



2026:DHC:2366-DB



\$~

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

%

*Judgment reserved on: 16.03.2026**Judgment pronounced on: 23.03.2026**Judgment uploaded on: 23.03.2026*+ **FAO (COMM) 75/2026, CM APPL. 16133/2026 and CM APPL. 16134/2026****SHYAM SUNDER**

.....Appellant

Through: **Mr. K.S. Sharma, Adv.**

versus

SURENDER SINGH VERMA & ANR.RespondentsThrough: **Mr. Akhil Mittal, Ms. Riddhi Jain and Ms. Shayna Das Pattayanayak, Advs.****CORAM:****HON'BLE MR. JUSTICE ANIL KSHETARPAL****HON'BLE MR. JUSTICE AMIT MAHAJAN****J U D G M E N T****ANIL KSHETARPAL, J.:**

1. Through the present Appeal under Section 37 of the Arbitration and Conciliation Act, 1996¹ [hereinafter referred to as 'A&C Act'], the Appellant assails the correctness of the Judgment dated 23.12.2025 [hereinafter referred to as the 'Impugned Judgment'] passed by the learned District Judge in a petition instituted under Section 34 [hereinafter referred to as the 'Section 34 Petition'] of the A&C Act². By way of the Impugned Judgment, the learned District Judge has declined interference with the Arbitral Award dated 03.06.2025 [hereinafter referred to as the 'Award'] and has upheld the

¹ Section 37² Section 34



2026:DHC:2366-DB



same.

2. The challenge laid by the Appellant in the Section 34 Petition was directed against the findings returned by the learned Sole Arbitrator [hereinafter referred to as the 'Tribunal'] in respect of its claims arising out of a Collaboration Agreement executed between the parties. The Appellant contended that the Award suffered from patent illegality, inasmuch as material evidence had been ignored, findings had been returned in the absence of proof, and reliance had been placed upon documents which were neither duly proved nor admissible in evidence. The learned District Judge, however, found no ground to interfere and dismissed the Section 34 Petition.

3. Since the present Appeal arises under Section 37 against an order refusing to set aside the Award, the scope of interference is necessarily circumscribed. The question that arises for consideration is whether the learned District Judge committed any error warranting appellate interference while declining to set aside the Award.

FACTUAL MATRIX:

4. Before examining the rival submissions advanced on behalf of the parties, it would be appropriate to briefly notice the factual background giving rise to the present Appeal.

5. The Appellant is engaged in the business of construction, whereas Respondent No.1 is the owner of property bearing No.1302/13, Khasra No.93, Govindpuri, Kalkaji, New Delhi, admeasuring 185 sq. yds [hereinafter referred to as 'subject property'].

Respondent No.2 is the son of Respondent No.1. The disputes

Signature Not Verified

Signed By: JAI
NARAYAN
Signing Date: 23.03.2026
17:33:49

FAO(COMM)75/2026

Page 2 of 13



2026:DHC:2366-DB



between the parties arise out of a Collaboration Agreement dated 25.05.2013 [hereinafter referred to as 'Collaboration Agreement'] executed between the Appellant and the Respondent No.1 in respect of the subject property.

6. In terms of the Collaboration Agreement, the Appellant was entrusted with the obligation of undertaking construction from the first floor up to the terrace, comprising multiple residential units, while the ground floor remained with the Respondent No.1. As per the Collaboration Agreement, upon completion of construction, six flats would be allocated to the Appellant.

7. During the continuance of the said arrangement, Respondent No.1 executed a registered Gift Deed transferring an undivided 50% share in the property in favour of Respondent No.2. It is the case of the Appellant that the said transfer, coupled with the subsequent conduct of Respondent No.2, impeded the progress of construction. The Respondents, however, dispute the said allegation.

8. According to the Appellant, as urged in the Section 34 Petition, substantial investments were made towards construction, and the work stood completed up to the agreed stage by the year 2016. It is alleged that notwithstanding such completion, the Respondents failed to convey title and possession of the six flats agreed to be allotted to the Appellant and, instead, dealt with certain portions of the property in favour of third parties.

9. The Respondents, on the other hand, contend that the Appellant was in breach of the Collaboration Agreement, having undertaken unauthorized construction, which led to the property being sealed by

Signature Not Verified

Signed By: JAI
NARAYAN
Signing Date: 23.03.2026
17:33:49

FAO(COMM)75/2026

Page 3 of 13



2026:DHC:2366-DB



the Municipal Corporation of Delhi [hereinafter referred to as 'MCD'], besides initiation of criminal proceedings. It is further their case that the Appellant repeatedly sought extensions, failed to adhere to the contractual stipulations, and eventually withdrew from the project.

