon'ble Court therein had held that the above principle ensures that arbitral proceedings and related enforcement mechanisms are not delayed due to conflicting interpretations of the applicability of amendments.
- The Hon'ble further relied on the judgement in the case of Union of India and Anr. vs Sudhir Tyagi[22], wherein it was held that grant of post-award interest is mandatory under Section 31(7)(b) of the Act. Further, the Hon'ble Court therein had also held that the discretion of the Arbitral Tribunal is limited only to deciding the rate of interest under Section 31(7)(b) of the Act. The Hon'ble Court therein had also held that if the Arbitral Tribunal does not provide the rate of such interest in the arbitral award, then the statutory rate of 18% per annum automatically applies, from the date of the award until payment.
- Applying the principles provided in the above-mentioned judgments, the Hon'ble Court held that the Arbitral Tribunal's determination of interest from 2000 to 2007, did not extinguish the Respondent's statutory right to post-award interest.
- The Hon'ble Court held that the executing court was thus correct in calculating interest and granting the same from December 17, 2010 to December 17, 2022 at 18% per annum and ordering recovery.
- In view of the above, the Hon'ble Court held that it found no illegality in the orders dated July 18, 2023, and July 27, 2023, and accordingly dismissed the Petition.

HSA
Viewpoint

The judgement reaffirms the principle that awarding post-award interest under Section 31(7)(b) is mandatory under the Act.

The judgement removes all ambiguities and makes it clear that if an arbitral award does not provide for post-award interest, then the same will be charged at the rate of 18% per annum, and the Executing Court is empowered to grant such interest under Section 36 of the Act.

The judgement also makes it clear that though 2015 Amendment to the Act is generally prospective, the procedural provisions operate retrospectively.

[1] MANU/SC/0256/2018
[2] 2025:DHC:2621

Gateway Terminals India Pvt. Ltd. (Appellant) Vs. Deputy Commissioner of Income Tax, Raigad (Respondents) And Gateway Terminals India Pvt. Ltd. (Petitioner) Vs. Income Tax Appellate Tribunal, Mumbai and Ors. (Respondents)

Income Tax Appeal No. 1139 of 2019 and Writ Petition No. 4963 of 2021

Background facts

- Gateway Terminals India Pvt. Ltd. ("Appellant") during the A.Y. 2012 - 2013 was engaged in the sole business of operating and maintaining a container terminal at Jawaharlal Nehru Port Trust (JNPT) which was eligible for deduction under the provision of Section 80IA of the Income tax Act, 1961 ("Act").
- The interest income earned by the Appellant for the year 2012 - 2013 was primarily from the interest accrued on Fixed Deposits ("FDs") maintained in the bank for business purposes or related to business purpose and on the tax refunds due to wrongful deductions of Tax Deducted at Source ("TDS") by Appellant's customers.
- In the A.Y. 2012 -2013, the Appellant was required to park funds in FDs, firstly to meet its contractual obligation under the License Agreement dated August 10, 2004 with JNPT for replacement of cranes, and secondly to comply with the Court's order dated July 2, 2012 arising out of a tariff dispute with the Tariff Authority for Major Ports ("TAMP").
- The present dispute arose when the Appellant filed its ITR for the A.Y. 2012-13 in which it claimed deduction u/s 80IA of the Act. Although the Assessment Officer initially accepted this claim, he later taxed the income from tax refunds under "income from other sources".
- Aggrieved by the same the Appellant filed an appeal before Commissioner of Income Tax (Appeals) (CIT-A), which further rejected Appellant's submission claiming that the disputed income cannot be considered as an income accrued through industrial means. Appellant then filed an appeal in ITAT which got rejected by an order dated May 28, 2020.
- Thereafter, the appellant filed a Miscellaneous Application before ITAT against order dated May 28, 2020 stating that the order contained grave error of fact as well as the present appeal challenging the same order dated May 28, 2020.
- The ITAT rejected the Miscellaneous Application vide its order dated April 27, 2021. In view of the same the Appellant filed the present Writ Petition challenging order dated May 28, 2020 and April 27, 2021.

Issue(s) at hand?

- Whether the Appellant is entitled to deduction under Section 80IA of the Act on business income in nature of interest from FDs?
- Whether the Appellant is entitled to deduction under Section 80IA of the Act on the interest received by it on TDS refund?

