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IN THE HIGH COURT OF JUDICATURE AT MADRAS

Judgment Reserved on : 19 / 06 / 2026

Judgment Delivered on : 28 / 08 / 2026

CORAM

THE HONOURABLE MR.JUSTICE **P.VELMURUGAN**
and
THE HONOURABLE MRS.JUSTICE **K.GOVINDARAJAN THILAKAVADI**

O.S.A.No.69 of 2020
and
C.M.P.No.2537 of 2020

1. K.Babu
2. Meera Babu … Appellants

Vs.

1. G.G.Srinivasan

2. M/s.Venkateswara Diagnostic Centre,
Medavakkam,
Rep.by its Proprietrix
Mrs.J.Buvanasankari ... Respondents

Original Side Appeal filed under Section 37 of the Arbitration and Conciliation Act, 1996 and under Order XXXVI Rule 1 of the Madras High Court Original Side Rules read with Clause 15 of Letters Patent, to set aside the

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fair and decretal order dated 20.12.2019 in O.P.No.555 of 2019.

For Appellants : Mr.K.V.Babu

For Respondents : Ms.Tanya Kapoor

*****

COMMON JUDGMENT

(Judgment of the Court was delivered by P.VELMURUGAN, J.)

This intra-Court Appeal is directed against the fair and decretal order dated 20.12.2019 passed in O.P.No.555 of 2019.

2. The appellants/claimants and the respondents/respondents were originally engaged in the medical diagnostic business under the Partnership Firm styled as "Venkateswara Diagnostic Centre" from 01.04.2002 at Flat No.A1, 320, Velachery Road, Chennai 600 042. The said property was jointly purchased by the first appellant and the first respondent herein in the year 2009. The second respondent was the sole proprietorship concern and the proprietrix Mrs.J.Buvanasankari, is the wife of the first respondent. As the business carried on by the first appellant and the first respondent could not be continued jointly,

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it was decided that the first respondent shall retire from the Partnership Firm with effect from 31.05.2016. For this purpose, a Memorandum of Understanding dated 31.05.2016 [hereinafter referred to as 'MoU'] was entered into between the first appellant and the first respondent. As per the MoU (marked as Ex.C2), the first respondent shall retire from the Partnership Firm with effect from 31.05.2016 and shall be relieved from all the liabilities of the said firm upon his retirement and in turn the first appellant shall take over the entire liabilities of the firm and to continue the business either independently or in association with other persons.

3. The appellants acted upon the MoU by making payments under Clauses 1.6 and 1.6.1, which were received and realized by the first respondent and the same has not been disputed by the respondents in the arbitration proceedings. Further, the first appellant has taken over the entire liabilities of the Firm in compliance of the MoU. However, the first respondent failed to perform his obligations under Clause 1.7, despite repeated requests. Consequently, the appellants invoked Clause 12 of the MoU and initiated

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arbitration proceedings. As consensus on appointment of a sole arbitrator could not be reached, an application under Section 11(6) of the Arbitration and Conciliation Act, 1996 [hereinafter referred to as 'A & C Act, 1996'] was filed, and by order of this Court, an Arbitral Tribunal was constituted to resolve the dispute between the parties.

4. In the arbitration proceedings in A.F.No.59 of 2018, the appellants sought for a direction to the first respondent to execute and release his 50% share in the subject property, in favour of the first claimant/first appellant in terms of Clause 1.7 of the MoU. The respondents resisted the proceedings and filed a counter claim, seeking dismissal of the appellants' claim, a direction to the first claimant to render true and proper accounts, and ascertainment of mesne profits with allotment of 50% share to the first respondent. After trial, the learned Sole Arbitrator was pleased to pass an Award dated 16.05.2019 in favour of the appellants herein. Aggrieved by the said Award, the respondents filed a petition under Section 34 of A & C Act. This Court *vide* order dated 20.12.2019 set aside the arbitral award and consequently, allowed the counter

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claim of the respondents. Challenging the same, the present appeal has been preferred.