10. It is further the stand of the Respondents that the parties brought the Collaboration Agreement to an end by executing a Cancellation Agreement dated 08.03.2017 [hereinafter referred to as 'Cancellation Agreement'], along with certain receipts and undertakings, under which the Appellant is stated to have accepted full and final settlement of all claims arising out of the arrangement.

11. In view of the disputes that arose between the parties in the course of execution of the Collaboration Agreement, *inter alia*, in relation to alleged breaches, financial claims, and the rights and obligations flowing from the said arrangement, the Appellant instituted a civil suit seeking injunctive relief. During the proceedings, the parties agreed to refer the dispute to arbitration in terms of the arbitration clause contained in the Collaboration Agreement.

12. A learned Sole Arbitrator [hereinafter referred to as the 'Tribunal'] was appointed to adjudicate the disputes between the parties. Upon consideration of the material on record and the submissions advanced, the Tribunal rendered the Award dated 03.06.2025, whereby the claims of the Appellant came to be rejected.

13. Aggrieved by the Award, the Appellant instituted the Section 34 Petition, assailing the Award, *inter alia*, on the ground that the same suffered from patent illegality, perversity and non-consideration of

Signature Not Verified

Signed By: JAI
NARAYAN
Signing Date: 23.03.2026
17:33:49

FAO(COMM)75/2026

Page 4 of 13



2026:DHC:2366-DB



material evidence.

14. The learned District Judge, *vide* the Impugned Judgment dated 23.12.2025, declined to interfere with the Award and dismissed the Section 34 Petition, primarily holding that the findings returned by the Tribunal were based on appreciation of evidence and did not warrant interference within the limited scope of Section 34. It was further observed that the objections raised by the Appellant essentially sought re-appreciation of evidence, which is impermissible in proceedings under Section 34.

15. Aggrieved by the dismissal of the Section 34 Petition, the Appellant has preferred the present Appeal under Section 37.

16. In the aforesaid backdrop, we proceed to notice the submissions advanced on behalf of the parties.

CONTENTIONS OF THE PARTIES:

17. Heard learned counsel for the parties and, with their able assistance, perused the material on record.

18. Learned Counsel representing the Appellant submits as under:

i. The learned District Judge has rejected the challenge without examining whether the findings of the Tribunal were supported by legally admissible evidence or suffered from patent illegality, and has merely affirmed the Award.

ii. The Award is founded upon the alleged Cancellation Agreement dated 08.03.2017, which was specifically disputed and not proved in accordance with law. Despite this, the Tribunal



2026:DHC:2366-DB



relied upon the same, and the learned District Judge erroneously treated the issue as one of mere appreciation of evidence.

iii. The findings regarding alleged payments, including cash transactions, are based on no evidence, in the absence of any documentary material, financial trail, or corroboration, rendering the Award perverse. This aspect has been overlooked in the Impugned Judgment.

iv. Material evidence on record, including documents reflecting inconsistencies in the Respondents' case and lack of proof of expenditure, has been ignored by the Tribunal, which the learned District Judge has failed to consider.

v. The findings of the Tribunal are contrary to the terms of the Collaboration Agreement and the contractual obligations of the parties, thereby attracting the ground of patent illegality.

19. *Per contra*, learned Counsel representing the Respondents submits as under:

i. The scope of interference under Section 37 of the A&C Act does not permit re-appreciation of evidence or substitution of the Court's view for that of the Tribunal.

ii. It is submitted that the Tribunal has rendered a detailed and reasoned Award upon due consideration of the pleadings, evidence, and material on record, and the findings returned therein are plausible and within its jurisdiction.

iii. The learned District Judge has correctly held that the



2026:DHC:2366-DB



objections raised by the Appellant essentially seek a re-evaluation of evidence and reassessment of factual findings, which is impermissible under Section 34.

iv. It is further submitted that the findings relating to the Cancellation Agreement, as well as the transactions between the parties, are pure findings of fact based on appreciation of evidence, including documents and oral testimony, and are not open to interference in proceedings under Sections 34 or 37.

