HC-KAR

NC: 2026:KHC:51592-DB
COMAP No. 362 of 2026

CNR: KAHC010499712026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 16TH DAY OF SEPTEMBER, 2026

PRESENT

THE HON'BLE MR. JUSTICE D K SINGH

AND

THE HON'BLE MR. JUSTICE H.SHANTHI BHUSHAN

COMMERCIAL APPEAL NO. 362 OF 2026

BETWEEN:

SMT. T S GOMATHI
W/O LATE. T.R.LAKSHMANAN,
SINCE DEAD BY LR,
SMT.PADMA,
AGED ABOUT 82 YEARS,
W/O ERC SHEKAR,
RESIDING AT NO.VILLA 415,
ADARSH PALM RETREAT,
DEVARABISANA HALLI,
BENGALURU-560 103.

...APPELLANT

(BY SMT. RAKSHITHA.D.J.,ADVOCATE)

AND:

1. M/S CAPGEMINI TECHNOLOGY
SERVICES INDIA LIMITED
(FORMERLY KNOWN AS
IGATE GLOBAL SOLUTIONS LIMITED)
A COMPANY REGISTERED UNDER
THE COMPANIES ACT, 1956
HAVING ITS REGISTERED OFFICE AT
PLOT NO.14, RAJIV GANDHI INFOTECH PARK,
HINJAWADI PHASE III, MIDC-SEZ,
VILLAGE MAN, TALUKA MULSHI,
PUNE, MAHARASHTRA-411 057.

HAVING BRANCH OFFICE AT
PLOT NO. 158-162 AND 165-170,
EPIP PHASE-II, WHITEFIELD,
BENGALURU-560 056.

2. S.SIDDALINGESH
SOLE ARBITRATOR,
ARBITRATION AND CONCILIATION CENTRE
(DOMESTIC AND INTERNATIONAL)
BENGALURU.
3RD FLOOR, EAST WING,
KHANIJA BHAVAN, RACE COURSE ROAD,
BENGALURU-01.

...RESPONDENTS

(BY SRI.PRADEEP NAYAK, ADVOCATE FOR
SMT.SANJANA.H, ADVOCATE &
SMT.PRANATHI.S, ADVOCATE FOR C/R1(CP NO.10982/26))

THIS COMAP / COMMERCIAL APPEAL UNDER SECTION 13 (1A) OF THE COMMERCIAL COURTS ACT, 2015, PRAYING TO SET ASIDE THE ORDER DATED.25.04.2026 PASSED IN COMM.A.P.NO.180/2024 ON THE FILE OF LXXXVIII ADDITIONAL CITY CIVIL AND SESSIONS JUDGE, COMMERCIAL COURT, BENGALURU, (CCH-89), VIDE ANNEXURE-A AND TO RESTORE THE ORDER PASSED BY THE LEARNED ARBITRATOR IN AC 468/2023 DATED.04.09.2024 VIDE ANNEXURE-C.

THIS APPEAL, COMING ON FOR ORDERS, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE D K SINGH
AND
HON'BLE MR. JUSTICE H.SHANTHI BHUSHAN

ORAL JUDGMENT

(PER: HON'BLE MR. JUSTICE H.SHANTHI BHUSHAN)

A contractual provision cannot be interpreted in a manner that renders the very right conferred by that provision otiose. Where a lease separately provides for termination upon notice and termination upon the occurrence of specified events, the two mechanisms must be given effect within their respective fields of operation. To make termination upon notice conditional upon the occurrence of such specified events is not a harmonious construction of the contract, but one that effectively negates the independent right conferred by the former provision. An arbitral award founded upon such an interpretation, to that extent, suffers from patent illegality.

