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

% *Judgment Delivered on: 20.05.2026*

\+ **O.M.P.(I) (COMM.) 132/2026**

QC ONE SOLUTIONS PVT. LTD. .....Petitioner

Through: Mr. Rajat Wadhwa, Mr. Honey Jain, Mr. Ashish Batra, Mr. Devansh Khatter, Mr. Abeer Shandilya and Ms. Anshika Juneja, Advs.

versus

DELHI METRO RAIL CORPORATION .....Respondent

Through: Mr. Srinivasan Ramaswamy, Adv.

CORAM:
HON'BLE MR. JUSTICE VIKAS MAHAJAN

JUDGMENT

VIKAS MAHAJAN, J (ORAL)

1. The present petition has been filed by the petitioner under Section 9 of the Arbitration and Conciliation Act, 1996 [hereinafter referred to as the 'Act'], seeking following reliefs:

> *"(a) Pass an ad interim order staying the operation, implementation, and effect of the termination notice dated 2nd March 2026 issued by the Respondent; and*
>
> *(b) restrain the Respondent, its officers, agents, servants, and all persons acting on its behalf from dispossessing the Petitioner from the licensed bare/commercial spaces at Lajpat Nagar, Shahdara, and Govindpuri Metro Stations; and*
>
> *(c) restrain the Respondent from disconnecting and/or direct the Respondent to continue/restore all utility and allied services, including electricity, water, access, ingress and egress, and other operational facilities in respect of licensed bare/commercial spaces at Lajpat Nagar, Shahdara, and Govindpuri Metro*

Stations; and

(d) restrain the Respondent from in any manner interfering with the Petitioner's carrying on commercial activities under the License Agreement pending constitution of the Arbitral Tribunal and adjudication of the disputes; and

(e) restrain the Respondent from invoking/encashing the bank guarantee and/or appropriating the security deposit, except with leave of this Hon'ble Court or subject to further orders of the learned Arbitral Tribunal; and/or

(f)Pass such other and further order/ direction as this Hon'ble Court may deem fit and proper in the facts and circumstances of the case and in the interest of justice."

2. The petitioner is a company incorporated under the provisions of the Companies Act, 2013, and is engaged in the business of acquisition and trade of all forms of movable and immovable property, along with leasing and renting of assets ranging from real estate to industrial equipment and vehicles. The respondent is a public sector undertaking registered under the provisions of the Companies Act, 1956, with the primary objective of planning, designing, constructing, operating, and maintaining the metro rail system in the NCT of Delhi and adjoining areas.

3. The case set out in the petition is that the petitioner, through a consortium, had submitted a proposal to the respondent for the lease of commercial bare spaces at selected metro stations under the respondent's new initiative policy. The said proposal was accepted by the respondent *vide* its letter dated 21.07.2023. Pursuant thereto, the parties entered into a License Agreement (hereinafter "Agreement") which got executed and registered on 14.08.2024 at New Delhi, for the licensing of bare spaces for commercial utilization at the Lajpat Nagar, Shahdara, and Govindpuri Metro Stations of the respondent.

4. The said bare spaces were handed over to the petitioner on an "as is where is" basis. The petitioner, being the licensee, was required to develop the necessary infrastructure to make the spaces fit for commercial use, and thereafter to operate and maintain the said spaces at its own cost. After developing the said premises at its own cost, the petitioner sub-licensed the same to various third party entities and was consistently managing and operating the said premises.

5. The Agreement was entered into for a period of nine years, further extendable by a period of six years on mutually agreed terms and conditions. The parties had also agreed to a lock-in period of two years, subject to the other terms and conditions of the Agreement.

6. The license fee was stipulated in Chapter 7 of the Agreement, and the annual license fee, excluding GST, was agreed at approximately Rs. 1,22,71,657/-. The parties had agreed that the license fee would be paid in advance by the petitioner to the respondent on quarterly basis in terms of Clause 7.1(e) of the Agreement.

7. The petitioner was also required to furnish, an interest-free security deposit (in short 'IFSD') of Rs.1,84,07,486/-, being equivalent to 18 months' license fee.

8. Before this Court, the petitioner seeks interim measures against the Termination Order dated 02.03.2026 issued by the respondent, which purports to terminate the Agreement.

9. Mr. Rajat Wadhwa, learned counsel for the petitioner, submits that the respondent's Termination Order dated 02.03.2026 is illegal. He argues that the termination violates the mandatory procedure under Clause 7.1(j)(i-iv) of the Agreement because the respondent failed to serve the prerequisite 15

days ‘Cure Notice’ or the 30 days ‘Termination Notice’ demanding outstanding dues beforehand.

10. He submits that referencing of the Cure Notice and Termination Notice dated 30.07.2025 and 14.08.2025 respectively, in the impugned Termination Order is inconsequential, as both said notices pertained to the third quarter of 2025 and were waived off when fresh payment timelines were granted. Pertinently, no subsequent notice was issued for the current quarter of 2026. Furthermore, the abovementioned notices stemmed from prior notices *viz.* notices dated 20.06.2024 and 08.07.2024 which the respondent had already waived orally and *vide* letter dated 05.08.2024, after petitioner in its reply to the Cure Notice dated 20.06.2024 and 08.07.2024 has stated that the NGT ban had caused disruptions in operational and commercial activities across various sectors in Delhi, thereby prolonging the fit-out period and delaying the opening of the establishment/licensed spaces to the public by the petitioner.

11. He further contends that the monetary demands were never crystallized by the respondent in any notice, including the impugned Termination Order.

12. He submits that the petitioner expended approximately Rs. 1,30,00,000/- on infrastructural development to render the bare spaces commercially viable and subsequently executing sub-licenses with entities such as Domino’s, Burger King, and KFC, while solely bearing all maintenance and security costs. Consequently, the impugned Termination Order threatens to frustrate these back-to-back third-party agreements, inevitably resulting in a multiplicity of litigation.

13. He further argues that petitioner is willing to deposit all legitimate

demands as and when they are crystallized and raised. In this regard, the petitioner sent a letter dated 29.12.2025 requesting permission to submit the IFSD via bank guarantee and seeking an adjustment of the total pending dues from the current IFSD of Rs. 1,84,07,486/- held by the respondent, however, no reply was communicated by the respondent in that behalf. He submits that the respondent stands fully secured by the interest-free security deposit (IFSD) already furnished by the petitioner at the inception of the Agreement. Under the terms of the Agreement, the respondent was entitled to adjust or deduct any allegedly due monies from the IFSD, whereupon the petitioner would be liable to replenish the same. However, this contractual course was not followed by the respondent.

14. Furthermore, he submits that the respondent failed to adhere to petitioner's requests for the revocation of the impugned Termination Order and instead arbitrarily disconnected the power supply to the commercial spaces leased out to the petitioner. This disconnection caused a complete disruption to the ongoing operations of the petitioner's sub-licensees and had the direct effect of bringing the petitioner's running contractual operations to a complete standstill.