Findings of the Court

- At the outset the Hon'ble Court relied on the judgement in the case of CIT Vs. Karnataka State Co-operative Bank[1] wherein it was held that if placement of funds is imperative for the purpose of carrying on business, the interest income derived therefrom would be income from the assesses' business and is entitled to the deduction. In this context, the Court emphasized that where regulations or business necessities mandate the placement of funds (such as reserves or deposits required to conduct banking business), the income earned on such funds cannot be classified as income from other sources but must be considered business income eligible for deduction.
- The Hon'ble Court further relied on the judgement in the case of CIT Vs. Shree Rama Multi Tech Ltd[2] wherein it was held that if the income accrued is merely incidental and not the primary purpose of performing the act which resulted in such accrual, then the income is not liable to be taxed separately as income from other source and is eligible to be claimed as a deduction. Accordingly, the Hon'ble Court applied this principle to the present situation where funds were kept in FDs as per the contractual obligations. Hence the Hon'ble Court held that the interest earned on such FDs is incidental and the primary purpose of keeping such FDs were not to earn any interest and hence such interest should for deduction under the applicable provisions.

[1](2001) 251 ITR 194 (SC)
[2](2018) 403 ITR 426 (SC)

- The Hon'ble Court found that the Appellant's act of placing the funds in FDs was primarily done for the purpose of continuing its business by fulfilling the obligations put on it under the License Agreement as well as in compliance of Court's orders. Further, it was also noted that such income was merely incidental and there existed a direct nexus between the FDs and business operations of the Appellant which was considered an essential element to establish a claim for deduction as held in the case of CIT v. Meghalaya Steels Ltd[3].
- The Hon'ble Court while addressing the issue on interest income received from TDS refunds relied on the judgement in the cases of ITO vs. Hiranandani Builders[4] and_PCIT Vs. Hiranandani Builders[5].In these judgements it was held that interest on TDS refund would be eligible for deduction under Section 80IA, as it forms an integral part of the business receipts. The Hon'ble Court explained that TDS wrongly deducted by vendors/customers is part of the sales receipts from the eligible business. Therefore, the subsequent refund of TDS along with interest on the delayed refund cannot be separated from the business income and qualifies for deduction.
- Additionally, the Hon'ble Court also held that all the case laws relied by the Respondent are not applicable to the present case in hand.
- In view of the above, the Hon'ble held that FDs made by the Appellant were not a case of parking idle surplus but were mandated by business compulsion namely, contractual obligations to replace cranes as well as in compliance of the Courts order and hence the interest income derived from such FDs had a direct nexus with the eligible business. Therefore, such interest income qualified for deduction under Section 80IA of the Act.
- The Hon'ble Court also held that wrongful deduction of TDS from the Appellant's revenue deprived it of business receipts. Interest on refund of such TDS was in the nature of compensation for delayed realization of business income and thus formed part of profits and eligible for deduction.
- Accordingly, the Hon'ble Court allowed the appeal while partially setting aside the order dated May 28, 2020 and answering the questions of law in favour of the Appellant. The Hon'ble also held that the Writ Petition does not survive since the said issues have been decided in the Appeal.

HSA
Viewpoint

In our view, this judgment marks a progressive step in clarifying the scope of deductions under Section 80IA of the Act. The court analysed several legal precedents concerning what constitutes income derived from business versus other sources. It emphasized that there must be a direct nexus between the income and business activities to qualify for deductions under Section 80IA.

The judgment is significant in expanding the interpretation of "profits derived from eligible business" under Section 80IA of the Act. It underscores that when funds are compulsorily parked due to contractual or statutory obligations which are integral to business operations, then interest earned on such funds cannot be treated as "income from other sources" and eligible for deduction under Section 80IA of the Act. Similarly, the judgement also clarifies and removes all ambiguities that interest earned on TDS refunds is also eligible for deduction under Section 80IA of the Act.

The court ultimately ruled in favor of the appellant, allowing deductions for interest income related to fixed deposits necessary for business operations and TDS refunds, viewing these as integral to the business's revenue.

[3](2016] 383 ITR 217 (SC)
[4](2017) 83 Taxmann.com 65 (ITAT- Mum)
[5](Income Tax Appeal No.1413 of 2016

M/s. ARCEE Electronics (a partnership firm) (Plaintiff/s) Vs. M/s. ARCEEIKA and Ors.(Defendant/s)