5. The learned counsel for the appellants submitted that the MoU dated 31.05.2016 was duly acted upon, their obligations were performed, and the respondents, having availed benefits thereunder, failed to execute the release deed as required, thereby necessitating the present proceedings. The respondents challenged the arbitral award in O.P.No.555 of 2019 solely on the ground of conflict with public policy under Section 34(2)(b)(ii) of A & C Act. However, the learned Single Judge set aside the award on the grounds not pleaded, holding the claim premature for non-execution of the Retirement Deed under Clause 1.1, non-compliance with Clause 1.3, and non-fulfilment of the provisos to Clause 1.7, thereby invoking patent illegality under Section 34(2A) of A & C Act.

6. The learned counsel for the appellants contended that the impugned order is legally unsustainable, as patent illegality was never pleaded by the respondents. The jurisdiction under Section 34 of A & C Act, is supervisory and

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does not permit the Court to re-appreciate evidence or substitute its own view for that of the Arbitrator and also confined to the grounds specifically urged. The introduction of new grounds, dehors the pleadings, cannot be introduced by the Court. This settled legal position has been consistently affirmed in ***McDermott International Inc. v. Burn Standard Co. Ltd. (MANU/SC/8177/2006)*** and ***Chettinad International Coal Terminal Pvt. Ltd. v. Kamarajar Port Ltd. (MANU/TN/1004/2018).***

7. The learned Single Judge further erred in failing to first determine whether any statutory ground under Section 34(2) of A & C Act, was made out, and instead substituted its own interpretation of the contractual clauses for the Arbitrator's plausible view. This approach is directly contrary to the settled principle lay down by the Hon'ble Supreme Court in ***Ssangyong Engineering & Construction Co. Ltd. v. National Highways Authority of India (NHAI) [(2019) 15 SCC 131]*** and ***MMTC Ltd. v. Vedanta Ltd. [(2019) 4 SCC 163]***, which conclusively mandates that the interpretation of contracts lies primarily and exclusively within the domain of the Arbitrator. Unless the Arbitrator's interpretation is one that no fair-minded or reasonable person could adopt or is

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dehors the contract, the Court cannot interfere with the award merely because another interpretation is possible.

8. The learned counsel for the appellants further contended that the finding regarding non-compliance with the provisos to Clause 1.7 is untenable, as no such objection was raised by the respondents either during the arbitral proceedings or in the petition under Section 34. The provisos were intended solely to safeguard the lending bank, and the loan had been discharged prior to the award. It was submitted that the finding of pre-maturity for non-compliance with Clauses 1.1 and 1.3 of the MoU overlooks the Arbitrator's reasoned findings, supported by contemporaneous correspondence (Exs.C4, C7, R7 and R8) and admissions of the first respondent, which established that retirement had taken effect from 31.05.2016. Execution of the Retirement Deed was a mere formality, the obligation to execute which rested upon the first respondent. In any event, his express admissions constituted retirement in law under Section 32(1)(c) of the Indian Partnership Act, 1932, and he cannot rely upon the absence of a formal Retirement Deed to contend that the appellants' claim was premature.

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9. The learned counsel for the appellants further contended that the learned Arbitrator correctly interpreted Clause 1.3 of the MoU by holding that the first appellant had unequivocally undertaken to indemnify and discharge the first respondent from all liabilities of the partnership firm. Hence the respondents' apprehension about outstanding liabilities and alleged non-compliance with Clause 1.3 was untenable. It was pointed out that the respondents themselves had consistently pleaded, and the first respondent admitted in his cross examination, that he exclusively managed the affairs and finances of the partnership firm. In such circumstances, furnishing the balance sheet was only a procedural formality, and the learned Single Judge erred in treating its absence as fatal without any pleading, demand, or evidence. It was further submitted that the learned Single Judge erroneously relied upon the decisions rendered prior to 2015 amendment to Section 28(3) of A & C Act read with 245th Law Commission Report, particularly ***ONGC Ltd. v. Saw Pipes Ltd.,*** overlooking the expanded interpretative scope conferred upon the Arbitral Tribunal by the amended provision. Therefore, the finding that the award

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suffered from patent illegality is legally unsustainable and warrants interference in the present appeal.

