

IN THE SUPREME COURT OF INDIA
EXTRAORDINARY APPELLATE JURISDICTION

SPECIAL LEAVE PETITION (C) NO. 4985 OF 2026

**TAGROS CHEMICALS INDIA
PRIVATE LIMITED**

...PETITIONER

VERSUS

**UNITED INDIA INSURANCE
COMPANY LIMITED**

...RESPONDENT

ORDER

1. The challenge raised in this Special Leave Petition is to the order dated 09.01.2026 passed by the learned Single Judge of the Madras High Court upholding the maintainability of the petition filed under Section 34 of the Arbitration and Conciliation Act, 1996¹ wherein an order passed by the Sole Arbitrator on 27.10.2025 rejecting the Section 16 application under the said Act was challenged.

2. In arbitration proceedings arising between the parties pursuant to the Industrial All Risks Policy dated 27.05.2019, the respondent herein raised an objection under Section 16 of the said Act, challenging the initiation of the arbitration proceedings

1 For short “the said Act”

on the ground that the dispute raised by the petitioner with regard to business interruption loss was non-arbitrable. The Sole Arbitrator after hearing the parties rejected the said objection raised by the respondent and held that the arbitration proceedings could be continued on merits.

3. Being aggrieved, the respondent filed a petition under Section 34 of the said Act challenging the order dated 27.10.2025. An objection was raised to the maintainability of the petition filed under Section 34 of the said Act, on the ground that the order passed under Section 16 of the said Act could not be challenged under Section 34 of the said Act.

4. The learned Single Judge by the impugned order held that the order passed by the Sole Arbitrator on the application filed under Section 16 of the said Act had the character of an interim award and, therefore, the petition filed under Section 34 of the said Act for challenging that order was maintainable.

5. After hearing the learned counsel for the parties and after perusing the material on record, we are of the view that instead of interdicting the arbitration proceedings at an interim stage, when the Sole Arbitrator is seized of the matter, the interests of justice would be served by reserving the rights of the parties to

raise all challenges, including the challenge raised in the present proceedings only at the conclusion of the arbitration proceedings and passing of the award, if the occasion arises.

6. Accordingly, the Special Leave Petition is disposed of by keeping all aspects open for being raised before the Sole Arbitrator for consideration with a liberty to the aggrieved parties to raise all grounds of challenge under Section 34 of the said Act. It is clarified that the Sole Arbitrator shall consider all issues raised by the parties and that the observations made in the order dated 27.10.2025 passed under Section 16 of the said Act shall not come in the way of either of the parties during the arbitration proceedings.

7. Pending applications, if any, also stand disposed of accordingly.

.....J.
[J.K. MAHESHWARI]

.....J.
[ATUL S. CHANDURKAR]

**NEW DELHI,
FEBRUARY 13, 2026.**

