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The Limits of Section 31(6): Distinguishing Between Arbitral Jurisdiction and Interim Awards

Case Name: I.A. & I.C. Private Limited & Ors. v. Atul & Arkade Realty

Case No.: Commercial Arbitration Petition (L) No. 2846 of 2025

Court: Hon'ble Bombay High Court

Order Date: July 27, 2026

Facts of the Case

Petitioner No. 3 i.e., JIK Industries Limited ("**JIK**"), was declared to be a sick company by the Board for Industrial and Financial Reconstruction ("**BIFR**") in the year 2004. Thereafter, with a view to resolving the financial liabilities of JIK, its directors negotiated a one-time settlement with JIK lenders, which contemplated payment of an amount exceeding Rs. 23 crore, together with allotment of equity shares.

In the aforesaid circumstances, the directors of JIK entered into discussions with one Mr. Atul Patel, who proposed to provide the requisite funds for the purposes of the proposed buy-out. It was the case of the Petitioners that no concluded or binding arrangement was arrived at between the parties with respect to the manner in which the sum of approximately Rs. 23 crore was to be adjusted, repaid or otherwise dealt with. The Petitioners further disputed the existence of any concluded joint development arrangement and specifically denied the execution of the purported Joint Venture Agreement dated March 28, 2007 ("**JVA**"), which was alleged to embody the arrangement between the parties.

Between March and May 2007, Atul Patel remitted amounts aggregating to approximately Rs. 23 crore. Thereafter, in or around 2012, following an alleged attempt to forcibly obtain possession of the subject property and the filing of cross-complaints before the police authorities, the Petitioners claim to have, for the first time, become aware of the purported JVA.

Upon becoming aware of the purported JVA, the Petitioners expressly denied and repudiated the same and alleged that the JVA was forged, fabricated and brought into existence without their knowledge or authority. The Petitioners similarly disputed the genuineness and execution of certain documents purportedly executed in connection with the JVA, namely, the power of attorney, deed of indemnity, deed of confirmation and receipt, all of which were stated to have been executed in or around March–May 2007.

In September 2012, the Respondent invoked the arbitration clause contained in the purported JVA and, simultaneously, sought interim relief under Section 9 of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**").

Since the Petitioners specifically disputed the very existence of the arbitration agreement on the ground that the JVA itself was forged and fabricated, the proceedings fell to be considered under the legal regime prevailing prior to the 2015 amendment to the Arbitration Act. Under the then prevailing law, the Court exercising jurisdiction under Section 11 was required to conclusively determine the existence of a valid arbitration agreement.

By an order dated March 27, 2014, the Hon'ble Bombay High Court ("**Court**") directed a mini-trial for determining the issue relating to the execution and genuineness of the JVA. Evidence was thereafter led before the Hon'ble Court, including the evidence of Atul Patel as the Court Witness-1.

During the pendency of the said proceedings, the Arbitration and Conciliation (Amendment) Act, 2015 came into force. The statutory scheme thereafter contemplated that the Arbitral Tribunal would determine, in the first instance, questions concerning the existence and validity of the arbitration agreement, with the jurisdiction of the Hon'ble Court under Section 11 being confined to a prima facie examination.

In view of the aforesaid legislative change, and having regard to the order passed by the Hon'ble Supreme Court disposing of the Special Leave Petition filed by the Respondent with a request that the pending proceedings before the Hon'ble Court be disposed of, the Hon'ble Court, by order dated May 6, 2022, appointed a Sole Arbitrator.

By the said order, the Ld. Sole Arbitrator was directed to first determine, as a preliminary issues:

- whether the JVA was a legal and valid instrument; and
- whether a valid arbitration agreement existed between the parties.

The Hon'ble Court further directed that the evidence already recorded in the earlier mini-trial be read in evidence before the Ld. Arbitral Tribunal. It was expressly directed that the mandate of the Ld. Sole Arbitrator would stand terminated in the event the preliminary issue was answered against the existence of a valid arbitration agreement.

Upon consideration of the evidence of witnesses examined on behalf of the Respondent and the evidence of the handwriting expert examined on behalf of the Petitioners, the Ld. Sole Arbitrator, by order dated October 21, 2024 ("**Impugned Order**"), held that the JVA was a legal and valid instrument and was not vitiated by fraud or forgery. The Ld. Arbitrator further held that a valid arbitration agreement existed between the parties.