20. No other submissions have been advanced by learned counsel for the parties.

ANALYSIS AND FINDINGS

21. This Court has considered the submissions advanced by learned Counsel for the parties.

22. At the outset, it would be apposite to delineate the scope of interference in an Appeal under Section 37. It is well-settled that the jurisdiction of the appellate court under Section 37 is circumscribed and does not extend beyond the parameters laid down under Section 34.

23. The Hon'ble Supreme Court in *MMTC Ltd. v. Vedanta Ltd.*³ has held that while exercising jurisdiction under Section 37, the Court cannot undertake an independent assessment of the merits of the arbitral award and is only required to examine whether the court exercising jurisdiction under Section 34 has acted within the confines



2026:DHC:2366-DB



of the provision.

24. Similarly, in *Punjab State Civil Supplies Corpn. Ltd. v. Sanman Rice Mills*⁴, it has been held that the appellate court, while exercising powers under Section 37, does not sit in Appeal over the arbitral award and cannot re-appreciate the evidence. The scope of interference is confined to examining whether the court under Section 34 has either exceeded its jurisdiction or failed to exercise jurisdiction vested in it.

25. Further, a three-judge Bench of the Hon'ble Supreme Court in *UHL Power Co. Limited v. State of Himachal Pradesh*⁵ has reiterated that the jurisdiction under Section 37 is even more circumscribed than that under Section 34, and the appellate court must exercise restraint and cannot substitute its own view for that of the Tribunal.

26. The principle that the Court does not sit in Appeal over the findings of the Tribunal has also been emphasized in *McDermott International Inc. v. Burn Standard Co. Ltd. & Ors.*⁶, wherein it has been observed that the role of the Court is supervisory in nature and intervention is warranted only in limited circumstances such as patent illegality, violation of natural justice, or jurisdictional error.

27. The Courts have adopted the same consistent view in a catena of decisions, a few of which may be adverted to, namely, *Vedanta Ltd. v. Shenzhen Shandong Nuclear Power Construction Co. Ltd.*⁷;

⁴ 2024 SCC OnLine SC 2632

⁵ (2022) 4 SCC 116

⁶ (2006) 11 SCC 181

⁷ (2019) 11 SCC 465



2026:DHC:2366-DB



***ONGC Ltd. Western Geco International Ltd.*⁸; *Numaligarh Refinery Ltd. v. Daelim Industrial Co. Ltd.*⁹; *Tata Hydro-Electric Power Supply Co. Ltd. v. Union of India*¹⁰; *Ssangyong Engg. & Construction Co. Ltd. v. NHAI*¹¹; and, *NHAI v. M. Hakeem*¹².**

28. Thus, it is well-settled that an Appeal under Section 37 is not an avenue for re-appreciation of evidence or re-evaluation of factual findings. The enquiry is limited to examining whether the learned Court under Section 34 has applied the correct legal principles and whether the Award suffers from any infirmity falling within the limited grounds of interference recognized under the A&C Act.

29. Tested on the aforesaid principles, the contentions advanced on behalf of the Appellant are required to be examined.

30. The principal challenge raised by the Appellant centres around the reliance placed by the Tribunal on the Cancellation Agreement dated 08.03.2017, which, according to the Appellant, was neither proved in accordance with law nor admissible in evidence. It is urged that the findings founded thereon stand vitiated, and that the learned District Judge has failed to properly examine this aspect.

31. A perusal of the Award, however, indicates that the Tribunal has not treated the said document in isolation, but has assessed it in conjunction with the attendant circumstances, including the conduct of the parties, contemporaneous material, and oral evidence led during

⁸ (2014) 9 SCC 263

⁹ (2007) 8 SCC 466

¹⁰ (2003) 4 SCC 172

¹¹ (2019) 15 SCC 131

¹² (2021) 9 SCC 1



2026:DHC:2366-DB



the arbitral proceedings. The Tribunal has, upon such evaluation, returned a categorical finding as to the existence and effect of the Cancellation Agreement.

32. In particular, the Tribunal has extracted and relied upon the contents of Ex. CW1/R-8, which records receipt of a sum of Rs. 60,00,000/-, comprising consideration towards two flats as well as cash payment, expressly acknowledged as a “full and final settlement” against Cancellation Agreement. The Tribunal has treated this document as a contemporaneous acknowledgment of settlement, bearing directly on the Appellant’s rights and obligations.