2025: BHC-OS:13596

Background facts

- M/s. ARCEE Electronics (Plaintiff), a partnership firm was incorporated in 1986 in Vashi, Navi Mumbai. The firm is engaged in the sale electrical goods and equipment. On August 18, 2021, the firm was renamed to M/s. ARCEE International. The Plaintiff claims to have twenty-three showrooms, one head office and one warehouse in Navi Mumbai and the Raigad District. The Plaintiff is a well-known brand across Mumbai and its nearby locations and has multiple showrooms in various locations including Vashi, Nerul, CBD Belapur, Alibaug, etc. Over the course of time, the name "ARCEE" became a famous and well trusted brand within its specific operational territory.
- Subsequently, a showroom named 'ARCEEIKA' (Defendant) was opened in August 2024. As evident, the was like that of the Plaintiff. The colour and font of the Defendant's mark was also like that of the Plaintiff. the Plaintiff claimed that the Defendant's showroom was also engaged in the sale of electronic goods. The Plaintiff filed the present suit against the Defendants for trademark infringement and passing off.
- From the Plaintiff's viewpoint, these actions constituted a deliberated attempt to "steal Plaintiff's business model" and resulted in unlawfully trading on the reputation that ARCEE had built over forty years. The Plaintiff considered the Defendant's act of setting up a competing business with a similar trademark to be a direct threat to the Plaintiff's brand, market position, and legacy, the Plaintiff, M/s. ARCEE Electronics filed a suit against the Defendants, alleging infringement of its registered trademark and the common law tort of passing off. The plaintiff, despite having a well-established business in Navi Mumbai and Raigad, attempted to anchor its trademark infringement and passing off action in the Bombay High Court on the ground of alleged sales and deliveries in Mumbai city.

Issue(s) at hand

- Whether the Cause of Action arose within the territorial jurisdiction of the Bombay High Court?

Findings of the Court

- At the outset, the Hon'ble Bombay High Court ('Court') identified the question of territorial jurisdiction. The Court observed that the Plaintiff's main address was in Vashi, Navi Mumbai and the Plaintiff had itself repeatedly stated in its Petition that the Plaintiff's business network was confined to Navi Mumbai and Raigad District.
- The Court further noted that there was 'a total absence of even a single averment' in the complaint that signified that the Plaintiff had a showroom or sold any goods in Mumbai City. One of the claims of the Plaintiff was that a few invoices generated by the Plaintiff proved that the Plaintiff also conducted its business in Mumbai. The court reasoned that the Plaintiff was engaged in the business of 'Sale of Goods' and not in delivery of goods. Therefore, the place of sale i.e., Panvel, would determine the location of business and mere delivery to a customer's home in Mumbai does not mean the Plaintiff carries on business there.
- Considering the above, the Court returned the Plaint under Order VII Rule 10 the Civil Procedure Code, 1909 and reinforced the principle laid down by the Apex Court in Indian Performing Rights Society Limited Vs. Sanjay Dalia & Another[1] which provides that while Section 134 of the Trade Marks Act, 1999 (Trademarks Act) grants an additional forum at the plaintiff's place of business, it cannot be misused to drag defendants to a forum with no real connection to the dispute. While Section 134 of the Trademarks Act provides an additional forum to the Plaintiff (being its place of business), it does not override Section 20 of the CPC as per which the Defendants can be sued at the place where they live, work or where the dispute arises.
- Since the cause of action arose in Navi Mumbai, and the Plaintiff's main business was in that jurisdiction, it could not bypass the Navi Mumbai jurisdiction. The Court concluded that the present Suit did not satisfy the requirement under Section 134(2) of the Trademarks Act or Section 20 of the Code of Civil Procedure, 1908.

HSA
Viewpoint

The ruling rightly underscores that Section 134 Trade Marks Act cannot be stretched to enable forum shopping. A party can no longer rely on incidental sales or delivery addresses to invoke jurisdiction in preferred courts. Therefore, Jurisdictional averments must be robust, backed by clear evidence of business presence or genuine cause of action within the forum. Filing in an improper forum risks delay, additional costs, if the plaint is returned under Order VII Rule 10 CPC especially due to issues such as jurisdiction.