Aggrieved by the Impugned Order, the Petitioners instituted proceedings under Section 34 of the Arbitration Act, contending that the Impugned Order constituted an "interim award" within the meaning of Section 31(6) of the Arbitration Act and was, therefore, independently amenable to challenge under Section 34.

Issue for Determination

The principal issue before the Hon'ble Court was whether the Impugned Order dated October 21, 2024 was:

- an adjudication upon the jurisdiction of the Ld. Arbitral Tribunal under Section 16 of the Arbitration Act, in which event the same could be assailed only in a challenge to the final award in terms of Sections 16(5) and 16(6), read with Section 34; or
- an interim award within the meaning of Section 31(6), capable of being independently challenged under Section 34 of the Arbitration Act.

Rule

Section 16, Arbitration Act: An arbitral tribunal may rule on its own jurisdiction, including any objection with respect to the existence or validity of the arbitration agreement. Section 16 is an inclusive provision comprehending all preliminary issues touching the jurisdiction of the Tribunal (Uttarakhand Purv Sainik Kalyan Nigam Ltd. v. Northern Coal Field Ltd., (2020) 2 SCC 455). By virtue of Sections 16(5) and 16(6), a party aggrieved by a jurisdictional ruling under Section 16(2) must await the final Award and raise its challenge to that ruling under Section 34 at that stage.

Section 31(6), Arbitration Act: The Arbitration Act does not define “interim award” and provides only that a Tribunal may make an interim Award on any matter with respect to which it may make a final Award. In MCM Worldwide (P) Ltd. v. Construction Industry Development Council, 2026 SCC OnLine SC 717, the Hon’ble Supreme Court held that where an arbitrator decides an issue on the ground that it lacks jurisdiction, that determination is traceable to Section 16(2), regardless of the depth of the reasoning, and clarified that Indian Farmers Fertilizer Cooperative Ltd. v. Bhadra Products, (2018) 2 SCC 534, is distinguishable, as it concerned a specific application for an interim Award filed after pleadings were complete and issues framed — not an order under Section 16.

Distinction between Award and Order/Decision: Not every order or decision under the Arbitration Act constitutes an “Award”; only a decision satisfying the requirements of Section 31 qualifies. An order terminating proceedings on the ground of absence of a valid arbitration agreement, without deciding the merits of a claim, is not an Award (***Harinarayan G. Bajaj v. Sharedeal Financial Consultants Pvt. Ltd. & Anr., 2003 (2) Mh.L.J. 598***).

Doctrine of Separability: An arbitration clause is treated as an agreement independent of the other terms of the contract in which it is contained. Where a contract is superseded or novated, the arbitration clause falls with it; however, where the dispute is whether the contract is void ab initio — as opposed to discharged, frustrated or novated — the arbitration clause's operative force continues to depend on the existence and validity of that contract, and separability does not cleanly detach the two questions (***Young Achievers v. IMS Learning Resources Pvt. Ltd., (2013) 10 SCC 535***).

Findings and Analysis of the Hon’ble Court

The Hon’ble Court held that, for the purpose of determining whether an order constitutes a ruling under Section 16 or an interim award under Section 31(6), the relevant considerations are the stage of the arbitral proceedings, the nature of the order passed and the nature of the findings rendered by the Ld. Arbitral Tribunal. The mere fact that the findings may be expressed in definitive or conclusive terms is not, by itself, determinative of the character of the order.

The Hon'ble Court, upon examining the procedural history of the arbitration proceedings, held that the direction contained in the order dated May 6, 2022 requiring the Ld. Arbitrator to decide the "preliminary issue" was, in substance, a continuation before the Arbitral Tribunal of the very inquiry which, under the pre-2015 statutory regime, had been required to be undertaken by the Hon'ble Court exercising jurisdiction under Section 11.

The Hon'ble Court noted that, at the relevant stage, no statement of claim or statement of defence had been filed before the Ld. Arbitral Tribunal. The question before the Ld. Arbitrator was consequently not an adjudication upon the merits of any substantive claim, but whether the Ld. Arbitral Tribunal possessed jurisdiction at all, having regard to the Petitioners' contention that the JVA containing the arbitration clause was itself forged and fabricated.

