
Hindustan Construction Company Ltd. vs Bihar Rajya Pul Nirman Niam Ltd.

Citation: 2025 INSC 1365

Facts of the case

A dispute arose between Hindustan construction company ltd. (HCC) and Bihar Rajya Pul Nirman Nigam Ltd. (BRPNN) under their construction contract and went to arbitration, where the arbitrator issued an award in favour of HCC. BRPNN challenged this award under *section 34*, but the petition was filed beyond the maximum permissible time limit of 3 months + 30 days. The High Court accepted BRPNN's explanation of administrative delay and condoned the delay.

The Supreme Court held that the time limit in *Section 34(3)* is absolute, and the phrase "but not thereafter" means that even a single day beyond this cannot be condoned. *Section 5* of the Limitation Act of 1963 does not apply. Therefore, the High Court had no authority to condone the delay, and its decision was set aside.

Issues

1. Can the court overlook the delay exceeding the total limit of 3 months + 30 days in *section 34(3)*?

Arguments

Appellant (Hindustan Construction Company)

The arbitral award is valid because the arbitrator made the decision based on the terms of the contract, the evidence, and the actual status of the work. BRPNN did not fulfil its contractual obligations. Due to delays in design, land availability, and permissions, the project was halted and this was not our fault. Therefore, there is no legal error in the Arbitrator's findings. The court should not re-evaluate the evidence; an award can be set aside only if there is a clear legal error. BRPNN's grounds for setting aside the award are baseless. Their objections are technical and amount to seeking a "re-appreciation" of evidence, which is not permitted under the law.

Respondent (Bihar Rajya Pul Nirman Nigam)

The Arbitrator incorrectly interpreted the contract, which led to misunderstanding some important clauses and drawing wrong conclusions. The evidence was not examined properly; certain documents and technical reports were ignored, making the award "non-transparent." The award is against public policy because incorrect financial liability relating to a government-funded public project should not be imposed on HCC. Therefore, the Arbitrator exceeded his jurisdiction. Some claims were not even within the scope of arbitration, yet the arbitrator still decided on them.

Court observation

The court observation that the limitation period of 3 months + 30 days in *section 34(3)* is absolute and courts cannot condone even a single day beyond it. *Section 5* of the Limitation Act, 1963 does not apply to challenges against arbitral awards. Government departments cannot justify delay on grounds of administrative procedure. The Arbitration Act aims for

speedy, final decision, and the High Court exceeded its jurisdiction by condoning an impermissible delay, therefore the arbitral award in favour of HCC was restored.

Judgement

The Supreme Court upheld the arbitral award in favour of HCC and set aside Patna High Court's judgment that had annulled the award; the court cannot re-examine evidence. Under *section 34* of the Arbitration and Conciliation Act of 1996, the court's role is limited and it cannot reassess the evidence, cannot draw its own conclusions, and cannot act as if it were the arbitrator.

The Supreme Court held that if the Arbitrator's interpretation of the contract is reasonable, then even if another interpretation is possible, the court cannot interfere. In this case, the arbitrator had properly examined the contractual terms, delays, responsibilities, and technical aspects. BRPNN had argued that the award was against public policy. The Supreme Court clarified that 'public policy' applies only when the award is clearly illegal, shocks the conscience, or violates the fundamental policy of Indian law. None of these conditions existed in this case. The arbitrator had not exceeded his jurisdiction. The court stated that all the issues decided by the arbitrator were within the scope of the contract, and nothing was decided outside that scope. Therefore, the High Court had wrongly reassessed facts; thus, High Court's judgment was set aside.

Conclusion

The Supreme court concluded that the delay in filling the *section 34* petition was beyond the statutory limit and therefore could not be condoned. It reaffirmed that *section 34(3)* imposes a strict and non-extendable deadline, and neither *section 5* of the limitation act nor administrative delays can override it. Since the High Court acted beyond its authority by following the delayed petition, its order was set aside, and the arbitral award in favour of HCC was restored as final and binding.