15. He further submits that the respondent's compliance notices dated 01.01.2026 and 06.01.2026, along with a deficiency notice dated 10.02.2026, were vague and not in conformity with the Agreement. Specifically refuting the alleged non-submission of Fire NOCs, he asserts that valid NOCs, issued by the Delhi Fire Services with three-year validity, were duly submitted to the respondent upon request.

16. Additionally, he submits that as a State instrumentality under Article 12, the respondent is strictly bound by Article 14, rendering its contractual

actions subject to judicial scrutiny for arbitrariness and proportionality. He contends that the respondent's abrupt termination and coercive measures, executed by bypassing express contractual safeguards and cure periods, are manifestly arbitrary and devoid of due process.

17. Lastly, Mr. Wadhwa submits that having invoked the dispute resolution mechanism under Clause 13.1.2 on 25.03.2026, the petitioner is entitled to continue its commercial operations. Relying on Clause 13.6 of the Agreement, the petitioner seeks interim protection mandating the restoration of services and a restraint against any coercive action by the respondent pending arbitral proceedings.

18. To buttress his contentions, he has placed reliance on the following decisions: (i) ***KSL and Industries Ltd. vs. National Textile Corporation Ltd., 2012 SCC OnLine Del4189***; (ii) ***Atlas Interactive (India) Pvt. Ltd. vs. Bharat Sanchar Nigam Ltd. &Anr., 2005 SCC OnLine Del 190***; (iii) ***M/s. Gwalior Jhansi Expressway vs. National Highway of India 2014 SCC Online Del 1124***.

19. *Per contra*, Mr. Srinivasan Ramaswamy, counsel for the respondent, submits that the petitioner's insistence on a fresh 'Cure Notice' prior to the impugned Termination order is legally untenable given their its admission of non-payment of license fees.

20. Relying on the petitioner's own list of dates, he submits that the respondent was compelled to issue at least three prior cycles of Cure Notices dated 20.06.2024, 25.11.2024 and 30.07.2025 and corresponding Termination Notices dated 08.07.2024, 10.12.2024 and 14.08.2025. These notices demonstrate that the respondent repeatedly afforded the petitioner opportunities to cure defaults, which were merely abused through partial

payments and delay tactics, establishing a consistent breach of fundamental contractual obligations.

21. He further submits that *vide* letters dated 29.12.2025, 03.03.2026 and 16.03.2026, the petitioner requested the appropriation of its IFSD against its outstanding dues. This request constitutes an unequivocal admission of liability by the petitioner regarding the sums owed to the respondent.

22. He submits that it was only on account of the petitioner's continuing breaches that the respondent was constrained to issue the impugned Termination Order which is a culmination of sustained non-compliance and cannot be assailed on grounds of alleged procedural deficiency. The contention that earlier notices stood "waived" or "lapsed" is specifically denied. Any temporary indulgence granted by the respondent cannot be construed as a waiver of its contractual rights or a condonation of recurring defaults.

23. He further submits that the petitioner has raised an incorrect and misleading submission regarding the alleged absence of a crystallized demand. The Agreement, specifically under Clause 7.1, expressly stipulates the license fee payable, the schedule for payment, the procedures for default, and the consequences thereof. Moreover, the outstanding dues were, at all material times, duly reflected and accessible to the petitioner *via* the respondent's Customer Payment Portal.

24. He further submits that the petition is not maintainable as it impermissibly seeks specific performance of an inherently determinable contract. Relying on the termination contingencies expressly enumerated in Clauses 12.2(b) and 12.3 of the Agreement, Mr. Ramaswamy submits that praying for a stay on the termination and restoration of services effectively

amounts to seeking specific performance. Such relief is statutorily barred under Section 14(d) of the Specific Relief Act, 2018, given the determinable nature of the contract.

25. Furthermore, he submits that, petitioner's submission regarding the arbitrary disconnection of power supply is devoid of merit. Under the clear terms of Clauses 7.1(j)(ii), 12.3, and 12.5(i)(c) of the Agreement, the respondent is contractually entitled to suspend utilities as a consequence of the petitioner's failure to remit the requisite license fees.

26. He submits that the impugned Termination Order is not only predicated on the non-payment of dues but also in non-compliance with operational, fire safety, and administrative requirements under the agreement, which constitute independent grounds for termination under Clause 12.2.

27. Furthermore, he submits that the petitioner's outstanding dues of Rs.1,41,59,912.80 (excluding interest and recent electricity charges) as of 02.03.2026 were adjusted from the IFSD post-termination on 17.03.2026. He contends that the IFSD neither substitutes the primary obligation of timely payment nor mandates the respondent to exhaust this security deposit before exercising its independent right of termination. Consequently, he asserts that the petitioner's infrastructural investments were merely voluntary commercial ventures undertaken with full knowledge of the Agreement's terms, including the explicit consequences of default and termination.

28. Additionally, he refutes the assertion that invoking the dispute resolution mechanism (Clause 13.1.2) confers any right to continue performance, arguing that a defaulting party cannot use arbitration to

suspend or shield against a valid termination, rendering the petitioner's reliance on Clause 13.6 entirely misplaced.

29. Lastly, Mr. Ramaswamy submits that invoking Article 14 to import public law principles into a purely commercial dispute is misconceived; given that the respondent acted strictly within the contractual framework in response to admitted defaults, its status as a State instrumentality does not subject its express contractual actions to challenges based on abstract notions of fairness.

30. To buttress his contention, he has placed reliance on the following decisions: (i) ***Yassh Deep Builders vs. Sushil Kumar Singh & Anr., 2023 SCC Online Del 1499*** (ii) ***Bharat Catering Corporation vs. IRCTC., 2009 SCC Online Del 3418*** (iii) ***Overnite Express Ltd. vs. Delhi Metro Rail Corporation., 2020 SCC Online Del 2093*** (iv) ***Inter Ads Exhibition Pvt. Ltd vs. Busworld International Cooperatieve Vennootschap Met BeperkteAnasprakelijkheid.,2020 SCC OnLine Del 351*** (v) ***Radha Sundar Dutta v. Md. Jahadur Rahim & Ors., 1959 SCR 1309*** and (vi) ***Dena Bank v. Kamlesh Rani, 2011 SCC Online Del 1614.***

31. I have heard the learned counsel for both parties at length and have carefully perused the pleadings, the Agreement and the relevant correspondence placed on record.

32. Before delving into the factual contestations as regard the alleged breach of Agreement, it would be apt to advert to the threshold legal objection concerning the maintainability of the principal relief sought. The relief prayed for is effectively an interim injunction seeking to stay the operation of the Termination Order dated 02.03.2026. In other words, the petitioner seeks to compel the continuation of the Agreement, which

effectively amounts to seeking specific performance, and as per the submission of learned counsel for the respondent, such relief is statutorily barred under Section 14(d) of the Specific Relief Act, 2018, given the determinable nature of the contract.

