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* IN THE HIGH COURT OF DELHI AT NEW DELHI

% ***Judgment reserved on: 27.07.2026***
Judgment pronounced on: 05.08.2026
Judgment uploaded on: 05.08.2026

\# **CNR No. DLHC010331702026**

\+ FAO (COMM) 203/2026 and CM APPL. 47883/2026

VANTAGE INTEGRATED SECURITIES SOLUTION PVT LTD .....Appellant

Through: Mr. Dhruv Tamta, Adv.

versus

SPARK TECHNOLOGIES PVT LTD .....Respondent

Through: None.

CORAM:
HON'BLE MR. JUSTICE ANIL KSHETARPAL
HON'BLE MS. JUSTICE SHAIL JAIN

JUDGMENT

ANIL KSHETARPAL, J.:

1. Through the present Appeal, the Appellant assails the correctness of the judgment dated 06.06.2026 [hereinafter referred to as 'Impugned Judgment'] passed by the learned District Judge (Commercial Court)-01, Patiala House Courts, New Delhi [hereinafter referred to as 'Commercial Court'] in OMP (Comm.) No. 27/2021, whereby the objections preferred by the Appellant under Section 34 of the Arbitration and Conciliation Act, 1996 [hereinafter referred to as '1996 Act'], came to be dismissed and the arbitral award dated 27.10.2020 [hereinafter referred to as 'award'] rendered by the learned Sole Arbitrator in Arbitration Case No. DIAC/2297D/11-18 was

upheld.

2. The issue which arises for consideration in the present Appeal is whether the learned Commercial Court committed any error in declining to interfere, under Section 34 of the 1996 Act, with the arbitral award dated 27.10.2020, so as to warrant interference by this Court in exercise of its appellate jurisdiction under Section 37 of the said Act.

FACTUAL MATRIX:

3. In order to appreciate the controversy involved in the present Appeal, the relevant facts, in brief, are required to be noticed.

4. The Respondent is a company engaged in the business of dealing in computer peripherals, networking products and allied services. The Appellant is engaged in the business of design, supply, installation, testing and commissioning of electronic security and surveillance systems.

5. On 07.05.2015, the Appellant issued a Purchase Order in favour of the Respondent for supply of certain networking products and allied material required by the Appellant. Pursuant thereto, the Respondent effected supplies under various invoices aggregating to Rs.25,68,772/-. According to the Respondent, payments aggregating to Rs.15,75,878/- were received from the Appellant, leaving an outstanding balance of Rs.9,92,894/-, which formed the subject matter of the claim before the learned Sole Arbitrator.

6. Alleging that despite repeated requests and notice dated

12.04.2017, the outstanding amount remained unpaid, the Respondent invoked the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 [hereinafter referred to as 'MSMED Act'] by approaching the Micro and Small Enterprises Facilitation Council. Upon failure of conciliation, the dispute was referred under Section 18(3) of the MSMED Act to the Delhi International Arbitration Centre for adjudication in accordance with the provisions of the 1996 Act.

7. Before the learned Sole Arbitrator, the Respondent claimed recovery of the outstanding principal amount of Rs.9,92,894/- together with interest under the MSMED Act and other consequential reliefs. The Appellant resisted the claim primarily on the ground that the supplies were not made within the stipulated time, which allegedly resulted in delay in execution of a separate project awarded to it by the Reserve Bank of India [hereinafter referred to as 'RBI']. It was asserted that the RBI consequently levied liquidated damages upon the Appellant and, therefore, the outstanding amount payable to the Respondent was liable to be adjusted against the losses so suffered. The Appellant further pleaded that the Respondent had been informed through contemporaneous correspondence that any liquidated damages imposed by the RBI would be passed on to it.

8. Upon appreciation of the pleadings, documentary evidence and oral testimony led by the parties, the learned Sole Arbitrator, by award dated 27.10.2020, did not accept the defence raised by the Appellant and substantially allowed the Respondent's claim. The learned Sole Arbitrator held, *inter alia*, that the Purchase Order did not stipulate that time was the essence of the contract; there was no contractual

term or agreement entitling the Appellant to recover or adjust any alleged liquidated damages; and the Appellant had failed to establish that the Respondent had assumed any contractual liability in respect of the liquidated damages allegedly imposed upon the Appellant under its independent contract with the RBI.

9. The award also recorded that no counterclaim seeking recovery of the alleged losses had been filed. Consequently, the Appellant was directed to pay the outstanding principal amount of Rs.9,92,894/-, interest under the MSMED Act as quantified in the award, costs and further interest in terms thereof.