10. In support of his contentions, the learned counsel for the appellants relied on the following decisions of the Hon'ble Supreme Court and the High Court of Delhi :

(i) *Jan De Nul Dredging India Pvt.Ltd., Vs. Tuticorin Port Trust (AIR 2026 SC 536)*;

(ii) *Gayatri Balasamy Vs. ISG Novasoft Technologies Limited* (*MANU/SC/0609/2025*);

(iii) *The Project Director, National Highways Nos.45E and 220, National Highways Authority of India Vs. M.Hakeem and Ors., (MANU/SC/0461/2021)*; and

(iv) *Bharti Airtel Ltd., Vs. Jamshed Khan & Anr., (2023 : DHC : 8144 DB)*.

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11. *Per contra*, the learned counsel appearing for the respondents submitted that the impugned judgment is a well-reasoned one and warrants no interference by this Court. It was contended that the learned Single Judge rightly exercised its jurisdiction under Section 34 of A & C Act, as the learned Arbitrator had disregarded the express terms of the MoU dated 31.05.2016 (Ex.C2) and interpreted the contract in a manner contrary to its plain language and the intention of the parties. It was submitted that Ex.C2 clearly expressly contemplated the execution of a Retirement Deed or a Retirement-cum-Reconstitution Deed to give effect to the retirement of the first respondent from the partnership. However, the learned Arbitrator erroneously treated the execution of such deed as a mere formality, notwithstanding the contemporaneous correspondence exchanged between the parties, particularly Ex.C3 and Ex.R6, as well as the conduct of the appellants themselves in demanding execution of the Re-constitution Deed, thereby acknowledging its necessity. According to the respondents, the learned Single Judge was therefore justified in holding that the award ignored the contractual stipulations and the material evidence on record, thereby attracting the ground of patent illegality.

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The learned counsel further submitted that Clause 1.3 of MoU specifically required the preparation and signing of a Balance Sheet as on the date of retirement, reflecting the liabilities of the partnership and enabling the first respondent to stand discharged therefrom. Admittedly, no such Balance Sheet was ever prepared or furnished. Nevertheless, the learned Arbitrator proceeded on the erroneous premise that the requirement had been complied with. Before the learned Single judge, it was fairly admitted that no such Balance Sheet existed. Therefore, the respondents contended that the appellants' claim was premature and incapable of enforcement in the absence of compliance with Clause 1.3.

12. It was further contended that the learned Arbitrator erroneously construed Clauses 1.6 and 1.6.1 read with schedule 1-A and 1-AA of MoU as constituting the consideration payable for the retirement of the first respondent, whereas the contract, read as a whole, clearly established that the consideration for retirement was the first appellant's undertaking to discharge the liabilities reflected in the Balance Sheet. The reliance placed by the learned Arbitrator on

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the alleged IIFL Loan, which did not form part of the contractual arrangement, was wholly contrary to the express terms of the MoU.

13. The learned counsel also submitted that the learned Arbitrator failed to decide the respondents' objection regarding the admissibility of Ex.C2 on the ground that it was insufficiently stamped and unregistered, and further omitted to record any finding on the specific issue framed with regard to the enforceability of the said MoU. Such omission, according to the respondents, constituted a serious procedural irregularity vitiating the award. It was further argued that, if the appellants seek to rely upon Ex.C7/ letter dated 01.07.2016 as sufficient to effect the retirement of the first respondent without execution of a Retirement Deed, they cannot simultaneously contend that Ex.R5 dated 18.04.2016 is insufficient to evidence the retirement of the first appellant. Such mutually inconsistent stands are impermissible in law.