33. In this context, it is relevant to reproduce Section 14 of the Specific Relief Act, 1963 (as amended in 2018) –

> ***"14. Contracts not specifically enforceable.—The following contracts cannot be specifically enforced, namely:—***
>
> *xxx* *xxx* *xxx*
>
> ***(d) a contract which is in its nature determinable."***
>
> (emphasis supplied)

34. Further, in assessing this threshold issue, the inherent nature of the Agreement is of paramount importance. A perusal of Clauses 7.1(j), 12.2(b) and 12.3 of the Agreement clearly enumerates specific contingencies and conditions under which the contract can be terminated by the respondent. For convenience, relevant clauses of the Agreement have been mentioned below –

> **"CHAPTER-7**
> **CHARGING OF LICENSE FEE, INTEREST FREE SECURITY DEPOSIT AND OTHER APPLICABLE DUES**
>
> 7.1 License Fee:
>
> *xxx* *xxx* *xxx*
>
> *j)* ***If the Licensee fails to pay or partly pay the license fee and other dues required to be paid as per terms and condition of License Agreement by the due date, a 15 (fifteen) days Cure Notice shall be issued to pay the outstanding license fee*** *and other dues along with an interest of 18% (Eighteen percent) per annum on the amount of License Fee and other dues remaining outstanding after the due date and falling in arrears. Interest shall continue to be accrued on monthly compounding basis until all the payable*

amount of License Fee and other dues are finally paid & squared up. Such interest shall be charged on outstanding dues for the actual number of day (s) of delay in payment.

i. ***If the Licensee fails to pay & deposit the outstanding License Fee and other dues within 15 (fifteen) days' Cure Notice, DMRC shall issue a 30 days Termination Notice to make payment of outstanding License Fee and other dues within next 30 (thirty) days.***

ii. In the event of Licensee failing to deposit the outstanding License Fee and other dues within fifteen (15) days from the date of issue of 30 (thirty) days Termination Notice, on 16th day of issuance of aforesaid termination letter, DMRC shall disconnect all utilities provided to the Licensee.

iii. ***In the event of Licensee failing to deposit the dues within thirty (30) days from the date of issue of Termination Notice, it shall constitute Material Breach of Contract and Licensee's Event of Default under this Agreement and shall entitle DMRC to terminate the License Agreement as per the provisions stipulated in Chapter-12 of the License Agreement & forfeit the IFSD, after adjustment of any dues payable to DMRC and also forfeit the advance license fees paid.***

*(iv)****In no case, payments shall be allowed to remain outstanding for a period of more than 60 days. If at any stage, the dues remain outstanding for a period of more than 60 days, the license agreement may stand terminated without giving any notice to the licensee*** *& Interest Free Security Deposit (IFSD) shall stand forfeited as per the provision of the license agreement."*

CHAPTER 12
BREACHES/SURRENDER/TERMINATION OF LICENSE AGREEMENT

xx *xxx* *xxx*

"12.2 ***Breach of License Agreement/ Licensee's Events of Default:***

Following shall be considered as ***Material Breach of the License Agreement*** *by Licensee resulting in Licensee's Events of Default:*

xxx *xxx* *xxx*

(b) If the Licensee fails to pay License Fee, utility charges, penalty or Damage herein specified or any other due to be paid by the Licensee to DMRC by the stipulated date.

xxx *xxx* *xxx*

12.3 ***Termination of License Agreement by DMRC:***

Provided that in the event of ***application of clauses 12.2*** *(a)* ***(b)*** *(p) and (q) above,* ***DMRC shall give to the Licensee 15 to 30 days time to cure the default prior to considering the events specified therein as Licensee's events of default and in the event the Licensee remedies the default to the satisfaction of the DMRC within the cure period the event shall not be considered as a Licensee Event of Default. In case the licensee fails to remedies the default to the satisfaction of the DMRC within the cure period, then DMRC shall be within its rights to disconnect the utility services & terminate the License Agreement as per the provisions of this license agreement & issue a thirty (30) days termination notice.*** *The Licensee voluntarily agrees not to seek any claim, compensation, damages or any other consideration whatsoever on any ground in this regard. However, in the event of application of clause 12.2 (c) to (o), DMRC may terminate the license agreement with immediate effect."*

(emphasis supplied)

35. According to the respondent the existence of above termination contingencies makes the nature of contract determinable. However, this Court considers such an argument unsustainable, as a plain reading of the aforementioned clauses in the Agreement does not grant an absolute, unilateral "without cause" basis, or at-will right to terminate. The power to terminate as seen from the above cited provisions is explicitly dependent on

the occurrence of a material breach i.e. the non-payment of the pending dues on account of license fee. To elaborate, under clause 7(j)(i)&(iii) read with clause 12.2(b) the contract is terminable for non-payment of license fee with notice and opportunity to cure, but under clause 7(j)(iv) if at any stage, the dues remain outstanding for a period of more than 60 days, the contract is terminable without provision for cure. Clearly, in both the situations, the contract is terminable for a cause.

36. Consequently, since termination is subject to specific conditions or breaches and cannot be exercised merely at a party's discretion, the Agreement cannot *ipso facto* be classified as one which is in its nature determinable.

37. Reference in this regard may be had to a recent decision of the Hon'ble Supreme Court in ***K.S. Manjunath and Others v. Moorasavirappa alias Muttanna Chennappa Batil., 2025 SCC OnLine SC 2378,*** wherein the decision of Madras High Court in ***A Murugan v. Rainbow Foundation Ltd, 2019 SCC OnLine Mad 37961*** was approved, observing as under:

> *"64. In this backdrop,* ***it would be useful to advert to the classification set out in A. Murugan (supra), wherein the Madras High Court categorised contracts into five broad classes depending on their ease of determinability.*** *Out of those, the first two i.e., (i) contracts inherently revocable such as licences and partnerships at will, and (ii) contracts terminable unilaterally on a "without-cause" basis, were held to be determinable in nature.* ***The remaining classes, namely, (iii) contracts terminable for cause without provision for cure, (iv) contracts terminable for cause with notice and opportunity to cure, and (v) contracts without a termination clause but terminable only for breach of a condition, were all held not determinable in nature.***
>
> ***65.*** *Further, as laid down* ***in DLF Home (supra), the question whether a contract is in its nature determinable lies in***

ascertaining whether the party against whom specific performance is sought has the right to terminate the contract even when the other party is ready and willing to perform. This means if the contract cannot be terminated so long as the other party stands willing to perform, it is not determinable in its nature and would, in equity, be specifically enforceable. *The same reasoning was followed in Affordable Infrastructure (supra), where it was held that a contract terminable for breach cannot merely for that reason be regarded as determinable, otherwise, no contract could ever be specifically enforced.*