The Hon'ble Court placed reliance upon the judgment of the Hon'ble Supreme Court **in *MCM Worldwide (P) Ltd. v. Construction Industry Development Council*, 2026 SCC OnLine SC 717**, which clarified the scope and effect of the decision in ***Indian Farmers Fertilizer Cooperative Ltd. v. Bhadra Products*, (2018) 2 SCC 534**. The Hon'ble Court held that where the Arbitral Tribunal determines an issue on the ground that it lacks jurisdiction, such determination is traceable to Section 16(2) of the Arbitration Act. Consequently, by virtue of Sections 16(5) and 16(6), an aggrieved party is required to await the final award and challenge the jurisdictional determination under Section 34 at that stage. The Hon'ble Court distinguished the decision in *Bhadra Products* on the ground that, in that case, an express application for an interim award under Section 31(6) had been made after pleadings had been completed and issues had been framed. The factual and procedural matrix in the present case was materially different, as no substantive claim had yet been placed before the Ld. Tribunal.

The Hon'ble Court rejected the Petitioners' contention founded upon the distinction between the expressions "matter" and "claim" in Section 31(6). It was held that acceptance of such an interpretation would result in every order passed by an Arbitral Tribunal under Section 16 being capable of being characterised as an interim award, thereby defeating the statutory scheme and rendering the limitations contained in

Sections 16(5), 16(6) and 37 nugatory. As regards the doctrine of separability, the Hon'ble Court distinguished cases concerning novation, rescission or supersession of a contract, where the arbitration agreement may survive independently of the underlying contract, from the present case.

In the present case, the Petitioners' challenge went to the execution of the JVA and was founded upon an allegation of forgery. The Hon'ble Court held that the issue of execution of the JVA was intrinsically and inextricably intertwined with the question concerning the existence of the arbitration agreement itself and could not, in the facts of the case, be severed and treated as an independent adjudication upon the substantive validity of the contract. The Hon'ble Court further held that the detailed examination undertaken by the Ld. Arbitrator in relation to the Ancillary Documents was undertaken for the limited purpose of determining whether the JVA had in fact been executed by the parties. The findings concerning the power of attorney, deed of indemnity, deed of confirmation and receipt were therefore treated as corroborative findings relevant to the jurisdictional inquiry and not as an adjudication upon substantive claims before the Tribunal.

The Hon'ble Court held that the Impugned Order constituted a ruling upon the jurisdiction of the Arbitral Tribunal under Section 16(2) of the Arbitration Act and did not constitute an interim award under Section 31(6). Consequently, the Hon'ble Court held that the Petitioners could not maintain an independent petition under Section 34 challenging the Impugned Order. Any challenge to the jurisdictional determination was required to be raised in proceedings under Section 34 against the final award, in accordance with Sections 16(5) and 16(6) of the Arbitration Act. The Section 34 proceedings were accordingly held to be not maintainable and were dismissed on that ground. At the same time, the Hon'ble Court granted liberty to the Petitioners to contend before the Ld. Arbitral Tribunal, in the remaining arbitration proceedings, that the findings recorded in relation to the Ancillary Documents were not conclusive or binding upon the parties for the purposes of adjudication of the substantive disputes.

Conclusion

The decision reiterates the distinction between a jurisdictional determination under Section 16 and an interim award under Section 31(6) of the Arbitration Act. The character of an order is to be determined by reference to the stage at which the order is made, the nature of the controversy before the Ld. Arbitral Tribunal and the purpose for which the findings are rendered, rather than merely by examining whether the findings are expressed to be final or conclusive. Accordingly, a party aggrieved by such a jurisdictional determination ordinarily cannot invoke Section 34 independently at that stage. The statutory remedy contemplated by Sections 16(5) and 16(6) is to raise the challenge against the determination along with the challenge to the final award under Section 34.

Specific Performance and the "Clean Hands" Doctrine: Supreme Court Clarifies the Limits of Equitable Relief

Case Name: V.N.A.S. Chandran v. S. Venila and Others

Case No.: Civil Appeal Nos. 7825-7828 of 2013

Court: Supreme Court of India

Coram: Hon'ble Justices Prashant Kumar Mishra and N.V. Anjaria

Order Date: July 31, 2026

Facts and Background

The Appellant, Shri V.N.A.S. Chandran (originally "**Defendant No. 1**"), is the owner of land and building comprised in Survey Nos. 4045 and 4047, Udhagamandalam, Nilgiris District, admeasuring 1 acre and 33 cents ("**suit property**"), which he had retained after purchasing a larger parcel from M/s. Spencer & Company Limited vide a registered sale deed dated June 9, 1994 and selling a portion thereof in July 1994.