1. This Commercial Appeal is filed under Section 13(1-A) of the Commercial Courts Act, 2015 read with Section 37 of the Arbitration and Conciliation Act, 1996

(for short, **'the Act'**), calling in question the judgment and order dated 25.04.2026 passed by the LXXXVIII Additional City Civil and Sessions Judge, Commercial Court, Bengaluru (CCH-89) (**'Commercial Court'**), in Com.A.P. No.180/2024, whereby the petition filed by the respondent under Section 34 of the Act came to be allowed in part and the arbitral award dated 04.09.2024 passed in A.C. No.468/2023 came to be partially set aside.

2. The facts relevant for consideration of the present appeal are set out hereunder:

3. The appellant acquired the demised commercial property from the erstwhile lessor and, upon such acquisition, stepped into the shoes of the lessor by way of attornment. The respondent continued as the tenant of the premises, the lease having commenced on 01.08.2019. A Registered Lease Deed dated 22.04.2021 (**'Lease Deed'**) was thereafter entered into between the appellant and the respondent.

4. The Lease Deed provided for a three-year lease. Clause 3.2 stipulated that the lease would remain in force for three years from the Lease Commencement Date and continue until 31.07.2022. Clause 3.5 further stipulated a Lock-in Period of one year, during which respondent No.1 could not terminate the lease except in the event of material breach by the lessor or force majeure.

5. Under the Lease Deed, respondent No.1 was required to pay rent monthly and deposit Rs.1,60,04,400/- with the appellant as an interest-free refundable security deposit. Clause 21.5 contemplated refund of the security deposit upon expiry or earlier termination of the lease, against handing over of vacant possession. Clause 21.6 further provided that, if the security deposit remained unpaid for one month after expiry or earlier termination, the appellant would be liable to pay interest thereon at 18% per annum, while respondent No.1 could continue to occupy the premises without payment of rent,

maintenance or utility charges, subject to the terms stipulated therein.

6. On 01.05.2021, respondent No.1 issued a notice seeking to terminate the lease and surrender possession by 31.10.2021. The appellant, by e-mail dated 20.05.2021, responded that the security deposit would be refunded upon delivery of possession. The parties thereafter entered into an Agreement for Sale of Assets dated 20.10.2021, under which certain assets of respondent No.1 lying in the demised premises were agreed to be purchased by the appellant for Rs.6,00,000/-.

7. Accordingly, respondent No. 1 cleared the rent up to 31.10.2021 and called upon the appellant to take possession of the demised property and refund the security deposit. However, according to respondent No.1, the appellant failed to refund the security deposit despite repeated demands.

8. On 04.03.2022, respondent No.1 issued a demand notice calling upon the appellant to refund the security deposit of Rs.1,60,04,400/- with interest at 18% per annum and to pay the assets consideration totaling to Rs.6,94,751/-. A legal notice dated 26.04.2022 followed, to which the appellant replied on 08.05.2022 disputing the claims. Pursuant to discussions held on 08.06.2022, the parties entered into a Settlement Agreement dated 17.06.2022, under which the appellant agreed to pay the security deposit and Rs.6,94,751/- on or before 08.07.2022. While the latter amount was paid on 28.06.2022, the security deposit remained unpaid. Respondent No.1 consequently invoked the arbitration clause and initiated A.C. No.468/2023.

9. Before the learned Sole Arbitrator, respondent No.1, as claimant, sought refund of the refundable security deposit of Rs.1,60,04,400/- together with interest at 18% per annum and other consequential reliefs. It contended that the Lease Deed had been validly terminated by notice

dated 01.05.2021 under Clause 21.1, with effect from 31.10.2021, and that the Lock-in Period had expired on 31.07.2020. Relying on Clauses 7.2 and 21 of the Lease Deed and the Settlement Agreement dated 17.06.2022, respondent No.1 claimed refund of the security deposit with interest from 01.11.2021.

10. The appellant contested the claim and contended that the termination notice dated 01.05.2021 was not in accordance with the terms of the Lease Deed. It was further contended that respondent No.1 continued in possession until 25.06.2022 and was liable for rent/damages for use and occupation from November 2021 until June 2022, together with interest at 18% per annum under Clause 12.1. The appellant accordingly sought adjustment of the outstanding rent and interest against the security deposit and contended that the deposit was refundable only upon actual vacation and handing over of possession in terms of Clause 7.2.