66. Applying these principles, the ATS in the present case cannot be said to be a determinable contract. Viewed in light of the classification as set out in A. Murugan (supra), the ATS would squarely fall within category (v) as mentioned above. The ATS was devoid of any clause enabling termination for convenience or otherwise empowering either party to terminate unilaterally. The only conceivable circumstance in which ATS could be brought to an end in the present case was upon a breach of a condition by either of the parties. Thus, the original vendors did not possess any contractual right to terminate the ATS in the absence of default by the original vendees. *The grounds cited in the notice of termination dated 10.03.2003, namely, the subsistence of a status quo order and the death of one of the original vendors cannot be said to be based on any default or breach by the original vendees. The original vendees had performed their part by paying a substantial amount and were also ready and willing to perform the terms of ATS.*

(emphasis supplied)

38. In view of the legal position expounded in foregoing decision, the termination clauses as noticed in the License Agreement at hand, would fall within the category (iii) & (iv) as delineated in ***A. Murugan (supra)*** and approved in ***K.S. Manjunath*** **(supra)**.

39. A Coordinate Bench of this Court in ***Mahajan Imaging Pvt. Ltd vs. Pushpawati Singhania Research Institute and Another., 2026 SCC***

OnLine Del 1779, also relied upon ***K.S. Manjunath*** **(supra)** to expound as under:

> *"31. In contradistinction,* ***contracts which are terminable only for cause, particularly where termination is conditioned upon the existence of a breach and is subject to issuance of notice and affording an opportunity to cure, do not fall within the category of contracts that are determinable by their very nature.***
>
> *32. Tested on the anvil of the aforesaid principles, Clause 10.2(a) of the present Agreement does not confer an unfettered, unilateral, or at- will right of termination.* ***The right to terminate is expressly contingent upon the occurrence of a material breach and is further circumscribed by the mandatory requirement of issuance of a written notice granting a cure period of forty-five (45) days****. The contractual stipulation thus squarely falls within the fourth category identified in paragraph 64 of K.S. Manjunath (supra), namely,* ***contracts terminable for cause subject to notice and opportunity to cure, which have been held not to be determinable in nature.***
>
> *33. This Court also takes note of the judgment of this Court in HK Toll (supra), which, after considering a catena of authorities, explains the scope of the statutory embargo contained in Section 14(d) of the SRA and underscores that the determinability of a contract must be examined in light of the termination stipulations agreed between the parties.* ***The reasoning adopted therein emphasizes that where termination is conditioned upon specific contingencies or breaches, and is not exercisable at the mere will of a party, the contract cannot ipso facto be regarded as determinable in nature.***
>
> *34.* ***The above exposition, read holistically, clarifies that the question whether a contract is "in its nature determinable" must necessarily be answered with reference to the termination mechanism embodied in the contract and the extent of the power reserved to the parties thereunder. Where a contract envisages termination only upon the occurrence of specified contingencies, particularly subject to notice and cure provisions, and does not confer an unfettered right of revocation, such a contract cannot***

be characterised as determinable *in the sense contemplated under Section 14(d) of the SRA.*

35. ***Clause 10 of the Agreement in the present case provides for termination strictly upon the occurrence of defined contingencies and subject to compliance with a stipulated cure period. It does not vest either party with an unqualified or at-will power of termination. The issue of determinability must, therefore, be examined within that contractual framework, and not divorced from the express stipulations mutually agreed upon by the parties****.*

36. This Court finds merit in the submissions advanced by the learned Senior Counsel for the Petitioner and is of the considered opinion that the termination clause embodied in Clause 10 of the Agreement is not in its nature determinable within the meaning of Section 14(d) of the SRA. ***The mere existence of such a clause, particularly one conditioned upon the occurrence of breach and compliance with a cure mechanism, cannot operate as a statutory embargo*** *against consideration of interim protection. Consequently, the bar under Section 14(d) of SRA is not attracted so as to preclude the grant of interim relief against the Impugned Termination Notice."*

(emphasis supplied)

40. The law exposited in the above decisions makes it plain that the contractual stipulations of the Agreement squarely fall outside the ambit of Section 14(d) of the Specific Relief Act, 1963. Consequently, the respondent's preliminary objection, asserting that the petition is not maintainable on the ground that the contract is in its nature determinable, stands rejected.

41. Nevertheless, overcoming the statutory bar under Section 14(d) does not automatically entitle the petitioner to an interim injunction. Relief under Section 9 of the Act is fundamentally equitable in nature. To secure such relief, the petitioner must independently satisfy the well-established triple test: the existence of a *prima facie* case, the balance of convenience leaning

in their favour, and the threat of irreparable injury should the relief be denied.

42. At this stage, while exercising its limited jurisdiction under Section 9 of the Act, there is no occasion for this Court to delve into detailed examination of various allegations and counter-allegations levelled by the parties. Such an inquiry would trench upon triable issues that rightfully fall within the exclusive domain of the Arbitral Tribunal.

43. However, for the purpose of a *prima facie* assessment, it is pertinent to observe that any termination arising out of the non-payment of license fees, as alleged by the respondent, must strictly conform to the procedure contractually agreed upon between the parties, under Clauses 7.1(j)(i-iii), 12.2(b), and 12.3 of the Agreement, which prescribe a distinct regime of a 15 day Cure Notice followed by a 30 day Termination Notice for the non-payment of dues. Whereas, Clause 7.1(j)(iv) establishes a stricter mandate by providing that in no case shall payments be allowed to remain outstanding for a period of more than 60 days. Should dues remain pending beyond this 60 day threshold at any stage, the Agreement becomes liable for termination.

44. Evaluating the parties conduct on the anvil of these clauses, it is pertinent to note that the impugned Termination Order dated 02.03.2026, *inter alia* issued on the ground of non-payment of dues, explicitly references a prior Cure Notice dated 30.07.2025 followed by a Termination Notice dated 14.08.2025, which were issued in view of the pending dues. It is also not in dispute that apart from the aforementioned notices, the respondent had previously issued two more Cure Notices dated 20.06.2024 and 25.11.2024 and corresponding Termination Notices dated 08.07.2024 and 10.12.2024.