Respondent No. 1, Mrs. S. Venila ("**Plaintiff No. 1**"), is the wife of Respondent No. 2, Shri V. Sowrirajan ("**Plaintiff No. 2**"), who, having passed away during the pendency of the Appeals, was substituted by his legal representatives. Respondent Nos. 3 to 5 are the children of Defendant No. 1 ("**Defendants Nos. 2, 3 & 4**"), and Respondent No. 6 is Shri R.P. Rajan ("**Defendant No. 5**").

By an Agreement to Sell dated April 1, 2004, Defendant No. 1 agreed to sell the suit property to Plaintiff No. 1 for a consideration of Rs. 2,25,00,000. Defendant No. 1 disputed this figure, asserting that the true agreed consideration was Rs. 2,00,00,000 and that the higher figure was recorded at Plaintiff No. 2's request to facilitate the raising of funds. The Plaintiffs likewise disputed the quantum of advance paid, asserting that Rs. 85,00,000 had been paid in total, as against Defendant No. 1's case that only Rs. 60,00,000 had been received.

On the same date, Defendant No. 1 executed a General Power of Attorney ("**Power of Attorney**") in favour of Plaintiff No. 2, authorising him, inter alia, to sell the suit property, receive consideration, deliver possession and evict occupants. Plaintiff No. 2 also issued an irrevocable undertaking letter to remit all sale consideration received by him to Defendant No. 1.

Clause 7 of the Agreement to Sell stipulated that the sale was to be completed within sixty days of the setting aside of an ex-parte preliminary decree passed against Defendant No. 1 in a pending partition suit, and Clause 13 stipulated that time was of the essence.

Towards part-payment, Plaintiff No. 2 issued a series of cheques, of which two were dishonoured for insufficient funds; the amounts under the dishonoured cheques were subsequently paid by way of instalments and cash, and acknowledged by Defendant No. 1 vide letters dated April 10, 2004 and January 13, 2005, the latter recording the balance consideration receivable as Rs. 1,40,00,000.

On April 16, 2004, Plaintiff No. 2, acting under the Power of Attorney, entered into a fresh agreement with Defendant No. 5 for sale of the suit property for Rs. 1,50,00,000 ("**sub-agreement**") and received an advance thereunder. Defendant No. 5 thereafter instituted OS No. 75 of 2005 seeking a bare injunction in respect of his rights under the sub-agreement.

By letter dated May 4, 2005, Defendant No. 1 called upon Plaintiff No. 1 to pay the balance consideration within sixty days of the setting aside of the ex-parte decree and, on the very same date, revoked the Power of Attorney by a registered Deed of Revocation, alleging misuse by Plaintiff No. 2 in executing the sub-agreement. By legal notice dated June 24, 2005, Defendant No. 1 purported to terminate the Agreement to Sell on the ground of breach by Plaintiff No. 1.

Cross-complaints followed: Defendant No. 1 lodged a complaint against Plaintiff No. 2 on September 5, 2005 before the Judicial Magistrate, Madurai, and Plaintiff No. 2, on December 27, 2005, lodged a complaint alleging cheating and criminal breach of trust, seeking recovery of Rs. 85,00,000 and requesting that Defendant No. 1 be traced by the Police. Both complaints were eventually closed.

The suit, originally instituted before the High Court of Judicature at Madras on September 13, 2005 and later transferred and renumbered as OS No. 11 of 2006 before the District Judge, Nilgiris, sought specific performance of the Agreement to Sell or, in the alternative, refund of Rs. 2,00,00,000 with interest at 24% per annum together with a charge over the suit property.

The Trial Court, by judgment dated November 22, 2007, held that Defendant No. 1 had received Rs. 85,00,000 as advance, that there was no valid assignment of Plaintiff No. 1's rights to Defendant No. 5, and that time was not strictly of the essence. However, relying on averments made by Plaintiff No. 2 in his criminal complaint seeking recovery of money and disclaiming knowledge of the subsisting injunction, and noting that Plaintiff No. 1 never stepped into the witness box to disown these averments, the Trial Court held that the Plaintiffs had not approached the Court with clean hands and were, accordingly, not entitled to the discretionary relief of specific performance under Section 20 of the Specific Relief Act, 1963, though it decreed refund of Rs. 85,00,000 with interest.

Aggrieved solely by the refusal of specific performance, the Plaintiffs preferred an appeal before the High Court of Judicature at Madras, being AS No. 443 of 2008. By the impugned judgment dated October 11, 2011, the Division Bench received additional evidence under Order XLI Rule 27 CPC, held that the criminal complaint filed by Plaintiff No. 2 was a mere counterblast that did not disentitle the Plaintiffs to relief, found that the Plaintiffs had demonstrated continuing readiness and willingness (including by producing a demand draft for Rs. 1,40,00,000 at the hearing of the appeal), set aside the Trial Court's refusal, and decreed specific performance, directing Plaintiff No. 1 to deposit the balance consideration within four weeks.