11. On the basis of the pleadings of the parties, the learned Sole Arbitrator framed the following issues:

> *"(i) Whether the Claimant proves that it has paid the lease amount in full as per the lease deed dated 22.04.2021 and under the settlement agreement dated 17.06.2022?*
>
> *(ii) Whether the Claimant is entitled for the refund of Rs.1,60,04,400/- being the security deposit amount?*
>
> *(iii) Whether the Claimant is entitled to get the interest on Rs.1,60,04,400/- at the rate of 18% per annum for the period from 01.11.2021 till date of realization?*
>
> *(iv) Whether the Respondent proves that the Claimant is liable to pay rent for the period from 31.10.2021 to 30.06.2022 a sum of Rs.1,17,04,192/- as stated in para 37 of the objection statement?*
>
> *(v) Whether the Respondent proves that the Claimant is liable to pay the interest at 18% per annum on Rs.1,17,04,192/- as stated in para 37 of the objection statement?*
>
> *(vi) To what Order?"*

12. In support of their case, the parties led their evidence and marked documents.

13. Upon consideration of the pleadings, oral and documentary evidence, the learned Sole Arbitrator proceeded to adjudicate the claims and counter-contentions of the parties. As regards the validity of the termination notice, the learned Sole Arbitrator observed that Clause 3.5 of the Lease Deed stipulated that the lease could not be terminated during the initial period of one year from its commencement. On reading the said provision with Clause 3.2, which stipulated the Lease Commencement Date as 01.08.2019, it was held that the termination notice had not been issued during the Lock-in Period. However, on consideration of Clause 21, the learned Sole Arbitrator observed that the termination notice did not make out a case under Clauses 21.2, 21.3 or 21.4 and, consequently, respondent No.1 had no right to terminate the lease during the subsistence of its term. The notice was accordingly held to be invalid. It was further held that, in view of such invalidity, respondent No.1 could not avail Clause 21.6, as there was no valid

termination giving rise to a claim for refund of the security deposit. Consequently, respondent No.1 could not avoid its liability to pay rent and was held liable to pay rent for the period from 01.11.2021 to 25.06.2022 amounting to Rs.1,14,60,356.65/-. Relying on the judgment in ***Sunil Kumar Roy v. Bhowra Kankanee Collieries Ltd.***[1], the learned Sole Arbitrator further observed that the terms of the Registered Lease Deed could not have been amended by an unregistered Settlement Agreement. Accordingly, Issue No.1 was answered in the negative and Issue No.4 was answered partly in the affirmative.

14. Insofar as Issue No.5 was concerned, the learned Sole Arbitrator held that, since rent was due under the Lease Deed, the interest stipulated under Clause 12.1 at 18% per annum for pending dues would also apply. Issue No.5 was accordingly answered in the affirmative and respondent No.1 was held liable to pay interest of Rs.6,10,820.52/- on the rent due.

[1] (1970) 3 SCC 565

15. As regards Issues No.2 and 3, the learned Sole Arbitrator, relying upon ***K.P. Asokumar v. Shiksha Associates***[2]***,*** observed that the terms of the lease were sacrosanct. Having held that the termination was invalid, it was observed that the security deposit became refundable only on 01.08.2022 and not earlier. The Settlement Agreement, having already been held incapable of altering the terms of the Lease Deed, could not confer an earlier entitlement to the security deposit. The learned Sole Arbitrator further relied upon Clause 21.6, which contemplated adjustment of all rent and other charges payable to the lessor for the three months preceding expiry of the Lease Term or during the notice period in the event of termination by either party. Accordingly, the arrears of rent were adjusted against the security deposit, leaving a balance of Rs.39,33,223/- payable to respondent No.1.