14. Placing reliance upon the principles laid down by the Hon'ble Supreme Court in ***Associate Builders Vs. Delhi Development Authority (2015 3***

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SCC 49); Ssangyong Engineering & Construction Co.Ltd., V. National Highways Authority of India (2019 15 SCC 131); and ***Patel Engineering Limited V. Northeastern Electric Power Corporation Limited (2020 7 SCC 167)*** , the learned counsel submitted that an arbitral award is liable to be set aside where the Arbitrator ignores the express terms of the contract, overlooks material evidence, adopts an interpretation that no reasonable person would accept, or renders findings that are patently illegal or perverse. It was submitted that the learned Single Judge correctly applied these well-settled principles while setting aside the award. It was further submitted that the grounds of patent illegality were specifically pleaded in the petition under Section 34 of A & C Act by demonstrating that the award was contrary to the contractual terms, the documentary evidence, and the admitted conduct of the parties. Upon a comprehensive consideration of the materials on record, the learned Single Judge rightly concluded that the award suffered from patent illegality, arbitrariness and perversity. The impugned judgment, therefore, calls for no interference under Section 37 of A & C Act, and the appeal is liable to be dismissed.

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15. Heard the learned counsel on either side and perused the materials available on record.

16. Admittedly, a MoU entered into between the first appellant and the first respondent. As disputes arose between the parties, the arbitration proceedings were invoked, which culminated in an Award dated 16.05.2019 in favour of the appellants. Challenging the same, the respondents filed a petition under Section 34 of A & C Act. The learned Single Judge, by order dated 20.12.2019, set aside the Award and allowed the counter-claim of the respondents. Aggrieved thereby, the claimants before the Arbitral Tribunal have preferred the present appeal under Section 37 of A & C Act.

17. The contention of the appellants is that MoU dated 31.05.2016 was duly acted upon and that they had performed their obligations thereunder. The respondents, having availed the benefits thereunder, failed to perform their corresponding obligations, including execution of the release deed as agreed, thereby necessitating the initiation of arbitration proceedings. Further, the

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respondents challenged the Award under Section 34 of A & C Act, principally contended that the Award was in conflict with the public policy under Section 34(2)(b)(ii) of A & C Act. However, the learned Single Judge set aside the Award on the grounds that the claim was premature for non-execution of the Retirement Deed contemplated under Clause 1.1, for non-compliance with Clause 1.3, and for non-fulfilment of the conditions stipulated in the provisos to Clause 1.7, and consequently held that the Award suffered from patent illegality within the meaning of Section 34(2A) of A & C Act. It is the specific contention of the appellants that these grounds were neither pleaded nor urged by the respondents before the Arbitral Tribunal and that, once the execution of the MoU was admitted and the appellants had performed their part of the obligations thereunder, the learned Arbitrator upon considering the materials placed before him and the rival contentions, had rightly allowed the claim by assigning cogent reasons.

18. It is a settled proposition of law that the scope of interference by the Court under Section 34 of A & C Act, is admittedly very limited. The Hon'ble Supreme Court, in a catena of judgments, has consistently held that the Arbitral

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Tribunal is the master of the evidence, and that the Court, while exercising jurisdiction under Section 34 of A & C Act, does not sit in appeal over the arbitral award. The Court does not possess the power to re-appreciate the evidence or re-examine the merits of the dispute as an appellate Court. Its jurisdiction is confined to examine whether the award is vitiated by any of the statutory grounds available under Section 34 of A & C Act, including the ground under Section 34(2)(b)(ii) of A & C Act, where the award is alleged to be in conflict with the public policy. Even if another view is possible, the Court cannot substitute its own view for that of the Arbitral Tribunal.

19. It is pertinent to refer the recent judgment of the Hon'ble Supreme Court in *Jan De Nul Dredging Pvt. Ltd. Vs. Tuticorin Port Trust* [MANU/SC/0031/2026], wherein the Hon'ble Supreme Court reiterated the limited scope of judicial interference with an arbitral award under Sections 34 and 37 of A & C Act. The relevant observations of the Hon'ble Supreme Court are extracted hereunder :

> "24. The primary object of the Act is to provide speedy and inexpensive mode of resolution of disputes through the process of

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arbitration with the minimum intervention of the law courts. In this context, it would be beneficial to refer and quote Section 5 of the Act which reads as under:-

> "5. Extent of judicial intervention- Notwithstanding anything contained in any other law for the time being in force, in matters governed by this Part, no judicial authority shall intervene except where so provided in this Part."