Aggrieved thereby, Defendant No. 1 preferred the instant Appeals before the Hon'ble Supreme Court.

Issue for Determination

The principal issues before the Hon'ble Court were:

- whether the suit for specific performance was maintainable in the absence of a prayer for declaratory relief that the termination of the Agreement to Sell was invalid; and
- whether the High Court was justified in reversing the Trial Court's finding that the Plaintiffs had not approached the Court with clean hands and had failed to establish continuous readiness and willingness, so as to warrant the discretionary relief of specific performance under Section 20 of the Specific Relief Act, 1963.

Rule

Section 16(c), Specific Relief Act, 1963: A plaintiff seeking specific performance must plead and prove that he has performed, or has always been ready and willing to perform, the essential terms of the contract required to be performed by him.

Section 20, Specific Relief Act, 1963: The grant of specific performance is a discretionary, equitable relief; the court is not bound to grant it merely because it is lawful to do so, and must have regard to the conduct of the parties and the circumstances of the case (***Kamal Kumar v. Premlata Joshi, 2019 INSC 16; Nanjappan v. Ramasamy, 2015 INSC 152; N.P. Thirugnanam v. Dr. R. Jagan Mohan Rao, (1995) 5 SCC 115; Major Gen. Darshan Singh v. Brij Bhushan Chaudhary, 2024 INSC 157***).

Declaratory relief and specific performance: A plaintiff is required to seek a declaration that a termination is invalid only where the contract confers upon the defendant a contractual right to terminate; where no such right exists and the contract is nonetheless terminated unilaterally, the same amounts to repudiation, and the plaintiff may treat the contract as subsisting and sue for specific performance without seeking a declaration (***Annamalai v. Vasanthi, 2025 INSC 1267***, following ***R. Kandasamy v. T.R.K. Saraswathy, 2024 INSC 884***, reconciling ***I.S. Sikandar v. K. Subramani, 2013 INSC 577*** with ***Mrs. A. Kanthamani v. Mrs. Nasreen Ahmed, 2017 INSC 202***). Maintainability on this ground must, in any event, have been raised as a specific issue before the trial court.

Order XLI Rule 22, CPC: A respondent seeking to support a decree by impugning a finding rendered against him is not required to file cross-objections, provided he seeks no relief beyond what the decree already grants him (***S. Nazeer Ahmed v. State Bank of Mysore, 2007 INSC 34***).

Continuous readiness and willingness: The plaintiff must demonstrate the availability of funds and continuous readiness and willingness from the date of the agreement till the date of the decree, having regard to his conduct both prior and subsequent to the filing of the suit (***N.P. Thirugnanam***, ***supra***; ***Janardan Das v. Durga Prasad Agarwalla, 2024 SCC OnLine 2937***).

Clean hands and conduct of the plaintiff: Even a slight doubt as to the bona fides of the plaintiff, including withholding of material facts bearing on the agreement, warrants denial of the discretionary relief of specific performance (***Muddam Raju Yadav v. B. Raja Shanker, 2026 INSC 214***). A long lapse of time between the agreement and the suit is a further factor militating against the grant of such relief (***Mrs. Saradamani Kandappan v. Mrs. S. Rajalakshmi, 2011 INSC 446***).

Findings and Analysis of the Hon'ble Court

Applying the rule in S. Nazeer Ahmed (supra) that a respondent supporting a decree may impugn an adverse finding without filing cross-objections provided no additional relief is sought, the Hon'ble Court held that Defendant No. 1, having sought only to sustain the Trial Court's refusal of specific performance, was entitled to assail the High Court's finding on readiness and willingness without having filed cross-objections.

Applying the rule in Annamalai (supra) — that a declaratory prayer challenging termination is necessary only where the contract confers upon the defendant a contractual right of unilateral termination, absent which the termination amounts to repudiation that the plaintiff may treat as ineffective — the Hon'ble Court held that, since the Agreement to Sell conferred no such right upon Defendant No. 1, the Plaintiffs were not obliged to seek a declaration and the suit for specific performance was maintainable without one. Applying the further, independent principle in R. Kandasamy and Kanthamani (supra) that maintainability on this ground must have been raised as a specific issue before the court of first instance, the Hon'ble Court held that, the Trial Court having in any event framed and decided the issue of the validity of the termination, no objection to maintainability survived for consideration.