[2] 2021 SCC OnLine Kar 15940

16. On the question of interest on the security deposit, the learned Sole Arbitrator observed that the deposit was interest-free for the duration of the lease and that respondent No.1 would, therefore, be entitled to interest only from 01.08.2022. Issues No.2 and 3 were accordingly answered partly in the affirmative. Upon the aforesaid adjustment, a sum of Rs.39,33,223/- was found to remain payable to respondent No.1.

17. Accordingly, vide award dated 04.09.2024, the learned Sole Arbitrator partly allowed the claim petition and directed the appellant to refund Rs.39,33,223/- towards the balance refundable security deposit, together with interest at 18% per annum from 01.08.2022 until realization. The parties were directed to bear their respective costs.

18. Pursuant to the award, the appellant paid a sum of Rs.54,67,179.97/- on 06.01.2025 through a demand draft bearing No.013381560240065 999989 12 in favour of the Registrar, City Civil Court, Bengaluru. The said

amount included the award amount together with interest at 18% per annum, calculated for the first and second interest cycles.

19. Aggrieved by the findings of the learned Sole Arbitrator recognising the appellant's entitlement to rent/damages and contractual interest and permitting adjustment thereof against the security deposit, respondent No.1 preferred a petition under Section 34 of the Act in Com.A.P. No.180/2024. In the said proceedings, respondent No.1 sought partial setting aside of the award while accepting the finding that the security deposit was to be refunded and that it was entitled to interest thereon.

20. It was contended, *inter alia*, that the finding that the Lease Deed could not be terminated prior to 01.08.2022 was patently illegal and contrary to Section 28(3) of the Act, and that the consequent liability towards rent and interest for the period from 01.11.2021 to 25.06.2022 was likewise unsustainable. It was further contended that material evidence and admissions had

been ignored and that the learned Sole Arbitrator had erred in treating the Settlement Agreement as incapable of modifying the Lease Deed. The direction for payment of rent and interest was also challenged on the ground that no counter-claim or set-off had been made by the appellant.

21. It was further contended that the finding that the security deposit became refundable only on 01.08.2022 was patently illegal and that the award was severable, with the direction for refund of the security deposit and interest thereon capable of being sustained independently.

22. The appellant opposed the petition, contending that the award was a reasoned determination based on the pleadings, evidence and contractual terms, and that adjustment of the outstanding rent against the security deposit had been specifically pleaded. The appellant also disputed the contention that payment of Rs.6,94,751/- pursuant to the Assets Takeover Acknowledgement dated

25.06.2022 established delivery of possession. It was further contended that the award was not severable and that the Commercial Court could neither re-appreciate the evidence nor substitute its interpretation of the contractual terms for that of the learned Sole Arbitrator.

23. The Commercial Court, observed that the Arbitral Tribunal was required to give effect to the terms of the contract and that, while an interpretation of the contract by the Arbitral Tribunal would ordinarily not warrant interference under Section 34, interference was permissible where such interpretation was patently unreasonable or perverse. On a cumulative reading of Clause 21, the Commercial Court held that Clause 21.1 was a substantive and standalone provision conferring upon the lessee a right to terminate the lease by six months' written notice. Since the language of Clause 21.1 was plain and unambiguous and respondent No.1 had issued the termination notice dated 01.05.2021 in terms thereof, the learned Sole Arbitrator was held to have erred

in relying upon Clauses 21.3 and 21.4 while ignoring Clause 21.1. The finding that the termination was invalid was consequently held to be patently illegal and perverse, as being contrary to the contractual terms and Section 28(3) of the Act.

24. Having held the termination to be valid, the Commercial Court, on consideration of Clause 21.6, observed that the Lease Deed permitted the lessee to continue in possession without payment of rent, maintenance and utility outgoings where the security deposit was not refunded as agreed. Since respondent No.1 had cleared its dues up to 31.10.2021 and the appellant had thereafter failed to refund the security deposit, the Commercial Court held that respondent No.1 was entitled to continue in possession without such payments. Consequently, computation of outstanding rent beyond 31.10.2021 was held to be impermissible. The finding of the learned Sole Arbitrator that respondent No.1

was entitled to refund of the security deposit with interest at 18% per annum was left undisturbed.