25. The above Section 5 of the Act contemplates that in matters of arbitration governed by Part-I i.e. in relation to domestic arbitration, minimum intervention of the judicial authority is acceptable unless it is otherwise provided under Part-I of the Act. In other words, in order to speed up the remedial measures under the Act in relation to domestic arbitration, there has to be minimum intervention of the court and, if necessary, it has to be only in strict compliance with the provisions of the Act.

26. The Act provides for the challenge of the arbitral award before the court on limited grounds as contemplated by Section 34 of the Act i.e. where one of the party was under some incapacity; or where the arbitration agreement itself was not valid; or the parties were not given proper notice of the appointment of an arbitrator or the arbitral proceedings; or was unable, for some reason, to present his case before the Arbitrator or Arbitral Tribunal; or if the arbitral award deals with the dispute not contemplated or falling within the terms of the arbitration or deals with the matters

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beyond the scope of the arbitration; or where the constitution of the Arbitral Tribunal was not in accordance with arbitration agreement; and, or where the court finds the subject matter of the arbitral dispute was incapable of settlement by arbitration or the arbitral award is in conflict with the public policy of India.

27. In short, apart from the above grounds, the arbitral award is not open for challenge under Section 34 of the Act on any other ground. So, the intervention of the court is limited. Therefore, technicalities apart, the main ground for challenge of the arbitral award in the instant case, which survives is that of the award being in conflict with the public policy of India i.e. whether it is in contravention with the fundamental policy of India or is in conflict with the most basic notions of morality or justice.

28. In the case at hand, a challenge to the award of the Arbitral Tribunal before the Learned Single Judge of the High Court would reveal that it was confined to Claim No.7 and that too on the merits of the same and not on the ground of violation of the public policy of India or that it is against the basic notions of morality or justice.

29. The Arbitral Tribunal, in making the award, has interpreted the various clauses of the License Agreement so as to hold that the appellant-Dredging India is entitled for appropriate compensation with regard to idling of its Backhoe Dredger (BHD)

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for want of non-supply of site within time. Apparently, the challenge to the award of the Arbitral Tribunal was neither on any of the grounds enumerated under Section 34, nor even on the ground that the award of the Claim No.7 is against the fundamental policy of India or the basic notions of morality or justice.

30. That being the position, the award of the Arbitral Tribunal was not liable to be disturbed under Section 34 of the Act and was rightly not disturbed. It is settled in law that the appellate powers under Section 37 are limited to the scope of Section 34 and cannot exceed beyond it. Certainly, therefore, if an award is not liable to be disturbed under Section 34 of the Act, the same could not have been interfered with in exercise of powers under Section 37 of the Act.

31. In MMTC Limited vs. Vedanta Limited5, this Court has very succinctly laid down the powers of Appellate Court under the Act. It held as under :-

> "14. As far as interference with an order made under Section 34, as per Section 37, is concerned, it cannot be disputed that such interference under Section 37 cannot travel beyond the restrictions laid down under Section 34. In other words, the court cannot undertake an independent assessment of the merits of the award, and must only ascertain that the exercise of power by the court under Section 34 has not exceeded the scope of the provision. Thus, it is evident that in case an arbitral award has been confirmed by the court under Section 34 and by the court in an appeal under Section 37, this

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> Court must be extremely cautious and slow to disturb such concurrent findings."

32. In Konkan Railway Corpn. Ltd. v. Chenab Bridge Project, a three-judge bench of this Hon'ble Court has extensively dealt with the jurisprudence around Sections 34 and 37 of the Arbitration Act. This Court has held that:

> "18. At the outset, we may state that the jurisdiction of the court under Section 37 of the Act, as clarified by this Court in MMTC Ltd. v. Vedanta Ltd.7, is akin to the jurisdiction of the court under Section 34 of the Act. Scope of interference by a court in an appeal under Section 37 of the Act, in examining an order, setting aside or refusing to set aside an award, is restricted and subject to the same grounds as the challenge under Section 34 of the Act.
>
> 19. Therefore, the scope of jurisdiction under Section 34 and Section 37 of the Act is not akin to normal appellate jurisdiction. It is well-settled that courts ought not to interfere with the arbitral award in a casual and cavalier manner. The mere possibility of an alternative view on facts or interpretation of the contract does not entitle courts to reverse the findings of the Arbitral Tribunal."