10. Aggrieved thereby, the Appellant instituted a petition under Section 34 of the 1996 Act before the learned Commercial Court. By the Impugned Judgment, the learned Commercial Court dismissed the petition, holding that the findings recorded by the learned Sole Arbitrator were based on appreciation of the contractual terms and the evidence led by the parties, and did not suffer from patent illegality or perversity so as to warrant interference within the limited scope of Section 34 of the 1996 Act.

11. It is against the aforesaid judgment affirming the arbitral award that the present Appeal has been preferred under Section 37 of the 1996 Act.

<u>CONTENTIONS ON BEHALF OF THE APPELLANT:</u>

12.1. It was submitted that both the learned Sole Arbitrator and the learned Commercial Court committed a manifest error in proceeding on the assumption that time was not the essence of the contract between the parties. It was contended that the Purchase Order dated 07.05.2015 formed an integral part of a larger time-bound project awarded by the RBI to the Appellant for installation of IP CCTV surveillance systems at various offices of the RBI. The stipulated delivery schedule contained in the Purchase Order had to be construed in the backdrop of the principal contract, under which timely completion was of paramount importance.

12.2. It was further submitted that the Respondent had failed to adhere to the agreed delivery schedule and that such delay had a direct bearing on the execution of the RBI project. It was submitted that the contemporaneous correspondence exchanged between the parties, particularly the emails dated 09.07.2015, 15.07.2015, 17.07.2015 and 26.08.2015, unequivocally demonstrated that the Respondent had been repeatedly informed that the supplies were urgently required for a time-bound Government project and that any liquidated damages imposed by the RBI would be recovered from the Respondent.

12.3. It was further contended that the learned Sole Arbitrator failed to appreciate that the RBI had, in fact, granted extension of time while simultaneously imposing liquidated damages upon the Appellant. Referring to the correspondence exchanged with the RBI, it was submitted that the Appellant had established a direct nexus between the Respondent's delayed supplies and the financial loss suffered by the Appellant.

12.4. It was also argued that the learned Sole Arbitrator erred in holding that there was no contractual basis for adjustment of the outstanding amount against the losses suffered by the Appellant. According to him, even in the absence of an express clause providing for recovery of liquidated damages, the Appellant was entitled to claim compensation for breach of contract under Sections 55, 73 and 74 of the Indian Contract Act, 1872 [hereinafter referred to as 'Contract Act']. He submitted that the communication dated 26.08.2015 constituted sufficient notice under the third paragraph of Section 55 of the Contract Act, thereby preserving the Appellant's right to recover compensation despite accepting delayed performance.

12.5. It was further contended that the learned Sole Arbitrator failed to consider the defence of adjustment in its correct perspective and did not adequately deal with the effect of the contemporaneous correspondence, the admissions elicited during the cross-examination of the witnesses and the documentary evidence relating to the levy of liquidated damages by the RBI.

12.6. It was also submitted that the learned Sole Arbitrator acted illegally in not permitting the Appellant to pursue its counterclaim relating to the losses allegedly suffered on account of the liquidated damages imposed by the RBI and consequently failed to adjudicate the same. It was contended that the Appellant was thereby deprived of an effective opportunity to establish its case and that such course of action amounted to a violation of the principles of natural justice, constituting an additional ground for setting aside the arbitral award.

ANALYSIS & FINDINGS:

13. This Court has carefully considered the submissions advanced on behalf of the Appellant and perused the material on record.

14. It is well settled that the scope of interference available to the Court under Section 37 of the 1996 Act is even narrower than that exercisable under Section 34 of the 1996 Act. While considering an appeal under Section 37, this Court does not sit in appeal over the arbitral award nor is it expected to undertake a fresh appreciation of the evidence led before the learned Sole Arbitrator. Interference is warranted only where the Appellant is able to demonstrate that the Commercial Court has failed to apply the settled parameters governing Section 34 or has committed a manifest error in refusing to set aside an award which is vitiated by any of the grounds recognised under the 1996 Act.

15. Equally well settled is the principle that an arbitral award cannot be interfered with merely because another view on facts or interpretation of the contractual terms is possible. The interpretation of the terms of the contract, appreciation of documentary as well as oral evidence and the findings of fact recorded by the learned Sole Arbitrator ordinarily fall within the exclusive domain of the arbitral tribunal. Unless such findings are shown to be patently illegal, perverse or in conflict with the fundamental policy of Indian law, the Court exercising jurisdiction under Sections 34 and 37 cannot substitute its own view for that of the learned Arbitrator.

