2026:DHC:9458-DB

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

% **Judgment reserved on: 13.10.2026**
Judgment pronounced on: 28.10.2026

CNR No. DLHC010640622018

\+ FAO(OS) (COMM) 43/2018

CHIEF ELECTORAL OFFICER & ANR .....Appellants
Through: Mr. Dhananjaya Mishra, Mr. Navneet Dogra & Mr. Bhargav Verma, Advs.

versus

M/S MAHLAKSHMI LIGHT HOUSE .....Respondent
Through: Mr. Suhail Dutt, Sr. Adv. with Mr. Saran Suri, Ms. Ruchi Jain, Mr. Azhar Alam, Ms. Nagashree N Sharma & Mr. Aman Yadav, Advs.

CORAM:
HON'BLE MR. JUSTICE AVNEESH JHINGAN
HON'BLE MS. JUSTICE SHAIL JAIN

J U D G M E N T

AVNEESH JHINGAN, J.:

1. This appeal is filed under Section 37 of the Arbitration & Conciliation Act, 1996 (hereinafter 'the Act') against the decision dated 02.05.2017 (for brevity 'impugned order') passed by the learned Single Judge dismissing the objection petition under Section 34 of the Act.

2. The facts in brief are that the appellants invited tenders for the supply of tentage, furniture and electrical items on hire basis during the General Elections to the Lok Sabha in 1999. The respondent was the

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successful bidder and was awarded the work for the Karol Bagh and Outer Delhi Parliamentary Constituencies on 09.08.1999. An agreement containing an arbitration clause was executed between the parties.

2.1 The respondent raised bills of ₹19,98,426/- for the Karol Bagh Constituency and ₹80,30,654 for the Outer Delhi Constituency. The appellants alleged that the bills were inflated. Clause 19 of the agreement provided that the payment was subject to scrutiny, approval of bills and physical verification of the tentage items before dismantling of the structure. A show-cause notice dated 31.03.2000 was issued to the respondent for failure to submit daily challans verified by the Returning Officers of the two parliamentary constituencies (hereinafter referred to as 'RO').

2.2 Dispute arose between parties to the *lis* and arbitration was invoked at the instance of the respondent. A sole arbitrator was appointed by this court. The respondent raised total claims amounting to Rs.1,00,28,788/-. The appellant admitted an amount of Rs.15,22,772/- payable to the respondent. The arbitrator allowed the claims of the respondent and awarded a sum of Rs.1,00,28,788/- along with interest @9% per annum on Rs.15,22,772/- from February 2000 till payment is made, post-award interest @9% per annum in case of non-payment within two months and costs of Rs. 2,00,000/-.

2.3 Aggrieved by the award, objections were filed by the appellants under Section 34 of the Act. The learned Single Judge vide impugned order dismissed the objections and upheld the award. Hence, the present appeal.

3. Learned counsel for the appellants contends that under clause 19 of

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the agreement there were three pre-requisites for payment, submission of challans on day-to-day basis, physical verification of the tentage items by the RO and by another officer, if so directed in writing by the Chief Electoral Officer (CEO) and scrutiny and approval of the bills by the competent authority. The grievance is that though physical verification by the RO is not disputed, the other two requirements under clause 19 of the agreement were neither considered by the arbitrator nor while deciding the objections under Section 34 of the Act.

3.1 The argument is that the arbitrator relied on the disciplinary inquiry reports against the two officials but failed to consider the objections of the Finance Department that the bills were inflated. The contention is that non-consideration of the objections of the Finance Department vitiates the impugned order of patent illegality and the conclusion arrived at is perverse. Reliance is placed on the decisions of the Supreme Court in ***Associate Builders v. Delhi Development Authority*** (2015) 3 SCC 49 and ***Delhi Airport Metro Express Private Limited v. Delhi Metro Rail Corporation Ltd.*** (2022) 1 SCC 131 to fortify the argument that ignoring vital evidence renders the award patently illegal and that the court should interfere under Section 34 of the Act if the conclusion arrived at is perverse.

4. *Per contra,* the contentions now raised were never pressed while arguing the objections under Section 34 of the Act. The award is defended on the ground that reasons for not accepting the objections of the Finance Department were recorded and the view taken by the arbitrator is plausible and calls for no interference. Reliance is on the decision of the Supreme

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Court in ***Jan De Nul Dredging India Private Limited v. Tuticorin Port Trust*** (2026) 3 SCC 186.

4.1 It is canvassed that under clause 19 of the agreement, the challans were to be submitted on a day-to-day basis and not the bills. The submission is that the challans were submitted and the goods supplied were physically verified by the RO.

5. Heard learned counsel for the parties at length. Perused the relevant record with their able assistance. *Albeit,* written submissions have been filed by the parties but no other issue than those noted above was pressed.

6. Before proceeding further, it would be apposite to reproduce clause 19 of the agreement:-

> "19. Payment terms for the tent contractor require bills to be scrutinized and approved by the competent authority following approval by the Returning Officer. The contractor must daily submit challan copies of supplied items to the Chief Electoral Officer's office in Delhi for record-keeping. Furthermore, physical verification of the tentage by the Returning Officer and a representative of the Chief Electoral Officer (if ordered in writing) is mandatory prior to dismantling structures in order for payment to be considered."

