



November 2025

The Supreme Court of India reiterates that the arbitral awards cannot be revisited through indirect procedural routes

The Supreme Court of India (“**Supreme Court**”) in the case of **MMTC Limited vs. Anglo American Metallurgical Coal Private Limited**¹ dismissed the objections filed under Section 47 of the Code of Civil Procedure, 1908 (“**CPC**”) at the stage of enforcement of an arbitral award. The objection was filed to nullify the arbitral award on the ground of allegations of fraud and breach of fiduciary duty by a corporation’s own officials, allegedly rendering the award inexecutable.

The Supreme Court dismissed the objections on the ground of lack of *prima facie* case and emphasised on the limited scope of objections available for a plea of nullity under Section 47 of CPC. The Supreme Court’s ruling reinforces the principle that arbitral award’s finality cannot be disturbed through collateral challenges and underscores the long standing principle of limited judicial intervention and finality of awards.

Brief facts

1. M/s. MMTC Limited (“**Appellant**”) and M/s. Anglo-American Metallurgical Coal Private. Limited (“**Respondent**”) executed a Long-Term Agreement (“**LTA**”) dated March 7, 2007 for the purchase of coal. On September 24, 2012, Respondent invoked the arbitration clause under the LTA for damages on account of un-lifted quantity of coal contracted by the Appellant. The arbitral award dated May 12, 2014 (“**Award**”) was determined in favour of the Respondent, with a direction to the Appellant to pay USD 78,720,000 (US Dollars seventy-eight million seven hundred and twenty thousand) plus interest and costs for damages.
2. The Award was challenged under Section 34 of the Arbitration & Conciliation Act, 1996 (“**Arbitration Act**”) before the single judge of the High Court of Delhi (“**Delhi HC**”) but the same was dismissed. Subsequently, the order passed by the single judge of the Delhi HC was challenged before the division bench of the Delhi HC under Section 37 of the Arbitration Act and the same was allowed on March 2, 2020, setting aside the order of the single judge and consequently, the Award. This order of the division bench of the Delhi HC was challenged in the Supreme Court and on December 17, 2020, the Supreme Court restored the Award and set aside the division bench’s order. Following a review and clarification, the award attained finality.
3. Thereafter, the Respondent filed the execution petition seeking enforcement of the Award. During the proceedings in the execution petition, the Appellant filed objections under Section 47 of the CPC before a single judge of the Delhi HC² alleging that its own senior officials had colluded with the Respondent to artificially inflate the contract price of the coal. It argued that the alleged fraud and breach of fiduciary duty was only discovered and investigated

¹ Civil Appeal No. 13321 of 2025 @ Special Leave Petition (Civil) No. 14832 of 2025 (decided on November 3, 2025)

² OMP (ENF.) (COMM.) No. 19 of 2018.

later and as such, could not have been brought into record during the earlier proceedings. Additionally, the Appellant referred to the ongoing investigations being conducted by Central Bureau of Investigation (“CBI”) as a ground to halt enforcement.

4. Further to the above, the Appellant also file a civil suit praying that the Award is void and unenforceable, on the contention that an award induced by fraud cannot be arbitrated. This suit was dismissed as being not maintainable and a Regular First Appeal³ was filed and pending.
5. The Delhi HC dismissed these objections, holding that the scope of Section 47 of the CPC is limited to jurisdictional defects and cannot be invoked to reopen settled arbitral findings. The Delhi HC further observed that entertaining objections under Section 47 of the CPC during the enforcement proceedings would expose the Award to a second round of litigation, thus frustrating the legislative intent of finality and efficiency under the Arbitration Act. Hence, the Appellant filed the present appeal.

Issues

1. Whether MMTC’s objections under Section 47 of CPC, alleging fraud and breach of fiduciary duty by its own officials, rendered the arbitral award inexecutable?
2. Whether post-award allegations of fraud justify judicial intervention at the stage of execution, in the absence of such contentions at arbitral or appellate stages?

Findings and analysis

1. The Supreme Court reaffirmed the findings of the Delhi HC that objections to enforcement under Section 47 of CPC are confined to jurisdictional infirmities and decrees that are absolute nullities, errors of fact or law do not suffice. While observing that the objections in the present case is not on the ground of any inherent lack of jurisdiction, the Supreme Court underscored that objections at the execution stage form a ‘very narrow compass’, upholding the intent of the Arbitration Act to restrict judicial intervention post-finality. However, in light of the facts of the present matter, the Supreme Court was not convinced to dismiss the objections only on maintainability and hence, analysed merits.
2. The Supreme Court briefly discussed the legal parameters involving breach of fiduciary duty including the test of a ‘Reasonably Competent Director’, ‘Range of Reasonableness’ and the ‘Business Judgment Rule’ and reviewed the facts of the case. The Supreme Court cautioned against the dangers of hindsight bias when reviewing corporate decision-making and held that courts must defer to board actions taken within a reasonable range of options. Additionally, it held that adjudication authorities must assess whether the challenged conduct was so irrational or reckless that no reasonable company director (in similar circumstances) could have adopted it. Only decisions palpably outside this spectrum may attract judicial censure.
3. Applying the ‘Business Judgment Rule’, the Supreme Court observed that based on the materials furnished, the directors of the Appellant acted in a manner that a reasonable personnel / director of any company would. It further observed that the First Information Report (“FIR”) filed in this regard, which triggered the investigations by CBI was only a legal process set in motion. It does not in itself prove the allegations of fraud or render the Award inexecutable. Hence, the Supreme Court held that the Appellant failed to establish a *prima facie* case. The judgment robustly upholds the principle of finality in arbitral awards, warning against collateral challenges *via* new proceedings or criminal complaints after the award and appellate judgments have attained closure. The Supreme Court noted that the pendency of criminal investigations, like those initiated by the CBI and pending FIRs, does not and should not impede award enforcement.

³ RFA (OS) (Comm) No. 28 of 2025

Conclusion

The Supreme Court clarified that the scope and applicability of Section 47 of CPC is limited and should be exercised sparingly at the stage of enforcement of an arbitral award. Additionally, it settled law on the objections under Section 47 of CPC, which is to be exercised only when the decree suffers from fundamental jurisdictional defects or a legal nullity. It cannot be used to challenge the errors of fact or law, or revisit issues already adjudicated during the original proceedings and subsequent appeals. This verdict reaffirmed the principle of finality in arbitral proceedings and reinforced India's pro-enforcement stance, ensuring that collateral litigation cannot be used to derail settled arbitral outcomes.

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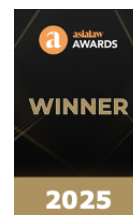
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