25. However, for the reasons aforesaid, it held that the finding regarding arrears of rent of Rs.1,14,60,356.50/- and interest of Rs.6,10,820.52/- was patently illegal and opposed to public policy. The said portion of the award was held to be severable and liable to be set aside, having regard to the principles stated by the Supreme Court of India in ***Gayatri Balasamy v. ISG Novasoft Technologies Ltd***.[3]

26. Aggrieved by the aforesaid judgment and order passed in Com.A.P. No.180/2024, the appellant has preferred the present appeal, inter alia, contending that the Commercial Court exceeded the scope of jurisdiction under Section 34 of the Act by interfering with findings of the learned Sole Arbitrator which were based upon consideration of the pleadings, evidence and material on record, including the finding that possession of the

[3] (2025) 7 SCC 1

demised premises was delivered only on 25.06.2022. It is further contended that the Commercial Court erred in permitting respondent No.1 to continue in possession after termination of the lease without liability for damages for use and occupation. The appellant has also challenged the Commercial Court's interpretation of Clause 21 of the Lease Deed and contended that the Commercial Court thereby sat in appeal over the findings of the learned Sole Arbitrator, contrary to the principles laid down in ***Pratibha Industries Limited* v. *Amrutha Constructions***.[4]

27. Smt.Rakshita D.J., learned counsel appearing for the appellant strongly contended that the petition under Section 34 challenged only a portion of the award. However, when the severable and non-severable parts of the award are interconnected, the award could not have been disturbed, as held in ***Gayathri Balasamy [Supra]***. It was submitted that the issues and findings in the present case, whether valid or otherwise, are

[4] Com.APP. No. 302 of 2025 (HCK at Bengaluru) DD 01.08.2025

interconnected and that the Commercial Court could not have severed and set aside only a part of the award.

28. Per contra, Sri.Pradeep Nayak, learned counsel appearing for respondent No.1 contended that the learned Commercial Court had rightly exercised the limited jurisdiction available under Section 34 of the Act upon finding that the interpretation placed by the learned Sole Arbitrator upon Clause 21 of the Lease Deed was patently illegal. It was submitted that Clause 21.1 independently conferred upon respondent No.1 the right to terminate the lease upon six months' written notice and that the learned Sole Arbitrator had erred in making such termination conditional upon the circumstances contemplated under Clauses 21.2 to 21.4.

29. We have considered the rival submissions and perused the material on record. The principal question which arises for consideration is,

> Whether the learned Commercial Court was justified in interfering with the finding of the learned Sole Arbitrator with regard to the validity of the termination notice issued

by respondent No.1 and, consequently, with the liability imposed upon respondent No.1 towards rent and interest thereon?

30. It is well settled that a Court exercising jurisdiction under Section 34 of the Act does not sit in appeal over an arbitral award and cannot substitute its own view merely because another view is possible. However, where the interpretation adopted by the Arbitral Tribunal is perverse, unreasonable or such that no fair or reasonable person could have adopted it, interference is permissible on the ground of patent illegality. The Hon'ble Supreme Court, in ***DMRC Ltd. v. Delhi Airport Metro Express (P) Ltd.***[5], has held that patent illegality would include a construction of the contract which no fair or reasonable person would take or a view which is not even a possible view. Here it was pleased to observe as follows:

> ***"39.*** *In essence, the ground of patent illegality is available for setting aside a domestic award, if the decision of the arbitrator is found to be perverse, or so irrational that no reasonable person would have arrived at it; or the construction of the contract is such that no fair or reasonable person would take; or, that the view of the arbitrator is not even a possible view. [Patel Engg. Ltd. v. North Eastern Electric Power Corpn. Ltd., (2020) 7 SCC*

[5] (2024) 6 SCC 357

167 : (2020) 4 SCC (Civ) 149.] A "finding" based on no evidence at all or an award which ignores vital evidence in arriving at its decision would be perverse and liable to be set aside under the head of "patent illegality". An award without reasons would suffer from patent illegality. The arbitrator commits a patent illegality by deciding a matter not within his jurisdiction or violating a fundamental principle of natural justice.