Applying the rule that continuous readiness and willingness is to be assessed with reference to the conduct of the plaintiff, both prior and subsequent to the institution of the suit (N.P. Thirugnanam, supra), the Hon'ble Court held that Plaintiff No. 1's failure to enter the witness box, and her consequent inability to disown the averments made by Plaintiff No. 2 in his own criminal complaint, together with Defendant No. 1's testimony that Plaintiff No. 1 had not met the demand for funds, sufficed to displace the Plaintiffs' case on readiness and willingness, notwithstanding the absence of a specific pleading on that count.

Applying the rule that a plaintiff must establish the availability of funds and continuous readiness and willingness at all material times from the date of the agreement till the execution of the decree, and not merely at the terminal stage of the litigation (N.P. Thirugnanam and Janardan Das, supra), the Hon'ble Court held that the High Court had erred in founding its finding of readiness and willingness upon a demand draft produced only at the close of the appellate hearing. On the same principle, the dishonour of two cheques issued by the Plaintiffs, and the non-disclosure of the Memorandum of Understanding dated April 28, 2005 in their pleadings, were held to corroborate the absence of funds and readiness at the relevant times rather than to establish it.

Applying the rule that even a slight doubt as to the bona fides of the plaintiff, including the withholding of material facts bearing on the agreement, warrants denial of the discretionary relief of specific performance (Muddam Raju Yadav, supra), the Hon'ble Court held that the High Court had erred in characterising Plaintiff No. 2's criminal complaint as a benign counterblast. Applying this rule, a retaliatory motive was held not to justify the lodging of a complaint expressly seeking recovery of the sale consideration — relief inconsistent with a subsisting claim for specific performance — and the Hon'ble Court accordingly declined to excuse the complaint as mere counterblast, being conduct of the kind Courts generally deprecate in this context.

Applying the same clean-hands principle, and having regard to the settled rule that a party cannot approbate and reprobate, the Hon'ble Court held that Plaintiff No. 1, having neither disowned her husband's conduct nor entered the witness box, could not escape the consequences of his averments merely because the complaint was lodged by him alone, the Plaintiffs being disentitled to treat themselves as a composite unit when convenient and as disaggregated individuals when not.

Applying the same principle to the Plaintiffs' conduct in the parallel proceedings, the Hon'ble Court held that the assertion, in OS No. 75 of 2005, that the rights under the Agreement to Sell stood assigned to Defendant No. 5 with Defendant No. 1's knowledge and consent — as against the contrary position taken in the present proceedings — amounted to the adoption of materially inconsistent and irreconcilable stands, a further circumstance weighing against the grant of equitable relief.

Applying the rule that hardship to the defendant and a long lapse of time since the agreement are recognised factors bearing upon the exercise of discretion under Section 20 of the Specific Relief Act, 1963 (Kamal Kumar and Saradamani Kandappan, supra), the Hon'ble Court held that the passage of over two decades since the Agreement to Sell, the advanced age of Defendant No. 1, and the death of Plaintiff No. 2, rendered it inequitable to compel specific performance.

On a cumulative application of the foregoing principles governing the discretionary and equitable character of the relief under Section 20 of the Specific Relief Act, 1963, the Hon'ble Court held that the High Court had erred in disturbing the Trial Court's exercise of discretion. Accordingly, the Hon'ble Court allowed the Appeals, set aside the impugned judgment and decree of the High Court, and restored the judgment and decree of the Trial Court, permitting the Plaintiffs to withdraw the amount of Rs. 1,40,00,000 deposited by them, together with accrued interest, with no order as to costs.

Conclusion

The decision reaffirms that the grant of specific performance under Section 20 of the Specific Relief Act, 1963 remains a discretionary, equitable remedy that turns not merely on the existence of a concluded contract but on the continuous readiness and willingness and the overall conduct of the plaintiff, assessed from the date of the agreement till the date of the decree. A plaintiff who invokes criminal process seeking recovery of money in terms inconsistent with a claim for specific performance, who withholds material facts, or who adopts inconsistent positions across proceedings, cannot be regarded as having approached the Court with clean hands, irrespective of the availability of funds demonstrated at a late stage of the litigation. The decision further clarifies that a declaratory prayer challenging termination is necessary only where the contract confers a contractual right of unilateral termination, and that a respondent supporting a decree may impugn an adverse finding without filing cross-objections, provided no additional relief is sought.

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Warm Regards,

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