45. Moreover, the Court cannot lose sight of the fact that the petitioner, prior to the issuance of the impugned Termination Order, had sent request letter dated 29.12.2025 stating that partial amount of Rs. 15 Lakhs has been paid and balance amount will be deposited soon and further that the petitioner will undertake every possible thing to clear up its outstanding dues. In this communication, the petitioner also explicitly requested for the appropriation of Interest Free Security Deposit (IFSD) against its outstanding dues, which also constitutes an admission of liability. The letter dated 29.12.2025 is reproduced below *in extenso*:

> *"To* ***Date -29.12.2025***
> *General Manager/PB*
> *Delhi Metro Rail Corporation*
> *New Delhi-110001*
>
> *Ref:*
>
> *(1) License Agreement No-DMRC/PB/Misc./ Offer /Bare /Quiqua /2023 /207/276: dated 12.03.2024*
>
> *(2) DMRC/PB/MISC/Offer/ bare/Quiqua/2023/207/597, Date-21.07.2023*
>
> *(3) DMRC/PB/Misc./Offer/Bare/Quiqua/2023/227/5637 dated-19.12.2024*
>
> ***Sub: Permission for submission of IFSD in Bank Guarantee & adjustment of current IFSD against our total dues.***
>
> *Respected Sir,*
>
> *We would like to bring to your kind attention that we have been allotted bare spaces for commercial utilization at Lajpat Nagar Metro Station, Govindpuri Metro station and Shahdara Metro station.*
>
> *Vide ref. (i), the total IFSD to be submitted in this contract inclusive*

of Electrical SD is Rs.1,96,31,486/- and as per LOA dated 2 1.07.2023, QCONESOLUTIONSPVT LTD can submit this amount in combination of DD/NEFT and BG/FDR. Accordingly, the minimum amount to be kept in NEFT/DD is Rs. 50,00,000/- and remaining amount i.e. Rs. 1,46,31,486/- can be submitted in BG/FDR.

Vide ref. (vi), DMRC has issued dues notice to us against non-payment of outstanding dues of Rs. 1,18,22,269/- on dated-19.12.2025 (as per SAP). ***Accordingly, we have submitted Rs. 15 lakh on 22.12.2025 and remaining amount is to be submitted as soon as possible.***

Considering the above facts, we are doing every possible thing to clear up our outstanding dues. *Accordingly, we are in the process of creation of Bank Guarantee of Rs. 1,46,31,486/-, which will free our IFSD amount which is submitted through NEFT mode and will be utilized in clearing our remaining outstanding dues of Rs. 1,03,22,269/- (as per SAP).”*

(emphasis supplied)

46. Even post issuance of Termination Order dated 02.03.2026, the petitioner sent similar request letters 03.03.2026 and 16.03.2026, unequivocally admitting liability regarding the outstanding dues towards the respondent. The relevant extracts from the request letter dated 03.03.2026 are reproduced herein below for ready reference:

“To, ***Date: 03.03.2026***
The Managing Director,
Delhi Metro Rail Corporation Ltd.,
Metro Bhawan, Fire Brigade Lane,
Barakhamba Road, New Delhi - 110001

Sub: Request for Revocation of Termination Letter No. DMRC/PB/Misc./Offer/Bare/Quiqua/2023/234 dated 02.03.2026.
Ref:

1. License Agreement No. DMRC /PB /Misc. /Offer /Bare /Quiqua /2023 /207/276; ***dated 12.03.2024.***
2. DMRC's Subletting Approval Letter No. DMRC /PB /Misc. /Offer /Bare/Quiqua/2023/207; dated 05.08.2024.
3. DMRC's Letter No. DMRC/PB/Misc./Offer/Bare/Quiqua/2023/218/5000; ***dated 30.07.2025.***
4. DMRC's Termination Letter No. DMRC /PB /Misc. /Offer /Bare /Quiqua/2023/234; ***dated 02.03.2026***

Respected Sir,
We M/s QC One Solutions Private Limited, write this letter with utmost respect and with a genuine intent to resolve all outstanding matters amicably. We have received the Termination Letter dated 02.03.2026 (Ref. 4 above) citing two grounds: (i) non-payment of outstanding license fee and electricity charges, and (ii) non-compliance of written instructions relating to fire safety requirements.

We respectfully but firmly submit that the said Termination is not warranted in the facts and circumstances of this case, and we earnestly request you to kindly intervene and direct revocation of the same for the following reasons:

xxx *xxx* *xxx*

PART B: ON THE ISSUE OF OUTSTANDING DUES

6. DMRC Already Holds IFSD in Excess of Outstanding Dues - No Financial Prejudice to DMRC

We acknowledge the delays in payment of outstanding license fee and electricity charges and sincerely regret the inconvenience caused. However, we wish to bring to your kind attention the following critical facts:

- *We have deposited Interest-Free Security Deposit (IFSD) equivalent to 18 months of license fee, which is presently held by DMRC.*
- *The current outstanding dues are less than the IFSD amount already deposited with DMRC.*

- *DMRC therefore holds more than adequate financial security to fully cover all outstanding dues.*

In these circumstances, DMRC suffers no actual financial prejudice or exposure whatsoever. The security held by DMRC exceeds the dues payable. Termination of a license agreement where the licensee's security deposit fully covers outstanding amounts would be a disproportionate and inequitable remedy.

7. Request for IFSD Reduction from 18 to 12 Months - Pending Since 27.12.2024

We have been actively corresponding with DMRC since 27.12.2024 requesting a revision of the IFSD requirement from 18 months to 12 months in line with standard commercial practice. This legitimate and reasonable request has remained unaddressed, causing us significant financial strain and adversely impacting our ability to manage operational cash flows for timely payment of monthly dues. We respectfully request that this long-pending request be considered and approved expeditiously.

8. Bank Guarantee for Revised IFSD- To Be Submitted Within 7-10 Working Days

We are pleased to inform DMRC that we are in advanced stages of arranging a Bank Guarantee equivalent to 12 months of license fee from a scheduled commercial bank. This Bank Guarantee shall be submitted to DMRC within 7 to 10 working days from the date of this letter. It is pertinent to mention that we had requested for the same on 29.12.2025.

Upon acceptance of the Bank Guarantee:

- *The excess IFSD already deposited in DD/NEFT form (i.e., the amount over and above 12 months) shall be applied towards full and complete clearance of all outstanding dues.*
- ***Since outstanding dues are less than the IFSD held, this will result in zero balance outstanding between the parties.***
- *DMRC will simultaneously hold a fresh Bank Guarantee as*

ongoing security - a more liquid and enforceable instrument than a cash deposit.

This arrangement presents a practical, fair, and complete resolution of the financial issue between the parties.