7. Clause 19 of the agreement provides that the contractor for record and scrutiny shall submit copies of the challans of the supplied items in the office of the CEO on a day-to-day basis, before dismantling the structures the tentage items were to be physically verified by the RO and another representative of the CEO, if so ordered in writing. The payment was to be made after due scrutiny and approval of the bills by the RO and the

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competent authority.

8. It is an admitted case that no other representative was appointed by the CEO, the verification was to be done by the concerned RO and the orders for supplying of tentage were oral and not in writing. The arbitrator concluded that there was no material on record to show that the challans were not submitted on a day-to-day basis. Reliance was on the statements of officials of the parliamentary constituencies that the challans were verified by these officials.

9. The grievance is that neither it was not taken into account that the payment under clause 19 of the agreement was subject to scrutiny by the competent authority nor were the objections of the Finance Department were considered that the bills were inflated.

10. Before dealing with the contentions of learned counsel for the appellants, it would be apposite to note that while arguing the objections under Section 34 of the Act, the appellants had pressed only ground 'E' of the objection petition stating that the bills raised were inflated, the bill of Rs.80,30,654/- was not examined and the ROs could have recommended payment of Rs.8,19,567/-. It was submitted that the inquiry committee found the two electoral officers guilty of passing bogus bills and that the award was liable to be set aside. No other issue was pressed. The ground 'E' of the objection petition is quoted:

> "E. BECAUSE the learned Arbitrator did not appreciate that the inquiry was conducted by the department on the objections raised by the Finance Department. The learned arbitrator has wrongly rejected or ignored the inquiry reports of the Department and present award is contrary to

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the inquiry reports of the department."

11. It is not the pleaded case of the appellants that the issues pressed were not dealt by the Court while passing the impugned order. The issues not raised under Section 34 of the Act cannot be permitted to be raised in the appeal under Section 37 of the Act.

12. Be that as it may, the contention that the arbitrator ignored the objections of the Finance Department is misconceived. The arbitrator rightly took into account that the tentages were supplied during the last quarter of 1999 and the bills were physically verified by the RO. Sh. Rajiv Yaduvanshi, the RO of Outer Delhi constituency and Sh. Dharampal of Karol Bagh constituency deposed in support of the claim of the respondent and stated that the bills were signed after physical verification. Sh. Dharampal further testified that after physical verification no objections were raised with regard to the challans. The statement of Sh. Lall Singh and Sh. R.K Sharma, officials connected with Karol Bagh constituency fortified the deposition of Sh. Dharampal.

13. The objections raised by the Finance Department were not found reliable in the factual background that the tentage was physically verified by RO before dismantling of the structure whereas the scrutiny started in July, 2000 when Sh. Rajiv Verma sent the bills to Sh. O.P. Arora and Sh. K.S. Meena for examination. The joint note prepared by them was forwarded to the CEO. Before the arbitrator, Sh. Rajiv Verma stated that he was not aware of the action taken on the joint note. The second report, dated 24.10.2001, recommended a deduction of Rs. 12,95,221/- for the Karol Bagh constituency, the arbitrator noted that the comments on the

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report stated, 'I hope the calculations are correct.'

14. The arbitrator considering the facts and evidence held that the verification by the RO and the statements supporting the correctness of the bills were more reliable. The verification by RO was carried out before the structures were dismantled whereas the inquiry reports were prepared much later, after dismantling of the structure. The law is well settled that the determination of quantum of evidence falls within with exclusive domain of the arbitrator. Reference in this regard be made to the decision of the Supreme Court in ***State of Rajasthan v. Ferro Concrete Construction (P) Ltd.*** (2009) 12 SCC 1:

> "55.While the quantum of evidence required to accept a claim may be a matter within the exclusive jurisdiction of the arbitrator to decide, if there was no evidence at all and if the arbitrator makes an award of the amount claimed in the claim statement, merely on the basis of the claim statement without anything more, it has to be held that the award on that account would be invalid. Suffice it to say that the entire award under this head is wholly illegal and beyond the jurisdiction of the arbitrator, and wholly unsustainable."

15. Another angle to be considered is that the learned Single Judge rejected the reliance of learned counsel for the appellants on the inquiry reports dated 24.01.2006 and 15.02.2006 conducted against Sh. H.K. Mann and Sh. J.S. Jolly respectively. The case against Sh. H.K. Mann was not proved and the report against Sh. J.S. Jolly was not placed before the arbitrator. Further, the reports were not pertaining to the RO who had physically verified the challans and bills.

16. There is no quarrel with the proposition that patent illegality and

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perversity are grounds for setting aside the award under Section 34 of the Act for which learned counsel for the appellants relied on the decisions of the Supreme Court in ***Associate Builders*** (supra) and ***Delhi Airport Metro Express Private Limited*** (supra). Suffice to say that the view taken by the arbitrator is plausible, suffers from no factual or legal error, much less perversity and calls for no interference.

17. In view of the above, the appeal is dismissed.

AVNEESH JHINGAN, J

SHAIL JAIN, J

OCTOBER 28, 2026
Ch

Reportable:- **Yes**

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