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

Judgment reserved on:01.11.2025
Judgment pronounced on: 22 .01.2026

\+ **O.M.P. (COMM) 221/2017 & I.A. 26479/2025**

GOVT.OF NCT OF DELHI & ANR. ……Petitioners

Through: Mr. Tushar Sannu, Ms. Ankita Bhadoriya and Mr. Vishal Ji, Advs.

versus

GAURAV ENTERPRISES ……Respondent

Through: Mr. Sudhir Nandrajog Sr. Adv. with Mr. Tarkeshwar Nath, Mr. Harshit Singh, Advs.

CORAM:
HON'BLE MR. JUSTICE JASMEET SINGH

J U D G M E N T

1. This is a petition filed under Section 34 of the Arbitration and Conciliation Act, 1996 ("***1996 Act***") seeking to set aside the Arbitral Award dated 20.12.2016 ("***impugned Award***"), wherein the claims of the respondent were allowed and was awarded a sum of Rs.6,87,09,157/- towards pending bills and Rs. 32,82,807/- as refund of security along with interest @ 9% p.a from the date of invocation of the arbitration clause upto the date of the award and future interest @ 12% p.a. from the date of the award till its realization.

2. The petitioners before this Court were the respondents in the arbitration proceedings and the respondent herein was the claimant.

FACTUAL BACKGROUND

3. The petitioner No. 1 i.e., Dr. Baba Saheb Ambedkar Hospital, a government aided hospital, situated at Rohini, provides super specialty facilities including Neurosurgery, Nephrology, Pulmonology and Urology. The petitioner No. 2 i.e., Health & Family Welfare Department, is a Department of Government of NCT of Delhi and is committed to providing healthcare facilities to the people of Delhi.

4. The respondent i.e., M/s. Gaurav Enterprises, is engaged in the business of providing security services.

5. The petitioner No. 1 invited e-tenders for providing security services with trained manpower at Dr. Baba Saheb Ambedkar Hospital for a period of two years on contract basis. The respondent participated in the same and was awarded the contract to provide 130 security guards and 3 security supervisors for a period of 2 years starting from 29.04.2011 @ Rs. 338.12/- per day per security guard.

6. Subsequently, an Offer Letter dated 27.04.2011 ("***Offer Letter***") was issued by petitioner No. 1 to the respondent. Later, on 28.04.2011, a notice was issued by petitioner No. 1 to the respondent directing the respondent to take over the charge of security services and to submit a list of manpower deployed with their addresses and medical fitness and police verification within 7 days. Consequently, an Agreement dated 28.04.2011 ("***Agreement***") was executed between the petitioner No. 1 and the respondent for a period of two years from 29.04.2011 to 28.04.2013.

7. The said Agreement contains an arbitration being Clause No. 58 of the Terms and Conditions of the Contract ("***TCC***"), which reads as under:-

> *"**58. Dispute Resolution***
>
> *(a) Any dispute and or difference arising out of or relating to this contract will be resolved through joint discussion of the authorities' representatives of the concerned parties. However, if the disputes are not resolved by joint discussions, then the matter will be referred for adjudication to a sole Arbitrator appointed by the Principal Secretary/Secretary (of the Administrative Department), Government of NCT of Delhi*
>
> *(b) The award of the sole Arbitrator shall be final and binding on all the parties. The arbitration proceeding's shall be governed by Indian Arbitration and Conciliation Act 1996 as amended from time to time.*
>
> *(c) The cost of Arbitration shall be borne by the respective parties in equal proportions. During the pendency of the arbitration proceeding and currency of contract, neither party shall be entitled to suspend the work/service to which the dispute relates on account of the arbitration and payment to the contractor shall continue to be made in terms of the contract.*
>
> *Arbitration proceedings will be held at Delhi/New Delhi only."*

8. The respondent took over the charge of security services with effect

from 29.04.2011 and deployed its manpower. However, the Agreement period was extended till 24.12.2014 (terminated on 24.12.2014) as the security services are essential services required in Hospital.

9. As per the terms of the Agreement, the respondent was to provide the requisite documents such as proof of disbursement of wages, proof of deposition of ESI/EPF etc. However, the respondent failed to do so and consequently, payment could not be released.

10. The petitioner No. 1 *vide* letter dated 03.12.2011, requested the respondent to furnish the requisite documents including the list of personnel deployed, ESI, EPF, police verification and medical examination reports etc. Another letter dated 28.04.2012 was addressed to the respondent requesting submission of month-wise proof of disbursement of wages through ECS or cheque to each of the personnel deployed along with a list of the Ex-servicemen deployed by the respondent at the hospital. On respondent's failure to provide the required documents, reminders were sent by petitioner No. 1.