33. In Punjab State Civil Supplies Corpn. Ltd. v. Sanman Rice Mills, this Hon'ble Court, while examining the scope of Section 34 and Section 37 of the Arbitration Act, has held that:

> "20. In view of the above position in law on the subject, the scope of the intervention of the court in arbitral matters is virtually prohibited, if not absolutely

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barred and that the interference is confined only to the extent envisaged under Section 34 of the Act. The appellate power of Section 37 of the Act is limited within the domain of Section 34 of the Act. It is exercisable only to find out if the court, exercising power under Section 34 of the Act, has acted within its limits as prescribed thereunder or has exceeded or failed to exercise the power so conferred. The Appellate Court has no authority of law to consider the matter in dispute before the arbitral tribunal on merits so as to find out as to whether the decision of the arbitral tribunal is right or wrong upon reappraisal of evidence as if it is sitting in an ordinary court of appeal. It is only where the court exercising power under Section 34 has failed to exercise its jurisdiction vested in it by Section 34 or has travelled beyond its jurisdiction that the appellate court can step in and set aside the order passed under Section 34 of the Act. Its power is more akin to that superintendence as is vested in civil courts while exercising revisionary powers. The arbitral award is not liable to be interfered unless a case for interference as set out in the earlier part of the decision, is made out. It cannot be disturbed only for the reason that instead of the view taken by the arbitral tribunal, the other view which is also a possible view is a better view according to the appellate court.

21. It must also be remembered that proceedings under Section 34 of the Act are summary in nature and are not like a full-fledged regular civil suit. Therefore, the scope of Section 37 of the Act is much more summary in nature and not like an ordinary civil appeal. The award as such cannot be touched unless it is contrary to the substantive provision of law; any provision of the Act or the terms of the agreement."

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34. In UHL Power Company Limited vs. State of Himachal Pradesh, a three judges Bench of this Court observed as under:-

> "The jurisdiction conferred on the courts under Section 34 of the Arbitration Act is fairly narrow, when it comes to the scope of an appeal under Section 37 of the Arbitration Act, the jurisdiction of the Appellate Court in examining an order, setting aside or refusing to set aside an order, is all the more circumscribed."

35. In a recent case of Bombay Slum Redevelopment Corporation Private Limited vs. Samir Narain Bhojwani, a Bench of this Court, of which one of us (P. Mithal, J.) was a member, had held that the jurisdiction of the Appellate Court dealing with an appeal under Section 37 of the Act against the judgment in a petition under Section 34 of the Act is more constrained than the jurisdiction of the court dealing with a petition under Section 34 of the Act.

36. The gist of the aforesaid decisions is that the jurisdiction of the court under Section 37 of the Act is akin to the jurisdiction of the court under Section 34 of the Act, and, therefore, the scope of interference by the court in appeal under Section 37 cannot go beyond the grounds on which challenge can be made to the award under Section 34 of the Act. Moreover, the courts exercising powers under Sections 34 and 37, do not act as a normal court, and therefore, ought not to interfere with the arbitral award on a mere

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possibility of an alternative view.

37. In other words, the scope of interference of the court with the arbitral matters is virtually prohibited, if not absolutely barred. The powers of the Appellate Court are even more restricted than the powers conferred by Section 34 of the Act. The appellate power under Section 37 of the Act is exercisable only to find out if the court exercising power under Section 34 of the Act, has acted within its limits as prescribed thereunder or has exceeded or failed to exercise the power so conferred. The Appellate Court exercising powers under Section 37 of the Act has no authority of law to consider the matter in dispute before the Arbitral Tribunal on merits so as to hold as to whether the award of the Arbitral Tribunal is right or wrong. The Appellate Court in exercise of such power cannot sit as an ordinary court of appeal and reappraise the evidence to record a contrary finding. The award of the Arbitral Tribunal cannot be touched by the court unless it is contrary to the substantive provision of law or any provision of the Act or the terms of the agreement.