16. Examined in the aforesaid backdrop, this Court finds no

infirmity in the view adopted by the learned Commercial Court while refusing to interfere with the arbitral award. A careful reading of the award demonstrates that the learned Sole Arbitrator considered each of the principal defences raised by the Appellant, namely, that time was the essence of the contract, that the Respondent was liable to bear the liquidated damages allegedly imposed by the RBI, and that the outstanding amount payable to the Respondent stood validly adjusted against the losses allegedly suffered by the Appellant. The learned Sole Arbitrator recorded findings on each of these issues after considering the contractual documents as well as the evidence produced by the parties. The learned Commercial Court, while exercising jurisdiction under Section 34 of the 1996 Act, found no patent illegality or perversity in the aforesaid findings. Having independently examined the record, this Court is in agreement with the said conclusion.

17. The principal submission advanced on behalf of the Appellant that both the learned Sole Arbitrator and the learned Commercial Court erred in holding that time was not the essence of the contract, does not merit acceptance. A perusal of the arbitral award reveals that the learned Sole Arbitrator examined the terms of the Purchase Order as well as the evidence adduced by the parties before arriving at the conclusion that the contract between the Appellant and the Respondent did not contain any stipulation declaring time to be the essence of the contract. The learned Sole Arbitrator also noticed that although specific delivery dates were mentioned in the Purchase Order, there was no contractual provision making delayed delivery a

ground for fastening liability upon the Respondent or requiring the Respondent to bear any liquidated damages in the event of delayed supplies. The finding so recorded is essentially one based upon construction of the contractual terms and appreciation of the evidence on record.

18. Merely because the supplies procured by the Appellant were intended to be utilised in the execution of another contract awarded by the RBI would not, by itself, alter or rewrite the contractual relationship between the Appellant and the Respondent. The obligations and liabilities of the parties are required to be gathered from the terms of the contract executed between them and not from the conditions contained in a separate agreement entered into by one of the contracting parties with a third party. Significantly, the Appellant has not been able to point out any clause in the Purchase Order whereby the Respondent agreed either that time would be the essence of the contract or that it would be liable for any liquidated damages which the Appellant might incur under its independent contract with the RBI.

19. The Appellant has relied upon various emails and other contemporaneous correspondence to contend that the Respondent had been informed that the supplies were required for a time-bound project and that any delay would expose the Appellant to liability before the RBI. However, the mere exchange of correspondence reminding the Respondent to expedite supplies or communicating the possible consequences of delay cannot, in the absence of a contractual stipulation accepted by both parties, create a fresh contractual

obligation or enlarge the liabilities originally undertaken by the Respondent under the Purchase Order. Whether such correspondence was sufficient to alter the contractual rights of the parties was a matter squarely falling within the domain of the learned Sole Arbitrator. The learned Sole Arbitrator considered the said correspondence and declined to accept the interpretation sought to be placed thereon by the Appellant. Such a view is undoubtedly a plausible view arising from the material available on record and cannot be characterised as patently illegal or perverse so as to warrant interference under Sections 34 or 37 of the 1996 Act.

20. The next submission concerns the Appellant's plea that it was entitled to adjust the outstanding amount payable to the Respondent against the liquidated damages allegedly imposed upon it by the RBI. In support of this contention, learned counsel submitted that the communication dated 26.08.2015 constituted sufficient notice within the meaning of the third paragraph of Section 55 of the Contract Act and, therefore, notwithstanding acceptance of the delayed supplies, the Appellant had preserved its right to seek compensation.

21. This contention also does not persuade this Court to take a view different from that adopted by the learned Sole Arbitrator. A perusal of the award shows that the learned Sole Arbitrator examined the Appellant's plea that the outstanding dues payable to the Respondent could be adjusted against the liquidated damages allegedly imposed by the RBI. Upon consideration of the Purchase Order, the correspondence exchanged between the parties and the evidence led before him, the learned Sole Arbitrator found that there existed no

contractual stipulation or mutually accepted arrangement entitling the Appellant either to recover such alleged damages from the Respondent or to unilaterally adjust the admitted amount payable to it. Once such a finding has been returned on appreciation of the contractual documents and evidence, this Court, while exercising jurisdiction under Section 37 of the 1996 Act, cannot reassess the factual foundation of that conclusion merely because another view may also be possible.