11. The petitioner No. 1 *vide* letter dated 02.02.2013 again requested the respondent to provide an undertaking to the effect that wages to security personnel deployed had been paid along with some other documents. However, the respondent failed to deposit the requisite documents. On respondent's failure to so the same, another letter dated 15.03.2013 was issued by petitioner No.1 to the respondent.

12. Since there were disputes between the parties, the respondent filed an arbitration petition under Section 11 of the 1996 Act being Arbitration Petition No. 78/2015 seeking appointment of an Arbitrator to

adjudicate the disputes, which was disposed of *vide* order dated 21.12.2015 and the Sole Arbitrator was appointed.

13. The learned Sole Arbitrator entered reference and commenced the arbitration proceedings. The respondent filed its statement of claim, claiming a sum of Rs. 6,87,09,157/- towards pending payments and refund of security deposit of Rs. 32,82,807/- along with interest @18% p.a. from the date the amount became due and payable till its realization.

14. The petitioners filed the reply to the statement of claim. The Sole Arbitrator framed the following issues:-

> *"i. Whether in pursuance of the Agreement dated 28.04.2011 the petitioner has complied and submitted the bills of security personal accordingly, if so, its effect?*
>
> *ii. Whether the petitioner has not followed the guidelines entered into the agreement and submitted the bills arbitrarily and whether they actually paid to the guard towards for salaries, ESI, EPF and other payments to the security personnel/employees, if so, its effect?*
>
> *iii. Whether the petitioner did not submit EPF and ESI Number and other details of the employees, if so, its effects?*
>
> *iv. Whether respondent deliberately withheld the salaries payment of bills amount submitted on behalf of petitioner, for the service, if so, its effects?*
>
> *v. To what relief the petitioner is entitled?"*

15. After hearing both parties and considering the documents and evidence placed on record, the Sole Arbitrator passed the impugned

Award dated 20.12.2016, wherein while allowing the claims of the respondent, he awarded a sum of Rs. 6,87,09,157/- towards pending bills and Rs. 32,82,807/- towards refund of security along with interest.

SUBMISSIONS ON BEHALF OF THE PETITIONERS

16. Mr. Sannu, learned counsel for the petitioners, submits that the impugned Award is completely irrational and contrary to the clauses of the Agreement. The findings of the Sole Arbitrator are perverse, opposed to public policy of India and is patently illegal. Hence, the impugned Award is violative of Sections 28(1)(a) and 34 of the 1996 Act as it is not in accordance with the substantive law in force in India and hence, liable to be set aside.

17. It is submitted that Clauses No. 4 and 5 of TCC of the Agreement provide that the antecedents of the staff employed were to be verified by the respondent from local police and an undertaking in this regard was to be submitted to the petitioner No. 1. Furthermore, the respondent was to maintain a register on which day to day deployment of personnel was to be entered and the same was to be countersigned by the authorized official of the petitioner department. The shift-wise deployment particulars of the personnel engaged during each month, was supposed to be shown while raising the bill. However, no such list or verification report was provided by the respondent.

18. It is submitted that the respondent failed to abide by the aforesaid clauses of the Agreement and therefore, was not entitled to payments, which were towards the cost incurred by the respondent for salaries, EPF and ESI amounts etc. Further, the Sole Arbitrator failed to take

note of the said clauses of the Agreement and also wrongly placed the burden of proving that the said clauses upon the petitioners.

19. It is submitted that at the time of arguments, the petitioners denied that the documents produced before the Sole Arbitrator constituted full set of documents as contemplated by the Agreement. The observation of the Sole Arbitrator that he has gone through all the rejoinder documents and supporting documents allegedly submitted by the respondent and found everything in order, is incorrect. To substantiate, the petitioners relied upon the bill of April 2011 wherein the respondent has only given total of amount and no details of attendance or names of security guards. In the accompanying EPFO and ESI also, it is only some cumulative figure of payments, without any division explaining whether the security personnels employed at petitioner Hospital were paid or not. The said documents clearly show that the conditions of the Agreement were not complied with and further fails to elaborate the number of security personal employed, and payments made to them. The case of the petitioners is that the respondent at one given point of time could have had numerous security personal employed at different locations and could have very easily employed less people at the petitioner hospital and show challans for security personal employed elsewhere. The challans do not show that the security personal were employed at the petitioner hospital. Additionally, despite continuous reminders the respondent did not disclose the details of personnels deployed as per the Agreement.