46. *Interference with an arbitral award cannot frustrate the "commercial wisdom behind opting for alternate dispute resolution", merely because an alternate view exists. [Dyna Technologies (P) Ltd. v. Crompton Greaves Ltd., (2019) 20 SCC 1, paras 24-25.]* ***However, the interpretation of a contract cannot be unreasonable, such that no person of ordinary prudence would take it. The contract, which is a culmination of the parties' agency, should be given full effect. If the interpretation of the terms of the contract as adopted by the Tribunal was not even a possible view, the award is perverse.*** *[Konkan Railway Corpn. Ltd. v. Chenab Bridge Project Undertaking, (2023) 9 SCC 85 : (2023) 4 SCC (Civ) 458 : 2023 INSC 742.]*

50. *The Tribunal did not appreciate the individual import of the two phrases separately from each other. This was not a matter of mere "alternate interpretation" of the clause, but an unreasonable and uncalled for interpretation of the clause, which frustrated the very provision, and which no reasonable person would have accepted considering the terms of the clause. We must clarify that the Tribunal could have still arrived at the conclusion that the steps taken during the cure period were not effective within the meaning of the clause for certain reasons. However, such discussion and reasoning is conspicuously absent."*

[Emphasis supplied]

31. The controversy in the present case principally turns upon the interpretation of Clause 21 of the Lease Deed. The learned Sole Arbitrator proceeded on the basis

that the termination notice issued by respondent No.1 under Clause 21.1 did not make out a case under Clauses 21.2, 21.3 or 21.4 and, consequently, that respondent No.1 had no right to terminate the lease during its subsistence. The question, therefore, is whether such interpretation of Clause 21 could be sustained.

32. Clause 21.1 of the Lease Deed expressly provides for termination of the lease by the lessee upon issuance of six months' written notice. Clauses 21.2, 21.3 and 21.4, on the other hand, contemplate termination in specified circumstances arising out of particular defaults or events contemplated therein. The provisions, read in their natural and ordinary sense, operate in distinct fields. Clause 21.1 provides a mechanism for termination upon notice, whereas Clauses 21.2 to 21.4 contemplate termination upon the occurrence of specified circumstances. There is nothing in the language of Clause 21.1 which makes the exercise of the right thereunder

conditional upon the existence of any of the circumstances contemplated under Clauses 21.2 to 21.4.

33. The interpretation adopted by the learned Sole Arbitrator, however, proceeds on the basis that a notice issued under Clause 21.1 was required to make out a case falling within Clauses 21.2, 21.3 or 21.4. Such an interpretation, in our view, fails to give independent effect to Clause 21.1. If the right expressly conferred under Clause 21.1 could be exercised only upon the existence of the circumstances contemplated under the succeeding clauses, the mechanism for termination contemplated under Clause 21.1 would be rendered substantially otiose. This, however, is impermissible as in view of the tested principle that the provisions of a contract must, as far as possible, be construed harmoniously so as to give effect to each of them.

34. Although the learned Sole Arbitrator was undoubtedly competent to interpret the terms of the Lease Deed, the interpretation adopted could not have the effect

of effacing an express contractual provision. The present case is, therefore, not one where the Arbitral Tribunal has adopted one of two possible interpretations of an ambiguous contractual provision. The interpretation adopted effectively conditions the exercise of the express right under Clause 21.1 upon the existence of circumstances contemplated under other provisions which operate in a different field. Such interpretation cannot be regarded as a possible or reasonable construction of the Lease Deed. We are, therefore, of the considered view that the learned Commercial Court was justified in holding that the finding of the learned Sole Arbitrator with regard to the invalidity of the termination notice suffered from patent illegality and warranted interference under Section 34 of the Act.