38. Undoubtedly, in the case at hand, the award of the Arbitral Tribunal is not contrary to any substantive provision of law or any provision of the Act. Yet, it has been disturbed by the Appellate Court, apparently by giving a different interpretation of the clauses of the License Agreement which jurisdiction was not

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vested in it. Ordinarily, the interpretation given by the Arbitral Tribunal, as affirmed by the court in exercise of powers under Section 34 of the Act ought to have been accepted.

39. In regard to the contention that the arbitral award was contrary to the terms of the Licence Agreement, it would be trite to state that due and proper interpretation of the various clauses of the Licence Agreement was given by the Arbitral Tribunal and the same also had the approval of the Learned Single Judge by his judgment passed in exercise of powers under Section 34 of the Act and as such the Appellate Court could not have given a different interpretation to the said clauses. The Appellate Court was actually bound by the interpretation of the clauses of the Licence Agreement as given by the Arbitral Tribunal and accepted by the Court under Section 34.

40. In National Highways Authority of India v. M/s Hindustan Construction Company Ltd. a Bench of this Court, speaking through Justice Oka, of which one of us (Shri P. Mithal, J.) was also a member held as under:

> "There cannot be any dispute that as far as the construction of the terms of a contract is concerned, it is for the Arbitral Tribunal to adjudicate upon. If, after considering the material on record, the Arbitral Tribunal takes a particular view on the interpretation of the contract, the Court under Section 34 does not sit in appeal over the findings of the arbitrator."

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In view of the aforesaid decision, if the interpretation given by the Arbitral Tribunal cannot be disturbed under Section 34 of the Act, the same cannot also be disturbed by exercising powers under Section 37 of the Act.

41. Shri S. Nagamuthu, learned senior counsel for the respondent-Port Trust, had cited Ssangyong Engineering and Construction Company Limited vs. National Highways Authority of India (NHAI), to contend that when there is patent illegality in the award, the same could always be corrected in appeal under Section 37 of the Act. A close reading of the above decision would reveal that in order to apply the same, first, it has to be established that there is a patent illegality on the face of the award; secondly, mere contravention of substantive laws of India by itself is no longer a ground available to set aside the award; and if the Arbitrator gives no reason for an award, it would amount to patent illegality. In the present case, no patent illegality on the face of the award stands established. The Arbitral Award is a speaking award with findings and interpretations based upon reasons. Moreover, there is apparently no violation of the fundamental policy of any Indian law or the basic notions of morality and justice to enable the courts to interfere with the award."

Therefore, it is well settled law that the scope and object of Section 34 of A & C Act is very narrow, and the scope of Section 37 is even more circumscribed.

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20. On a combined reading of the arbitral award, the materials placed before this Court, the judgment of the learned Single Judge and the observations of the Hon'ble Supreme Court, it is evident that the respondents had admittedly availed the benefits under the MoU, though they subsequently contended that the MoU had not been acted upon. The Sole Arbitrator, on considering the materials on record and the rival contentions, has assigned cogent reasons for allowing the claim. Even if another view is possible, or the reasons assigned by the learned Arbitrator are considered to be erroneous on merits, this Court in exercise of its jurisdiction under Sections 34 and 37 of A & C Act, cannot re-appreciate the evidence or substitute its own view for that of the Arbitral Tribunal. Therefore, this Court finds that none of the findings or conclusions in the Award suffer from patent illegality or fall within any of the limited statutory grounds for interference under Section 34 of A & C Act. The Award, therefore, does not warrant interference.

21. In view of the forgoing discussion, this Court finds that the order dated 20.12.2019 passed by the learned Single Judge in O.P.No.555 of 2019, is liable to be set aside and accordingly set aside. The arbitral award dated

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16.05.2019 passed by the learned Arbitrator stands confirmed. Accordingly, the intra-Court appeal stands allowed. There shall be no order as to costs. Consequently, connected miscellaneous petition is closed.

(P.V.,J.) **(K.G.T.,J.)**
28 / 08 / 2026

ms

Speaking / Non-speaking order
Index : Yes / No
Neutral Citation : Yes / No

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O.S.A.No.69 of 2020
and
C.M.P.No.2537 of 2020

P.VELMURUGAN, J.,
and
K.GOVINDARAJAN THILAKAVADI, J.,

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