20. It is submitted that the respondent failed to disburse the wages to the

personnel by ECS or by cheque and the same is in violation of Clause No. 55 of TCC of the Agreement. Although the respondent has claimed it had been paying full wages in cash, however the documents clearly demonstrate contrary. Furthermore, the respondent in its communication with the petitioners has admitted that it was not making payment to security personnel. Additionally, the petitioner *vide* its letter dated 07.05.2014 had informed the respondent about the complaints received from security personnel regarding salaries paid to them below the minimum wages.

21. It is submitted that the respondent has failed to provide any proof of employer's contribution towards PF/ESI for the period upto March 2012. The respondent has failed to provide proof of registration with the Labour Department, required as per Clause No. 41 of TCC of the Agreement and has also failed to verify the age of the personnel deployed, required as per Clause No. 42 of TCC of the Agreement and the personnel who were purportedly from the ex-servicemen background, as was required by Clause No. 43 of TCC of the Agreement. Further, the respondent failed to provide proof of medical examinations, education qualifications, police verifications and CVs of the personnel purportedly deployed at the petitioner's premises, as required by Clauses No. 5, 23, 43 and 30 of TCC of the Agreement, despite repeated reminders. While passing the impugned Award, the Sole Arbitrator has ignored the express terms and conditions of the Agreement and having failed to examine the documents that were on record, the Sole Arbitrator erred in its findings and conclusions.

22. It is submitted that there are discrepancies in EPF and ESI challans

submitted by the respondent. The documents such as bills raised, EPF/ESI challans etc. relied upon by the respondent in the arbitration proceedings clearly demonstrates that between March 2011 to February 2012, the respondent deliberately submitted consolidated EPF and ESI challan and falsely claimed as having deposited the statutory EPF and ESI dues. Consolidated challans could not be verified for whether the statutory dues were deposited against each security guard purportedly deployed by the respondent. Additionally, despite requests from the petitioners to provide the detailed challans, the respondent continued to deposit only the consolidated challans. By not providing the same till date, the respondent has not only breached the Agreement but has also illegally profited by denying the security personnel their rightful dues.

23. It is further submitted that the respondent started providing detailed EPF and ESI, from March 2012. However, a perusal of same shows that the respondent has been raising inflated bills, underpaying the personnel, and has been submitting false challans. For instance in the security bill of March 2012, the respondent has raised bill for 130 security guards and 3 security supervisors @ Rs. 369.46/- per day for 31 days. However, as per list of deployed personnel submitted by the respondent for March 2012, it deployed 160 personnel for said month.

24. Further, for the said month, the respondent has claimed to have deposited EPF of Rs. 2,35,654/- and therefore submitted the consolidated EPF challan to the petitioners for reimbursement. However, the detailed EPF challan, for the same month, shows that the respondent paid EPF of Rs. 2,35,654/- for employees numbering to

over 508; and not 133 or 160, as were stated to have been deployed by the respondent in petitioner's premises. Thus, after depositing EPF for 518 employees, the respondent tried to illegally claim reimbursement from the petitioners and the Sole Arbitrator has failed to take note of the said discrepancy.

25. The said bill of March 2012, further shows discrepancies even regarding the wages as claimed to have been paid to the personnel by the respondent. The respondent claim to have been paying wages @ Rs. 369.49/- per day for 31 days to each personnel. However, in case of person named Sushila, the detailed EPF Challan shows that she was paid Rs. 3006/- and had worked for 14 days; which computes her wages to only Rs. 214/- per working day, which is far below Rs. 338.12/- as sanctioned *vide* the Agreement.

26. It is submitted that just like in the case of EPF, even for ESI the respondent has tried has make a claim of having deposited Rs.1,10,839/- towards ESI contribution for the month of March 2012, whereas, the detailed ESI contribution challan, shows that the said challan was issued to the respondent, having deposited the said amount against 608 employees.

27. The above said example from the bills submitted by the respondent more than amply demonstrates that the bills raised by the respondent were false and inflated and the EPF and ESI challans were false and bogus. Additionally, the Agreement provided that each payment to respondent would only be made on basis of jointly signed documentary proof attached to the bills raised, however, the respondent has failed to provide any such proof and also failed to get

the said documents attested from the representatives of the petitioners. The Sole Arbitrator failed to take note of the said discrepancies.