9. Commitment to Regular Future Payments

We give our firm and unconditional commitment that:

- ***All current outstanding dues shall be fully cleared upon submission of the Bank Guarantee (within 7-10 working days);***
- ***Future monthly license fee and electricity charges shall be paid on or before the respective due dates without default***

xxx *xxx* *xxx*

47. Likewise, relevant extracts from the petitioner's request letter dated 16.03.2026 are also reproduced hereinabove for ready reference:

To, ***Date:16.03.2026***
The Director Operations & Services,
Delhi Metro Rail Corporation Ltd .
Metro Bhawan, Fire Brigade Lane,
Ref:
1. License Agreement No. DMRC /PB/ Misc./Offer/Bare/ Quiqua /2023/207/276; dated 12.03.2024.
2. DMRC's Subletting Approval Letter No. DMRC /PB /Misc. /Offer /Bare /Quiqua/2023/207; dated 05.08.2024.
3. DMRC's Letter No. DMRC/ PB/ Misc./Offer /Bare /Quiqua /2023 /218/5000; dated 30.07.2025.
4. DMRC's Termination Letter No. DMRC /PB /Misc. /Offer /Bare/Quiqua/2023/234; dated 02.03.2026

Respected Sir,

We, M/s QC One Solutions Private Limited, write this letter with utmost respect and with a genuine intent to resolve all outstanding matters amicably. We have received the Termination Letter dated

02.03.2026 (Ref. 4 above) citing ·two grounds: (i) non-payment of outstanding license fee and electricity charges. And (ii) non-compliance of written instructions relating to fire safety requirements.

We respectfully but firmly submit that the said Termination is not warranted in the facts and circumstances of this case, and we earnestly request you to kindly intervene and direct revocation of the same for the following reasons:

xxx *xxx* *xxx*

PART B: ON THE ISSUE OF OUTSTANDING DUES
6. DMRC Already Holds IFSD in Excess of Outstanding Dues - No Financial Prejudice to DMRC

We acknowledge the delays in payment of outstanding license fee and electricity charges and sincerely regret the inconvenience caused. *However, we wish to bring to your kind attention the following critical facts:*

- *We have deposited Interest-Free Security Deposit {IFSD) equivalent to 18 months of license fee, which is presently held by DMRC.*
- *The current outstanding dues are less than the IFSD amount already deposited with DMRC.*
- *DMRC therefore holds more than adequate financial security to fully cover all outstanding dues.*

Clause 7.6 DMRC shall reserve the right of for deduction of DMRC dues from Licensee's Interest Free Security Deposit/Performance Security at any stage of Agreement.

Clause7.7 Once an amount is debited from the Interest Free Security Deposit, the Licensee shall replenish the Interest Free Security Deposit, the extent the amount is debited, within fifteen(15) days period failing which it shall be treated as a Licensee's event of default and DMRC shall be free to terminate the license agreement as per provision of this agreement.

In accordance to the above mentioned clauses of the License Agreement, we request to kind adjust outstanding dues of this contract with available IFSD and we will replenish the IFSD amount within 15
days as per clause 7.7 of the agreement.

In these circumstances, DMRC suffers no actual financial prejudice or exposure whatsoever. The security held by DMRC exceeds the dues payable. Termination of a license agreement where the licensee's security deposit fully covers outstanding amounts would be a disproportionate and inequitable remedy. DMRC may provide one time opportunity to adjust outstanding dues with IFSD and provide time for replenishment of IFSD as per the provision of mutual understanding establish in the License Agreement.

7. Request for IFSO Reduction from 18 to 12 Months- Pending Since 27.12.2024

We have been actively corresponding with DMRC since 27.12.2024 requesting a revision of the IFSD requirement from 18 months to 12 months in line with standard commercial practice. This legitimate and reasonable request has remained unaddressed, causing us significant financial strain and adversely impacting our ability to manage operational cash flows for timely payment of monthly dues. We respectfully request that this long-pending request be considered and approved expeditiously.

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We are pleased to inform DMRC that we are in advanced stages of arranging a Bank Guarantee equivalent to 12 months of license fee from a scheduled commercial bank. This Bank Guarantee shall be submitted to DMRC within 7 to 10 working days from the date of this letter. It is pertinent to mention that we had requested for the same on 29.12.2025.

Upon acceptance of the Bank Guarantee:

- *The excess IFSD already deposited in DD/NEFT form (i.e.,*

the amount over and above 12 months) shall be applied towards full and complete clearance of all outstanding dues.

- ***Since outstanding dues are less than the IFSD held, this will result in zero balance outstanding between the parties.***
- *DMRC will simultaneously hold a fresh Bank Guarantee as ongoing security - a more liquid and enforceable instrument than a cash deposit.*

This arrangement presents a practical, fair. and complete resolution of the financial issue between the parties.

9. Commitment to Regular Future Payments

We give our firm and unconditional commitment that:

- ***All current outstanding dues shall be fully cleared upon submission of the Bank Guarantee (within 7-10 working days);***
- ***Future monthly license fee and electricity charges shall be paid on or before the respective due dates without default"***

xxx *xxx* *xxx*

(emphasis supplied)

48. Against the backdrop of admitted facts and written communications, now the petitioner's primary defence, a perceived procedural infirmity, needs to be adverted to. The petitioner contends that the respondent failed to serve a fresh 15 days Cure Notice and a 30 days Termination Notice immediately preceding the impugned Termination Order. Mr. Wadhwa further argued that the foundational notices dated 30.07.2025 (cure notice) and 14.08.2025 (termination notice) originate from the third quarter of 2025 and have, therefore, lost their legal efficacy due to the efflux of time.

49. This contention is noted to be rejected, particularly in light of the petitioner's own written admissions of continuously outstanding dues in its request letters dated 29.12.2025, 03.03.2026 and 16.03.2026. Furthermore, the petitioner has failed to bring forth any clause within the Agreement

suggesting, either expressly or impliedly, that Cure or Termination Notices carry an "expiry date," or that a fresh Cure Notice followed by Termination Notice must be given separately for every quarter even for a continuously persisting dues spilling over from the previous quarters, which were never cleared and paid in full pursuant to the earlier Cure and Termination Notice issued for the same.

50. In the absence of any contractual provision invalidating prior notices due to the mere passage of time, the alleged procedural infirmity cannot serve as a valid ground to grant equitable relief under Section 9 of the Act, rather it is borne out from the record that while the respondent repeatedly afforded the petitioner opportunities to cure their defaults, these opportunities appear to have been met with delayed and partial payments, thereby *prima facie* establishing a consistent pattern of breach regarding fundamental contractual obligations.

51. Incidentally, It is a matter of record that the petitioner has never claimed to have fully discharged the license fees and electricity charges referenced in the foundational Cure Notice dated 30.07.2025 and the Termination Notice dated 14.08.2025. Consequently, these notices, along with the previously issued cycles of notices, have not been invalidated by mere efflux of time. Having never been fully complied with by the petitioner, they remain legally alive and cannot be said to have paled into insignificance. Therefore, this Court finds no *prima facie* merit in the submission of Mr. Wadhwa that the aforesaid notices could not legitimately form the basis for the Impugned Termination Order of 02.03.2026, or that the respondent was legally obligated to issue a fresh cure and termination notices for the first quarter of 2026. At this interlocutory stage, the

respondent's exercise of its right to terminate *prima facie* appears to be a direct and valid consequence of the petitioner's failure to cure its persistent defaults.