22. The correspondence relied upon by the Appellant, including the communication dated 26.08.2015, was also taken into consideration by the learned Sole Arbitrator. The said communication merely conveyed the Appellant's apprehension that liquidated damages might be imposed by the RBI and its intention to recover the same from the Respondent. Such communication neither formed part of the Purchase Order nor constituted a contractual stipulation governing the rights and liabilities of the parties. More importantly, there is nothing on record to indicate that the Respondent accepted the said stipulation or that the parties mutually agreed to modify the contractual terms. In the absence of any contractual provision or subsequent mutual agreement incorporating such liability, the learned Sole Arbitrator cannot be faulted for concluding that the Appellant had failed to establish its defence of adjustment.

23. The reliance placed by the Appellant upon Sections 73 and 74 of the Contract Act also does not advance its case. The very foundation for claiming compensation from the Respondent, namely a contractual obligation making the Respondent liable for the alleged

losses suffered by the Appellant, was found to be absent by the learned Sole Arbitrator upon interpretation of the Purchase Order and appreciation of the evidence. Once that foundational finding is held to be a plausible view of the matter, no occasion arises for this Court, while exercising jurisdiction under Section 37 of the 1996 Act, to re-examine the Appellant's entitlement to damages by undertaking a fresh appreciation of the contractual documents or evidence.

24. Equally untenable is the submission that the learned Commercial Court mechanically dismissed the objections without independently examining the grounds urged by the Appellant. A perusal of the Impugned Judgment reveals that the learned Commercial Court adverted to each of the principal objections raised under Section 34 of the 1996 Act and rightly concluded that the Appellant was, in substance, seeking a re-appreciation of the evidence and a fresh interpretation of the contractual terms. Having found that the view adopted by the learned Sole Arbitrator was a plausible one founded upon the material available on record, the learned Commercial Court correctly declined to interfere in view of the settled limitations governing proceedings under Section 34 of the 1996 Act.

25. The last submission advanced on behalf of the Appellant is that the learned Sole Arbitrator failed to adjudicate upon its plea relating to the losses allegedly suffered on account of the liquidated damages imposed by the RBI and thereby violated the principles of natural justice. This contention also deserves rejection. A perusal of the arbitral award unmistakably shows that the learned Sole Arbitrator examined at considerable length the Appellant's contention that the

amount claimed by the Respondent was liable to be adjusted against the alleged losses suffered by the Appellant. Upon consideration of the Purchase Order, the contemporaneous correspondence and the oral evidence, the learned Sole Arbitrator rejected the said plea on merits. It cannot therefore be contended that the Appellant's defence was not considered.

26. The grievance now sought to be projected by the Appellant is, in substance, an attempt to assail the findings recorded by the learned Sole Arbitrator on the aforesaid defence. Even assuming that the Appellant desired to pursue an independent claim against the Respondent, the arbitral award does not disclose any failure to consider the defence actually raised before the learned Sole Arbitrator in answer to the Respondent's claim. The learned Sole Arbitrator returned specific findings on the Appellant's plea of adjustment and rejected the same for want of any contractual or legal foundation. Such findings, being findings on merits, based upon appreciation of the contractual documents and the evidence on record, cannot be recast as a violation of the principles of natural justice or as a procedural infirmity warranting interference under Sections 34 or 37 of the 1996 Act.

27. This Court is, therefore, of the considered opinion that none of the findings recorded by the learned Sole Arbitrator can be said to suffer from patent illegality, perversity or conflict with the fundamental policy of Indian law. The learned Commercial Court rightly appreciated the limited scope of interference available under Section 34 of the 1996 Act and correctly declined to interfere with a

well-reasoned arbitral award. The Appellant has failed to demonstrate any jurisdictional error or perversity in the Impugned Judgment warranting interference by this Court in exercise of its appellate jurisdiction under Section 37 of the 1996 Act.

CONCLUSION:

28. In view of the aforesaid discussion, this Court finds no merit in the present Appeal. The Impugned Judgment passed by the learned Commercial Court does not suffer from any infirmity warranting interference in exercise of appellate jurisdiction under Section 37 of the Arbitration and Conciliation Act, 1996. Consequently, the arbitral award dated 27.10.2020, as affirmed by the learned Commercial Court, calls for no interference.

29. Accordingly, the present Appeal, along with the pending application, is dismissed.

ANIL KSHETARPAL, J.

SHAIL JAIN, J.

AUGUST 05, 2026
jai/pal