[1] (2015) 10 SCC 161

Glencore International AG vs. Shree Ganesh Metals and Another

2025 INSC 1036

Background facts

- The dispute arose between Glencore International AG ("Appellant"/ "Glencore"), is a Swiss Company engaged in the business of mining and commodity trading and Shree Ganesh Metals ("Respondent No. 1"/ "SGM") is an Indian proprietorship concern engaged in the production of zinc alloys.
- Respondent No. 1/SGM had earlier purchased zinc metal from the Appellant/Glencore under four contracts which contained arbitration clauses under the London Court of International Arbitration ("LCIA") Rules, 2020 with London as the seat of arbitration.
- Subsequently in 2016, the parties then proposed to enter into a fifth contract, whereby Respondent No. 1/SGM was to buy 6,000 metric tons of zinc metal for the period March 2016 to February 2017. In an email dated March 10, 2016, the Appellant/Glencore outlined terms, including provisional pricing based on the London Metal Exchange ("LME") average of ten market days and the requirement of a Standby Letter of Credit. Respondent No. 1/SGM, by reply dated March 11, 2016, confirmed acceptance of the terms with one modification: the provisional price should be based on the average of the last five LME days.
- The Appellant/Glencore accepted this modification and issued Contract No. 061-16-12115-S dated March 11, 2016, signed by it and forwarded to Respondent No. 1/SGM. This contract incorporated Clause 32.2, providing for arbitration under the London Court of International Arbitration ("**LCIA**") Rules, 2020 with London as the seat of arbitration.
- It was admitted fact that Respondent No. 1/SGM did not affix signature upon the contract. However, it is also an admitted fact that 2,000 metric tons of zinc were supplied and accepted pursuant to it, and eight invoices raised by the Appellant/Glencore referred to the contract. Further, at the behest of Respondent No. 1/SGM, HDFC Bank issued Standby Letters of Credit dated April 22, 2016 and November 17, 2016, both referring to Contract dated March 11, 2016. An amended Letter of Credit dated July 2, 2016 also specifically recorded the contract. Further correspondence from Respondent No. 1/SGM expressly acknowledged the contract, promised completion of supply, and sought change of dispatch from Russia to China.
- In February 2017, correspondence ensued between the parties regarding the furnishing of a Letter of Credit for the quota of September 2016. By letter dated February 20, 2017, the Appellant/Glencore informed Respondent No. 1/SGM that, owing to its failure to pay the outstanding amount, the Letters of Credit had been encashed and the balance under the Letters of Credit, along with the cash deposit, had been retained towards postponement fees amounting to USD 301,000. As the balance 4,000 metric tons of zinc metal were still to be supplied, the Appellant/Glencore expressed its willingness to continue the contractual relationship, sought expeditious resolution of issues in order to resume deliveries under the contract. It again requested Respondent No. 1/SGM to furnish a Letter of Credit for the September 2016 quota, enabling it to deliver the material allocated for that quota.
- Thereafter, Respondent No. 1/SGM instituted CS (Comm) No. 154 of 2017 before the Delhi High Court, seeking a declaration that invocation of the Standby Letter of Credit was null and void, recovery of approximately USD 1.2 million, and permanent injunctions against invocation. The Appellant/Glencore filed I.A. No. 4550 of 2017 in the civil suit invoking Section 45 of the Arbitration and Conciliation Act, 1996 ("Arbitration Act") to refer the matter to arbitration in terms of Clause 32.2 of Contract dated March 11, 2016.
- By order dated November 2, 2017, the Single Judge of the Delhi High Court dismissed the application, holding there was no concluded contract since Respondent No. 1/SGM had not signed it. A Division Bench of the High Court affirmed this view by judgment dated November 14, 2019.
- Aggrieved by the concurrent findings, the Appellant/Glencore filed Civil Appeal No. 11067 of 2025 [Special Leave Petition (C) No. 27985 of 2019] before the Hon'ble Supreme Court.

Issue(s) at hand

- Whether Clause 32.2 of the Contract dated March 11, 2016, despite the absence of Respondent No. 1/SGM's signature, was a valid arbitration agreement enforceable under Section 45 of the Arbitration Act?

Findings of the Court

- The Hon'ble Supreme Court Bench comprising Justice Sanjay Kumar and Hon'ble Justice Satish Chandra Sharma allowed the Appeal, holding that the Hon'ble High Court erred in concluding that no arbitration agreement existed.
- The Hon'ble Supreme Court observed that although Respondent No. 1/SGM had not signed Contract No. 061-16-12115-S dated March 11, 2016, its conduct in accepting supplies of 2,000 metric tons of zinc metal, issuing Standby Letters of Credit expressly referring to the contract, and acting upon eight invoices raised under it clearly demonstrated acceptance of the contractual terms. The Hon'ble Supreme Court held that acceptance by conduct was sufficient to conclude that the parties were bound by the contract.
- Further, the Hon'ble Supreme Court held that Clause 32.2 of the said contract, which contained the arbitration agreement, was binding and enforceable. The absence of a signature on the part of Respondent No. 1/SGM did not invalidate the arbitration agreement when the evidence on record established consensus ad idem.
- The Hon'ble Supreme Court clarified the scope of Section 45 of the Arbitration Act, emphasised that at the referral stage, the Court is required to conduct only a prima facie examination to ascertain whether an arbitration agreement exists. A detailed inquiry into validity or enforceability is unnecessary, since such questions fall within the jurisdiction of the Arbitral Tribunal.

HSA
Viewpoint

The Hon'ble Supreme Court has clarified that the absence of a signature does not, by itself, render an arbitration agreement unenforceable. The decisive factor is the conduct of the parties, which must demonstrate consensus ad idem. The Hon'ble Supreme Court has endorsed a pragmatic and commercial approach by recognising that supply of goods, acceptance of invoices, issuance of Letters of Credit, and consistent references to the contract constituted binding acceptance. The ruling also strengthens the principle that courts exercising jurisdiction under Section 45 of the Arbitration and Conciliation Act, 1996 are required to undertake only a prima facie examination of the existence of an arbitration agreement.

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AT A GLANCE

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