52. With regard to the next submission of Mr. Wadhwa that the Termination Order dated 02.03.2026 rests upon the Cure Notice dated 30.07.2025 and the Termination Notice dated 14.08.2025, both of which are fundamentally defective inasmuch as they do not crystallise any specific demand, it is to be noted that in the two request letters dated 15.09.2025 and 16.09.2025 written by the petitioner with reference to the above Cure and Termination notices requesting for revocation of Termination Notice, the petitioner only asked for waiver of charge of Rs. 12,35,145/- stated to be the license fee for the period from May 2024 to June 2024, as well as for reduction of security deposit requirement from 18 months to 09 months of license fee which could enable the petitioner to significantly reduce the dues and allow it to regularize the account. Intriguingly, in the said letters the petitioner never requested the respondent to crystallise or quantify the outstanding dues. On the contrary, the petitioner in one of its above noted request letter dated 16.09.2025 clearly admitted its dues till December 2025, as per DMRC portal, to be Rs. 1,67,59,912/-. That apart, a categorical stand taken by the respondent in its reply that the quantum of pending dues is updated and remain always accessible to the petitioner on the Customer's Payment Portal, has also not been controverted by the petitioner. This *prima facie* shows that the contention of non-crystallization of any specific demand in cure and termination notices (*supra*) is only a ruse and an afterthought.

53. Mr. Wadhwa, has further submitted that the Cure Notice dated 30.07.2025 and the Termination Notice dated 14.08.2025 suffer from a

further infirmity, as they stem from the earlier issued Cure Notice dated 20.06.2024 and Termination Notice dated 08.07.2024, which were allegedly waived *vide* a letter dated 05.08.2024. The Court notes that this contention is fundamentally misconceived. A perusal of the Cure Notice dated 30.07.2025 and the Termination Notice dated 14.08.2025 makes it plain that the same are independent of previous cure and termination notices.

54. That apart, in its reply dated 05.07.2024 to the Cure Notice dated 20.06.2024, the petitioner itself sought a waiver of license fees for the period from May to June 2024, citing that an NGT ban had caused disruptions in operational and commercial activities across various sectors in Delhi, thereby prolonging the fit-out period and delaying the opening of the establishment to the public.

55. Further, in a subsequent reply dated 09.07.2024 to the Cure Notice dated 20.06.2024 and the Termination Notice dated 08.07.2024, the petitioner reiterated its request for a waiver of the license fees due to the NGT ban. Crucially, the petitioner admitted therein that even if such a waiver is approved by the respondent, the petitioner's outstanding dues would still consist of the advance quarterly license fee for the period of July 2024 to September 2024, along with the electricity charges for April and May 2024. In light of this, the Court finds no force in petitioner's submission that the Cure Notice dated 20.06.2024 and the Termination Notice dated 08.07.2024 stood waived off. There is rather, an express admission on part of the petitioner that pending dues would persist regardless of the requested waiver, as is borne out from the aforementioned reply dated 09.07.2024.

56. To appreciate the petitioner's next contention that clause 13.6 of the

Agreement suspends or keep in abeyance the termination of the Agreement, the moment dispute resolution mechanism of arbitration is invoked, it is imperative to advert to clause 13.6, which reads thus:

CHAPTER 13
DISPUTE RESOLUTION

xxx *xxx* *xxx*

13.6 Suspension of Work on Account of Arbitration
During the pendency of Arbitration/Conciliation proceedings, the licensee shall continue to perform and make due payments due to DMRC as per license agreement."

57. The true meaning and intent of clause 13.6 cannot be ascertained by reading it in isolation. It has necessarily to be read in conjunction with other relevant clause 12.5(v), which outlines the respective rights and duties of the parties post-termination. Clause 12.5(v) reads as follows:

"12.5 Other Terms & Conditions:

xxx *xxx* *xxx*

(v) ***The termination of this Agreement shall not relieve either party from their obligation to pay any sums then owing to the other party nor from the obligation to perform or discharge any liability that had been incurred prior thereto. The Licensee shall be liable to pay all dues outstanding to DMRC including electricity, chiller and other utility charges under this agreement without prejudice to rights and remedies applicable under the law.*** *The final settlement of dues shall take place after submission of vacation certificate from the Station In Charge or his authorized representative subsequent to termination of License Agreement."*

(emphasis supplied)

58. This court is conscious that the interpretation of clauses of the contract is within the domain of the Arbitral Tribunal, however, for the limited purpose of deciding the present application, this court on a conjoint reading of Clauses 13.6 and 12.5(v) *prima facie* finds that the expression

"during the pendency of the Arbitration/Conciliation proceedings, the licensee shall continue to perform and make due payments" in clause 13.6 does not suspend or reverse a valid termination. Rather, it expressly preserves the petitioner's legal obligation to discharge all pre and post termination liabilities and outstanding dues owed to the respondent. Consequently, the petitioner's reliance on clause 13.6 to contend that the termination is to be kept in abeyance is found to be misconceived.

59. Next, it was submitted by Mr. Wadhwa that under the agreement, instead of terminating the agreement, the respondent could have adjusted or deducted any allegedly due monies from the petitioner's interest free security deposit (IFSD), whereupon the petitioner would have replenished the same, but this contractual course was not followed by the respondent. This submission is also devoid of merit because the IFSD is a security to protect the respondent's interest under certain eventualities enumerated in clause 7.6 and it does not absolve the petitioner of its primary contractual obligation to make timely payments of license fee.

60. In this context, it is instructive to examine Clause 7.6 of the Agreement, which outlines the specific circumstances under which the DMRC may utilize the security deposit. Clause 7.6 is reproduced below:

> *"7.6 DMRC shall reserve the right for deduction of DMRC dues from Licensee's Interest Free Security Deposit/Performance Security at any stage of agreement i.e currency/completion/termination/surrender, against:*
> ***1.) Any amount imposed as a penalty and adjustment for all losses/damages suffered by DMRC for any nonconformity with the Agreement terms & condition by the Licensee.***
> ***2.) Any amount which DMRC becomes liable to the Government/Third party due to any default of the Licensee or any of his servant/agent.***

3.) Any payment/ fine made under the order/judgment of any court/consumer forum or law enforcing agency or any person working on his behalf.
4.) Any other outstanding DMRC's dues/claims, which remain outstanding after completing the relevant course of action as per this License Agreement."

(emphasis supplied)

61. A plain reading of the aforementioned clause makes it evident that the right to deduct dues from the IFSD is a discretionary power reserved exclusively with the DMRC to recover penalties, damages, or its any other outstanding dues/claims. It does not grant the Licensee, i.e. the petitioner herein, any corresponding contractual right to demand that routine pending dues be adjusted against the IFSD in order to cure a payment default or to ward off an impending termination, nor the mere existence of a security deposit absolve the petitioner of its contractual obligation to make timely payments. Since the Agreement contains no provision permitting the petitioner to utilize the IFSD to offset its financial liabilities on account of license fee and other charges incidental thereto, this Court does not find any merit in the submission that IFSD ought to have been first appropriated towards the outstanding dues instead of terminating the agreement straightaway. Notably, the Agreement places no obligation on the respondent to first exhaust or adjust the security deposit before exercising its right of termination.