33. The Tribunal has further disbelieved the Appellant’s attempt to dilute the evidentiary value of the said document by alleging that signatures were obtained on blank papers, noting that no foundational pleading or cogent evidence was led in support of such a plea. The absence of any such averment, coupled with lack of substantiating material, has been held to be fatal to the Appellant’s case.

34. Additionally, the Tribunal has placed reliance upon the admissions of CW1 in cross-examination, particularly with respect to his signatures on the sale deeds executed in favour of third parties. From this, the Tribunal has drawn an adverse inference that the transactions were undertaken with the knowledge, consent, and for the ultimate benefit of the Appellant, thereby reinforcing the Respondent’s case regarding settlement and adjustment of rights.

35. The Tribunal has also taken into account the admitted execution of documents evidencing extension of the Collaboration Agreement, as well as its eventual cancellation. The inconsistency in the

Signature Not Verified

Signed By: JAI
NARAYAN
Signing Date: 23.03.2026
17:33:49

FAO(COMM)75/2026

Page 10 of 13



2026:DHC:2366-DB



Appellant's stand, admitting signatures at some places while denying at others, has been held insufficient to dislodge the documentary evidence proved against him.

36. On a cumulative assessment of the documentary record and oral evidence, including the admissions elicited in cross-examination, the Tribunal has concluded that the Claimant failed to discharge the burden of proof and, in fact, corroborated the defence set up by the Respondent. The finding as to the validity and effect of the Cancellation Agreement is thus rooted in appreciation of evidence and cannot be characterised as perverse or based on no evidence.

37. The learned District Judge, while dealing with this contention, has specifically noted that the objection raised by the Appellant pertains to the manner of appreciation of evidence and the weight to be assigned thereto. It has been held that once the Tribunal has considered the material on record and taken a plausible view, the Court, in exercise of jurisdiction under Section 34, cannot reassess the sufficiency of such material or substitute its own conclusions.

38. This Court finds no infirmity in the aforesaid approach. The question whether a document stands proved, as well as the evidentiary value to be attached to it, falls within the domain of appreciation of evidence led by the parties. The distinction between a finding based on "no evidence" and one based on appreciation of available material must be borne in mind. In the present case, the findings of the Tribunal cannot be said to be unsupported by evidence so as to warrant interference within the limited scope of Section 34 or, *a fortiori*, under Section 37.



2026:DHC:2366-DB



39. Insofar as the contention relating to alleged payments, including cash transactions, is concerned, the Tribunal has returned findings based on bills, including lack of proof, absence of linkage to the subject property and inconsistencies in invoices and admission made by the Appellant. The learned District Judge has rightly observed that such findings are rooted in appreciation of evidence, which lies exclusively within the domain of the Tribunal, and do not disclose perversity or patent illegality.

40. The submission that the findings are based on “no evidence” is, in effect, an invitation to reassess the adequacy or reliability of the evidence relied upon by the Tribunal. Such an exercise falls outside the permissible contours of jurisdiction under Sections 34 and 37. A mere possibility of an alternative view would not justify interference where the view taken by the Tribunal is a plausible one.

41. Further, the contention that material evidence has been ignored also does not merit acceptance. The Award reflects due consideration of the documentary and oral evidence on record. The learned District Judge has concurred with this position, holding that the objections raised by the Appellant seek a re-appreciation of the evidentiary record, which is impermissible.

42. The further submission that the findings of the Tribunal are contrary to the terms of the Collaboration Agreement is equally unavailing. The interpretation of contractual provisions and determination of the rights and obligations of the parties fall squarely within the jurisdiction of the Arbitral Tribunal. Unless such interpretation is shown to be patently illegal or wholly implausible, no



2026:DHC:2366-DB



interference is warranted. No such case is made out in the present matter.

43. Viewed thus, the learned District Judge has correctly applied the settled principles governing interference under Section 34 and has neither exceeded nor failed to exercise the jurisdiction vested in it. The impugned judgment reflects a conscious application of the limited scope of interference and does not suffer from any patent illegality, perversity, or jurisdictional error.

CONCLUSION:

44. For the reasons aforesaid, the present Appeal, being devoid of merit, is dismissed. The Impugned Judgment dated 23.12.2025 passed by the learned District Judge, affirming the Arbitral Award dated 03.06.2025, calls for no interference.

45. All pending applications, if any, stand disposed of.

ANIL KSHETARPAL, J.

AMIT MAHAJAN, J.

MARCH 23, 2026

s.godara/shah