



August 2025

Delhi High Court holds that a civil suit filed to set aside an arbitral award upheld by Supreme Court of India is an abuse of the process of law and is not maintainable.

In *MMTC Limited vs. Anglo-American Metallurgical Pty Limited and Ors.*¹, the Delhi High Court (“**Delhi HC**”), while exercising its power under Order VII, Rule 11 of the Code of Civil Procedure, 1908 (“**CPC**”), dismissed a civil suit filed by MMTC Limited (“**MMTC**”). The suit sought to nullify an arbitral award that had been reviewed and confirmed under the Arbitration and Conciliation Act, 1996 (“**Arbitration Act**”) all the way up to the Supreme Court of India (“**Supreme Court**”). The Delhi HC held that such a suit was an abuse of the process of law and permitting such a challenge would render the Arbitration Act nugatory and undermine public confidence in arbitration.

Brief facts

MMTC, a public sector undertaking, had entered into a long-term contract in 2007 for the purchase of coking coal from Anglo-American Metallurgical Pty Limited (“**AAMPL**”). In November 2008, the parties extended the contract by entering into ‘Addendum No. 2’, by way of which the price of the coal was modified to USD 300 (US Dollars three hundred) per MT. MMTC agreed to the revised price despite internal advice from one of its directors who had noted that the company ‘should try to avoid/defer USD 300 (US Dollars three hundred) price coal’.

Subsequently, MMTC contended that Addendum No. 2 was executed by fraud and collusion of its own senior officers and those of AAMPL, at a time when global coal prices had collapsed due to the 2008 global economic downturn. MMTC, therefore, failed/refused to lift the contracted quantity of coal. As a result, AAMPL invoked arbitration seeking payment of damages. The arbitration was conducted under the ICC Arbitration Rules, with its seat at New Delhi.

On May 12, 2014, the arbitral tribunal passed an award (“**Award**”) against MMTC for approximately INR 716,00,00,000 (Indian Rupees seven hundred and sixteen crore) in damages along with 15% interest on the said amount. MMTC challenged the Award under the Arbitration Act. However, the challenge to the Award was finally rejected by the Supreme Court in its judgment dated March 2, 2020.

As per the plaint, sometime in 2021, following the retirement of one Mr. Ved Prakash, who had overseen the arbitral proceedings, an internal investigation was conducted by MMTC, where it was claimed that fresh evidence of collusive fraud between officials of MMTC and AAMPL was discovered. MMTC, therefore, referred the matter to the Central Bureau of Investigation (“**CBI**”) for investigation and, in parallel, filed a fresh civil suit seeking to declare both Addendum No. 2 and the Award as void and unenforceable.

¹ CS (COMM) 959/2024 (decided on July 29, 2025)

Issue

Whether a civil suit to nullify an arbitral award which had attained finality in terms of the Arbitration Act was maintainable?

Analysis and findings

On Order VII, Rule 11 of the CPC

The Delhi HC first analysed Order VII, Rule 11 of the CPC, which provides for rejection of plaint at the threshold where the suit is barred by law or fails to disclose any cause of action². Relying on the law laid down by the Supreme Court³, it was emphasised that courts must prevent the 'gross abuse of the process' and should 'nip in the bud' any litigation that is 'manifestly vexatious, and meritless', particularly when 'clever drafting has created the illusion of a cause of action'.

On the existence of a bar under the Arbitration Act

The Delhi HC held that the Arbitration Act is a self-contained code which provides a complete framework for arbitration, right from reference to enforcement, and that it excludes the application of general civil law except where specifically permitted. The court emphasised Section 5 of the Arbitration Act which contains a general rule of minimum judicial interference.⁴

The Delhi HC emphasised that Section 34 of the Arbitration Act provided the single, exclusive remedy to challenge an arbitral award. MMTC had already exhausted this procedure inasmuch as it had unsuccessfully challenged the Award all the way up to the Supreme Court.

The Delhi HC further observed that the Arbitration Act, specifically Section 5 read with Section 34, constitutes an explicit legal bar to challenge an arbitral award by filing a separate civil suit. It characterised MMTC's lawsuit as a 'cleverly and eschewedly' drafted attempt to circumvent this statutory restriction and re-litigate issues after having already exhausted all available legal remedies.

The judgment warned that allowing such suits would encourage every losing party to invent new grounds to challenge final arbitral awards, opening the 'floodgates of litigation' and turning arbitration into a 'never-ending cycle of challenges' which would defeat the Arbitration Act's core objectives of finality and efficiency.

On the allegations of fraud and the time limits for their challenge

The Delhi HC held that a suit alleging fraud between the parties, as opposed to a fraud practiced upon the court or tribunal itself, cannot be maintained after all the statutory remedies under the Arbitration Act had been exhausted.

The Delhi HC also reiterated that Section 34 of the Arbitration Act provides the sole and exclusive remedy for setting aside an award induced by fraud or corruption, and such a challenge must be brought within the prescribed time limits.

The Delhi HC found that the alleged 'new discovery' of facts could not revive a claim that was otherwise time-barred, as this would undermine the finality and efficiency that are the core objectives of the arbitration framework.

² *Dahiben vs Arvindbhai Kalyanji Bhanusali*, (2020) 7 SCC 366

³ *T. Arivandandam vs. T.V. Satyapal*, (1977) 4 SCC 467

⁴ *Interplay between arbitration agreements under the Arbitration Act, 1996 Stamp Act, 1899, In re*, (2024) 6 SCC 1

On limitation

The Delhi HC also found the suit to be hopelessly barred by the law of limitation, observing that even if the allegations of fraud were assumed to give rise to a fresh cause of action, that cause of action arose when Addendum No. 2 was executed in 2008 and when the Award was subsequently rendered in 2014. The Delhi HC rejected MMTC's attempt to anchor the cause of action to a 2022 internal investigation or a complaint filed with the CBI, holding that such acts cannot revive a dormant claim. It was held that an alleged new discovery of facts does not revive a remedy that is otherwise barred by law.

The Delhi HC concluded that the suit filed by MMTC was not maintainable, viewing it as an impermissible collateral challenge to an arbitral award that had already attained finality up to the Supreme Court. The Delhi HC held that the suit was expressly barred by law, as Section 5 read with Section 34 of the Arbitration Act, constitutes an exhaustive and exclusive code for challenging arbitral awards.

It also observed that permitting such a suit would open the floodgates to litigation, undermine the principles of finality and efficiency that are the core objectives of the Arbitration Act, and render arbitral awards unenforceable. Consequently, exercising its powers under Order VII Rule 11 of the CPC, the Delhi HC rejected the plaint at the outset.

Conclusion

The judgment in the MMTC case is a welcome reiteration of the principles of finality enshrined under the Arbitration Act. It reinforces the fact that courts should not entertain attempts by parties to circumvent the legislative framework. By exercising power under Order VII, Rule 11 of the CPC, and by dismissing the suit at the threshold, the Delhi HC has also prevented further prolongation of the dispute. A question that remains is that despite categorically observing that *"...challenging an Award, which has already been upheld by the Hon'ble Supreme Court...is not only an abuse of the process of law but will be a travesty of justice..."*, why the court stopped short of imposing costs on the plaintiff. Had it done so, this may have disincentivised similar frivolous litigations in the future.

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