28. It is submitted that the burden of proving that payments were made and covenants of the Agreement were complied with was wrongly placed on the petitioners. The Sole Arbitrator while framing the Issue No. 2 (as reproduced above), has erroneously put the burden of proving that the respondent had not followed guidelines mentioned in the Agreement upon the petitioners, which is in violation of Section 101 of the Indian Evidence Act, 1872. Similarly, in framing the Issue No. 3 (as reproduced above) the Sole Arbitrator erroneously put the burden upon the petitioners.

29. It is further submitted that after framing such issues, the Sole Arbitrator recorded his finding "*that there is no dispute regarding the salaries paid to the security personnel....",* which is without any evidence and in teeth of the petitioner's case that the respondent failed to make payment as per cheque or ECS, and had further failed to provide any documentary proof of having paid the wages jointly signed by the petitioner department and that of the respondent, or proof of ESI or EPF or Service Tax etc., having been deposited. In addition to this, the Sole Arbitrator, without any stage of admission and denial of documents, proceeded and held that all the documents filed by the respondent stood admitted. The Sole Arbitrator arrived at an erroneous conclusion that since the respondent "*has submitted these documents in four volumes along with Rejoinder. All these papers were on record and since the Respondent (GNCTD) did not file any contradiction, the burden lies on the Respondent (GNCTD) to*

rebut these allegations.". It is submitted that on these incorrect application of principles of evidence law alone the impugned Award is liable to be set aside.

30. It is submitted that the Sole Arbitrator made an incorrect finding that the petitioners did not point out deficiencies in the documents submitted by the respondent pursuant to this Court's Order dated 03.03.2015. After this Court had directed the respondent to bring to the petitioners a fresh set of documents evidencing payment of ESI/ EPF, so that the petitioners could point out deficiencies, the petitioners did pointed out the deficiencies in the said documents and the same is an undisputed fact. However, the Sole Arbitrator has still recorded that the petitioners did not object to the documents that were supplied.

31. In view of the aforesaid grounds, the learned counsel for the petitioners submits that that by ignoring the clauses of the Agreement, the Sole Arbitrator has travelled beyond his jurisdiction as his existence depends upon the agreement and his function is to act within the limits of the agreement. The impugned Award suffers from non application of mind and it is contrary to the law and facts forming part of record. It is therefore submitted that the impugned Award suffers from several legal and factual infirmities, and is therefore, unsustainable in law and liable to be set aside.

SUBMISSIONS ON BEHALF OF THE RESPONDENT

32. Mr. Nandrajog, learned senior counsel for the respondent, submits that the impugned Award is well within the parameters of the contractual provisions and is in accordance of law and hence, the impugned Award needs no interference.

33. It is submitted that the respondent has complied with all the TCC of the Agreement, statutory provisions and Labour Laws. The same is evident from letters dated 12.12.2011, 09.02.2012, 25.05.2012, 03.01.2013 etc. It is further submitted that the Sole Arbitrator has dealt with all the objections raised by the petitioners in the impugned Award, particularly in paragraphs No. 82 to 88.

ANALYSIS AND FINDINGS

34. I have heard learned counsel for the parties.

35. The Court under Section 34 of the 1996 Act has very limited and narrow scope of interference in a challenge to an Arbitral Award. The Hon'ble Supreme Court in ***Ramesh Kumar Jain v. Bharat Aluminium Co. Ltd.***[1], while laying down the scope of interference under Section 34 and 37 of the 1996 Act observed as under:-

> *"28. The bare perusal of section 34 mandates a narrow lens of supervisory jurisdiction to set aside the arbitral award strictly on the grounds and parameters enumerated in sub-section (2) & (3) thereof. The interference is permitted where the award is found to be in contravention to public policy of India; is contrary to the fundamental policy of Indian Law; or offends the most basic notions of morality or justice. Hence, a plain and purposive reading of the section 34 makes it abundantly clear that the scope of interference by a judicial body is extremely narrow. It is a settled proposition of law as has been constantly observed by this*

[1]2025 SCC OnLine SC 2857.

court and we reiterate, the courts exercising jurisdiction under section 34 do not sit in appeal over the arbitral award hence they are not expected to examine the legality, reasonableness or correctness of findings on facts or law unless they come under any of grounds mandated in the said provision. In ONGC Limited. v. Saw Pipes Limited, this court held that an award can be set aside under Section 34 on the following grounds:"(a) contravention of fundamental policy of Indian law; or (b) the interest of India; or (c) justice or morality, or (d) in addition, if it is patently illegal."