62. As regard petitioner's contention that the petitioner had to incur substantial expenditure on infrastructure and further, the impugned Termination Order threatens to frustrate back-to-back third party agreements, inevitably resulting in a multiplicity of litigation, suffice it to observe that the any capital infused by the petitioner for the fit-out or

commercial exploitation of the licensed premises constituted a voluntary commercial risk. The petitioner undertook this commercial venture with full knowledge of the Agreement's terms, including the explicit consequences of default and termination.

63. Insofar as petitioner's non-compliance with operational, fire safety, and administrative norms, is concerned, the petitioner have taken a categorical stand in their reply letters dated 03.03.2026 and 16.03.2026, that they have obtained the requisite Fire NOCs and submitted the same to the DMRC. Thus, the question of alleged non-compliance of Fire safety and other norms remains a disputed question of fact, which will have to be decided by the Arbitral Tribunal and cannot be conclusively adjudicated by this Court while exercising its jurisdiction under Section 9 of the Act.

64. Lastly, it was argued by Mr. Wadhwa that the respondent, being a State instrumentality under Article 12 of the Constitution of India, acted arbitrarily and in violation of Article 14 by abruptly terminating the Agreement without following due process. This Court finds this submission to be entirely unmerited. While a State entity must undoubtedly act fairly even in the contractual sphere, the protective umbrella of Article 14 cannot be stretched to immunize a contracting party from the consequences of its own persistent contractual breaches. As established by the record, the termination was neither abrupt nor arbitrary; rather, it was the inevitable culmination of protracted non-payment. The respondent consistently adhered to the process as delineated in the Agreement by issuing multiple Cure and Termination Notices throughout 2024 and 2025, affording the petitioner ample opportunities to regularize its accounts. The lawful exercise of an express contractual right to terminate an agreement, triggered by an

admitted and uncured material breach, constitutes prudent commercial behaviour aimed at protecting public financial interests. Therefore, this court *prima facie* finds that by no stretch of legal interpretation, the termination can be termed as arbitrary, disproportionate, or violative of Article 14.

65. Even the decisions relied upon by the petitioner does not advance its case. The reliance placed by the petitioner on ***KSL*** (Supra) is misplaced, as the factual matrix of that case is clearly distinguishable from the present matter. In the said case, the Memorandum of Understanding (MOU) was terminable upon a specific contingency, entitling the respondent to terminate forthwith if definitive agreements were not executed to its satisfaction within 240 days. Although this right accrued on or about 14.07.2009, the respondent delayed the issuance of the termination letter until 14.09.2010. During this intervening period, the respondent, through its conduct, acquiesced to the petitioner's continuous performance and took affirmative steps to convey its intention to extend the MOU, thereby attracting the legal implications of novation under Section 62 of the Contract Act. Conversely, in the present case, it is an admitted position that the petitioner repeatedly requested extensions of time to clear pending dues, and despite the respondent giving 'Cure Notice' and 'Termination Notice' the petitioner ultimately failed to make the requisite payments. Furthermore, **KSL** (supra) is distinguishable on the ground that the respondent therein, an entity performing a public function, terminated the MOU abruptly and arbitrarily without assigning any reasons or justification, despite the petitioner having fulfilled all expected obligations. In stark contrast, the impugned Termination Order in the present case is a speaking one, expressly attributing the termination to the non-payment of dues. Given the

petitioner's own admission regarding their outstanding liabilities, they were fully cognizant of the justified rationale behind the termination, thereby negating any claim of arbitrariness.

66. Similarly, the petitioner's reliance on ***Atlas*** (supra) is of no avail, as the judicial findings in that matter are clearly distinguishable from the present facts. In ***Atlas*** (supra), the court specifically found that time was not of the essence of the contract, holding that respondent no. 1 acted arbitrarily and inequitably by terminating the Franchisee Agreement based merely on delays to which they were a contributing party and had never seriously objected. Whereas, the agreement in the present case contains an express provision, namely Chapter 7, which meticulously details the license fee structure, the requisite instalment schedule, and the specific consequence of termination in the event of non-payment. Furthermore, unlike the acquiescence observed in ***Atlas*** (Supra), the respondent herein has repeatedly issued specific notices demanding the payment of outstanding dues, a default that the petitioner has explicitly acknowledged through its letters requesting further accommodations.

67. Likewise, the reliance placed by the petitioner on the decision in ***M/s. Gwalior Jhansi*** (supra) is misplaced, as the same is entirely distinguishable on its facts and is, therefore, inapplicable to the present case. In the said matter, the factual matrix and the primary contentions raised by the petitioner were fundamentally different. The core grievance in that case was that the respondent's conduct in issuing the termination notice was false, frivolous, arbitrary, and contrary to the terms of the agreement, primarily because the respondent therein had failed to release the requisite funds for the project assigned to the petitioner. However, the situation in the case at

hand is the exact opposite. Here, the Impugned Termination Order has been necessitated squarely by the petitioner's own continuous conduct of non-payment of admitted dues, despite the respondent repeatedly affording it several opportunities to cure the defaults. Furthermore, a careful perusal of the cited decision reveals that the interim protection granted to the petitioner therein was merely a measure directed at the nascent stage of issuing notice, pending the filing of a reply by the respondent and a subsequent rejoinder. Consequently, the said order does not lay down any binding *ratio decidendi* or legal principle that would compel this Court to grant similar equitable relief in the present factual scenario.

68. In view of the above discussion, this Court finds that the petitioner has failed to establish a *prima facie* case in its favour. Even the balance of convenience does not lean in favour of the petitioner. The respondent, operating as a public utility entity, cannot be compelled to continue a commercial relationship with a continuously defaulting party. Granting an injunction under these circumstances would essentially mean allowing him to use the licensed premises without a licence.

69. Further, the petitioner has been unable to demonstrate any irreparable injury that cannot be compensated in terms of money. The dispute primarily revolves around a commercial contract; should the Arbitral Tribunal ultimately find that the termination was wrongful or illegal; the petitioner is not left remediless and always has the alternative recourse of seeking adequate damages or compensation.

70. Accordingly, the present petition is dismissed.

71. However, it is made unequivocally clear that this Court has only expressed a *prima facie* view for the limited purpose of adjudicating the

present petition. Nothing stated herein shall be construed as a final expression of opinion on the substantive merits of the dispute. All rights and contentions of the parties are kept strictly open for detailed examination and consideration by the Arbitral Tribunal, who shall adjudicate the disputes between the parties absolutely uninfluenced by the *prima facie* observations made hereinabove.

VIKAS MAHAJAN, J

MAY 20, 2026/aj