



CASELINE: THE LEGAL BRIEF

The Hon'ble Supreme Court, in *Nagaraj V. Mylandla v. PI Opportunities Fund-I & Ors.*, delivered a significant judgment concerning enforcement of foreign arbitral awards under Part II of the Arbitration and Conciliation Act, 1996 ("Arbitration Act"), particularly in the context of shareholder exit rights, cross-border investment agreements, and the limited scope of judicial interference permissible under Section 48 of the Arbitration Act.

The dispute arose out of a Share Acquisition and Shareholders Agreement dated October 10, 2014 ("SASHA") executed between Financial Software and Systems Private Limited ("FSSPL"), its promoters including Nagaraj V. Mylandla and Sharada Mylandla (hereinafter, "**Appellants**"), and investor entities including PI Opportunities Fund-I, Millennia FVCI Limited, and NYLIM Jacob Ballas India entities (collectively, "**Respondents**").

FSSPL was engaged in digital payment and transaction processing services and operated through multiple business verticals, including CashTech and PayTech. Pursuant to the SASHA, the Respondents acquired substantial shareholding in FSSPL and were contractually assured structured exit rights in the event a Qualified Initial Public Offering ("QIPO") did not materialise within the stipulated timeline.



The SASHA incorporated a detailed contractual exit framework, which contemplated multiple exit mechanisms, including:

- secondary sale of investor shareholding;
- buy-back of shares;
- IPO-based exit; and
- strategic sale rights in the event of material breach.

The SASHA further stipulated that failure to provide an exit to the Respondents would constitute a material breach entitling the Respondents to invoke contractual remedies including damages and strategic sale rights.

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As the contemplated QIPO did not materialise and the Respondents were allegedly denied a viable exit despite repeated notices and negotiations, disputes arose between the parties. The Respondents accordingly invoked arbitration proceedings under the Rules of the Singapore International Arbitration Centre ("SIAC"), as the SASHA contained an arbitration clause providing for Singapore-seated arbitration governed by Indian law.



By unanimous arbitral award dated July 05, 2024, the SIAC Tribunal held that FSSPL and the Appellants had breached their contractual obligations to provide exit rights to the Respondents and awarded substantial monetary damages corresponding to the agreed contractual exit price. The Tribunal further directed that in the event the awarded sums were not paid within ninety days, the Respondents would be entitled to enforce a strategic sale under the SASHA.

The award was subsequently challenged before the Singapore High Court. However, the Singapore High Court rejected the challenge and upheld the award. Thereafter, the Respondents initiated enforcement proceedings before the Madras High Court under Sections 47 to 49 of the Arbitration Act. By judgment dated September 22, 2025, the Madras High Court held the award enforceable as a decree under Section 49 of the Arbitration Act.

Aggrieved thereby, the Appellants approached the Supreme Court contending inter alia that enforcement of the award would be contrary to the “public policy of India” under Section 48(2)(b) of the Arbitration Act.

I. LEGAL FRAMEWORK

The dispute principally involved interpretation of Part II of the Arbitration Act governing enforcement of foreign arbitral awards under the New York Convention framework.



- i. Sections 44 to 49 of the Arbitration Act governing recognition and enforcement of foreign arbitral awards;
- ii. Section 48(1)(b), which permits refusal of enforcement where a party was unable to present its case;
- iii. Section 48(2)(b), which permits refusal of enforcement where enforcement would be contrary to the public policy of India;
- iv. The scope of “fundamental policy of Indian law” within the meaning of Section 48;
- v. Principles governing limited judicial interference with foreign arbitral awards; and
- vi. The doctrine of transnational issue estoppel in the context of foreign award enforcement proceedings.

II. ISSUES BEFORE THE COURT

The Supreme Court considered the following principal questions:



1. Whether enforcement of the foreign arbitral award would be contrary to the public policy of India under Section 48(2)(b) of the Arbitration Act;
2. Whether the arbitral award effectively directed an impermissible buy-back of shares in violation of the Companies Act, 2013;
3. Whether the reliefs granted by the SAIC Tribunal violated principles governing specific performance and contractual remedies under Indian law;
4. Whether the Respondents had pursued mutually inconsistent contractual remedies under the SASHA;
5. Whether issues already considered by the Singapore High Court could be reagitated before Indian enforcement courts; and
6. Whether the Madras High Court was justified in enforcing the award as a decree under Section 49 of the Arbitration Act.



III. JUDICIAL ANALYSIS

A. Limited Scope of Interference under Section 48

The Supreme Court reaffirmed the narrow and restrictive scope of judicial interference permissible at the stage of enforcement of foreign arbitral awards.

The Supreme Court observed that enforcement courts are not expected to undertake a merits review of the arbitral award or reassess factual and contractual findings rendered by the arbitral tribunal. Further, the Court reiterated that India follows a strong pro-enforcement approach in relation to foreign arbitral awards under the New York Convention framework.

Relying upon ***Vijay Karia v. Prysmian Cavi E Sistemi SRL***, the Supreme Court held that objections under Section 48 must be construed narrowly and enforcement may be refused only where the award violates the most fundamental and non-negotiable principles forming part of the public policy of India.