35. The appellant has also contended that the learned Commercial Court, having interfered with only a part of the award, could not have severed the findings relating to rent and interest from the remaining findings.

Reliance is placed upon the judgment of the Hon'ble Supreme Court in ***Gayatri Balasamy (supra).***

36. In ***Gayatri Balasamy*** **[Supra]**, the Apex Court recognised that the power to set aside an arbitral award includes the power to set it aside in part, subject to the requirement that the valid and invalid portions of the award are legally and practically separable. The Court there was pleased to observe as follows:

> *"**43.** . . . . . Section 34 limits recourse to courts to an application for setting aside the award. However, Section 34 does not restrict the range of reliefs that the court can grant, while remaining within the contours of the statute. A different relief can be fashioned as long as it does not violate the guardrails of the power provided under Section 34. In other words, the power cannot contradict the essence or language of Section 34. The court would not exercise appellate power, as envisaged by Order XLI of the Code of Civil Procedure, 1908.*
>
> *xxxxxxxxxxxxxxxxxxxxxxxxxxxx*
>
> ***46.** Mustill and Boyd have observed that an order varying an award is not equivalent to an appellate process. The authors suggest that a modification order would only be appropriate where the modification, including any adjustment of costs, follows inevitably from the tribunal's determination of a question of law. This approach would be beneficial, as it would reduce costs and delays. The courts need not engage in any fact-finding exercise. By acknowledging the Court's power to modify awards, the judiciary is not rewriting the statute. We hold that the power of judicial review under Section 34, and the setting aside of an award, should be read as inherently including*

a limited power to modify the award within the confines of Section 34."

37. In the present case, the finding regarding the invalidity of the termination notice constituted the basis for the consequential finding that respondent No.1 was liable to pay rent for the period from 01.11.2021 until delivery of possession. The finding relating to interest under Clause 12.1 was consequential to such liability for rent. Once the finding regarding the invalidity of termination is found to be unsustainable, the consequential liability for rent for the period subsequent to 31.10.2021 and the interest computed thereon necessarily falls with it.

38. The position with regard to the security deposit stands on a different footing. The learned Sole Arbitrator had found respondent No.1 entitled to refund of the security deposit and to interest thereon. That determination was not founded upon the quantum of rent subsequently held payable for the period from 01.11.2021 to 25.06.2022. What was set aside was the adjustment of such rent and the interest thereon against the security

deposit, consequent upon the finding that the termination was invalid. The determination that the security deposit was refundable, together with the contractual entitlement to interest thereon, was not interfered with.

39. Herein, the Commercial Court clearly did not undertake a re-appreciation of the entire award or substitute its findings on matters which were otherwise sustainable. It set aside the finding relating to validity of termination, and the consequential liability for rent and interest flowing from that finding, while retaining the severable determination relating to refund of the security deposit and interest thereon. The surviving portion of the award is capable of standing independently and does not require the findings which have been set aside for its operation. The exercise undertaken by the learned Commercial Court was, therefore, well within the limited jurisdiction recognised under Section 34 of the Act and the principle of severability explained in the case of ***Gayatri Balasamy*** **[supra]**.

40. We, therefore, find no error in the impugned order warranting interference in the present appeal. Accordingly, the following;

O R D E R

(i) The appeal filed under Section 13(1A) of the Commercial Courts Act, 2015 read with Section 37 of the Arbitration and Conciliation Act, 1996, is **dismissed.**

(ii) The amount of Rs.54,67,179.97/- already deposited by the appellant in pursuance of the arbitral award shall be given due credit towards the amount payable to respondent No.1 in terms of the arbitral award as modified by the impugned order.

(iii) There shall be **no order as to costs**.

(iv) Pending I.As., if any, stand **disposed of**.

Sd/-
(D K SINGH)
JUDGE

Sd/-
(H.SHANTHI BHUSHAN)
JUDGE

KNM
List No.: 1 Sl No.: 4