The Court clarified that mere contravention of a statutory provision or possible error in interpretation or application of Indian law, would not by itself render a foreign arbitral award contrary to the “fundamental policy of Indian law” under Section 48 of the Arbitration Act.



B. Distinction between Buy-Back of Shares and Contractual Exit Mechanism

A principal contention advanced by the Appellants was that the arbitral award effectively directed an unlawful buy-back of shares contrary to the provisions of the Companies Act, 2013.

Rejecting the contention, the Supreme Court affirmed the findings of the Madras High Court that the award did not direct FSSPL to undertake a statutory buy-back of shares. Instead, the award essentially granted damages arising from breach of contractual exit obligations under the SASHA.

The Supreme Court recognised a distinction between:

- a statutory buy-back undertaken by a company under company law; and
- surrender or transfer of shares pursuant to enforcement of contractual exit rights and payment of damages under a shareholder's agreement.

The Supreme Court observed that surrender of shares by the Respondents upon receipt of awarded sums was intended only to prevent double recovery and did not alter the essential nature of the award. The Court further held that even assuming some regulatory implication under company law, the same would not rise to the level of violating the fundamental policy of Indian law so as to justify refusal of enforcement under Section 48.



C. Sale Mechanism and Contractual Remedies

The Appellants further contended that the arbitral tribunal had impermissibly granted both damages and specific performance through the strategic sale mechanism contemplated under the award.

The Supreme Court rejected the argument and held that the strategic sale mechanism was merely a contingent contractual enforcement measure intended to secure recovery of awarded damages in the event of non-payment by the Appellants.

The Court observed that the arbitral tribunal had primarily awarded monetary damages corresponding to the agreed contractual exit price. The strategic sale mechanism would arise only upon default in payment and therefore could not be treated as an impermissible decree for specific performance.

The Court further reiterated that alleged inconsistency with provisions of Indian law governing contractual remedies would not automatically render a foreign award unenforceable under Section 48.

D. Transnational Issue Estoppel and Finality of Foreign Awards

The Supreme Court also considered the effect of the unsuccessful challenge mounted by the Appellants before the Singapore High Court.



The Court recognised the doctrine of transnational issue estoppel and held that parties cannot repeatedly reopen issues that were already considered and rejected by the supervisory court at the juridical seat of arbitration.

The Court observed that permitting parties to reagitate substantially identical objections before enforcement courts would undermine finality of arbitral proceedings and defeat the objectives underlying the New York Convention regime.

The Supreme Court particularly noted that several objections subsequently urged before the Indian courts either had already been raised before the Singapore High Court or could and ought to have been raised before the supervisory court.

E. Public Policy of India under Section 48

The Supreme Court reiterated that the expression “public policy of India” under Section 48 must receive a narrow interpretation consistent with India’s obligations under the New York Convention. The Court held that enforcement may be refused only where the award shocks the conscience of the Court or violates foundational legal principles forming part of India’s basic legal order.





The Court clarified that:

- contractual interpretation undertaken by the arbitral tribunal;
- alleged errors of law or fact;
- possible statutory infractions; or
- dissatisfaction with the merits of the award

would not justify refusal of enforcement under Section 48.

The Court ultimately concluded that the objections raised by the Appellants constituted an impermissible attempt to reopen the merits of the arbitral award under the guise of a public policy challenge.

IV. DECISION AND KEY TAKEAWAYS

The Supreme Court upheld the judgment of the Madras High Court enforcing the SIAC arbitral award under Sections 47 to 49 of the Arbitration Act and rejected all objections raised by the Appellants under Section 48.

Reaffirming India's pro-enforcement approach towards foreign arbitral awards under the New York Convention framework, the Supreme Court reiterated that judicial interference at the enforcement stage remains extremely limited.



The Court emphasised that enforcement proceedings under Section 48 are not intended to function as appellate proceedings against foreign arbitral awards and that enforcement courts cannot undertake a merits review or reassess contractual and factual findings rendered by the arbitral tribunal.

The Supreme Court held that the public policy exception under Section 48 must receive a narrow construction and may be invoked only in exceptional circumstances involving violation of the most fundamental and non-negotiable principles forming part of Indian public policy. It reaffirmed that mere statutory contravention or alleged errors in interpretation or application of Indian law would not lead to foreign arbitral award in violation of the public policy of India.

The Supreme Court further held that:

- the arbitral award did not direct an unlawful buy-back of shares but merely enforced contractual exit obligations under the SASHA;
- the strategic sale mechanism under the award was only a contingent enforcement measure to secure recovery of the awarded sums and did not amount to impermissible specific performance;



- principles of transnational issue estoppel prevent parties from reopening issues already considered, or capable of being considered, by the supervisory court at the seat of arbitration; and
- the objections raised by the Appellants amounted to an impermissible attempt to reopen the merits of the arbitral award under the guise of a public policy challenge.

The judgment therefore strengthens certainty, finality, and enforceability in cross-border commercial arbitration involving Indian parties.