29. .... Hence, it is very well settled that arbitral awards are not liable to be set aside merely on the ground of erroneous in law or alleged misappreciation of evidence and there is a threshold that the party seeking for the award to be set aside has to satisfy, before the judicial body could enter into the realm of exercising its power under section(s) 34 & 37.It is also apt and appropriate to note that re-assessment or re-appreciation of evidence lies outside the contours of judicial review under section(s) 34 and 37. This court in Punjab State Civil Supplies Corporation Limited v. Sanman Rice Mills, at Paragraph 12 observed that even when the arbitral awards may appear to be unreasonable and non-speaking that by itself would not warrant the courts to interfere with the award unless that unreasonableness has harmed the public policy or fundamental policy of Indian law. It might

> *be a possibility that on re-appreciation of evidence, the courts may take another view which may be even more plausible but that also does not leave scope for the courts to reappraise the evidence and arrive at a different view. This court in Batliboi Environmental Engineers Limited v. Hindustan Petroleum Corporation Limited held that the arbitrator is generally considered as ultimate master of quality and quantity of evidence. Even an award which is based on little or no evidence would not be held to be invalid on this score. At times, the decisions are taken by the arbitrator acting on equity and such decisions can be just and fair therefore award should not be overridden under section 34 and 37 of the A&C Act on the ground that the approach of the arbitrator was arbitrary or capricious."*
>
> ***(Emphasis added)***

36. A bare perusal of the paragraphs reproduced above show that the Court under Section 34 of the 1996 Act cannot act as appellate authority or re-appreciate the evidence. The Court should refrain itself from interfering with the findings of the Arbitral Tribunal and/or substituting its own views with those arrived at by the Arbitral Tribunal. The Court can set aside an Arbitral Award only under the limited grounds expressly provided in Section 34 of the 1996 Act or when the Arbitral Award is contrary to the law or terms of the agreement.

37. With said principles in mind, I shall now proceed to consider the rival contentions raised by both the parties.

38. Before proceeding further, it is pertinent to refer to the relevant clauses from the TCC of the Agreement. The same are extracted below:-

> *"**TERMS AND CONDITIONS OF THE CONTRACT***
>
> ***xxxxxxxx***
>
> ***4.*** *The antecedents of security staff deployed shall be got verified by the contractor from local police authority and an undertaking in this regard to be submitted to the department and department shall ensure that the contractor complies with the provisions.*
>
> ***5.*** *The Contractor will maintain a register on which day to day deployment of personnel will be entered. This will be countersigned by the authorized official of the Department. While raising the bill, the deployment particulars of the personnel engaged during each month, shift wise, should be shown. The Contractor has to given an undertaking (on the format), duly countersigned by the concerned official of the Department, regarding payment of wages as per rules and laws in force, before receiving the 2nd payment onwards.*
>
> ***xxxxxxxx***
>
> ***23.*** *The contractor shall abide by and comply with all the relevant laws and statutory requirements covered under various laws such as Labour Act, Minimum Wages Act, Contract Labour (Regulation and abolition) Act, EPF, ESI and various other Acts as applicable from time to time with*

regard to the personnel engaged by the contractor for the Department

24.*The payment would be made at the end of every month based on the actual shift manned/operated by the personnel supplied by the contractor and based on the documentary proof jointly signed by the representative of the Departmentand the contractor/his representative/personnel authorized by him. No other claim on whatever account shall be entertained by the Department.*

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27. *...*

a. In case the contractor fails to commence/execute the work as stipulated in the agreement or unsatisfactory performance or does not meet the statutory requirements of the contract, Department reserves the right to impose the penalty as detailed below:-

i) 20% of cost of order/agreement per week, up to four weeks delays.

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53. *The contractor shall provide the copies of relevant records during the period of contract or otherwise even after the contract is over whenever required by the Department etc.*

54. *The contractor will have to deposit the proof of depositing employee's contribution towards PF/ESI etc. of each employee in every 3 months.*

55. *The contractor shall disburse the wages to its staff deployed in the Department every month through ECS or by Cheque in the presence of representative of the Department."*

39. Mr. Nandrajog, learned senior counsel for the respondent, states that the Sole Arbitrator has duly considered all the TCC of the Agreement, statutory provisions and dealt with all the objections raised by the petitioners in the impugned Award, and the same is evident from paragraphs No.82 to 88 of the impugned Award, which read as under:-

*"**82.** On perusal the records, claimant vide its letter dated 12.12.2011 pointed out that bills for the period 29.04.2011 to 30.11.2011 with EPF and ESIC challans and attendance sheet has been placed before the Respondent. Bio Data form along with medical fitness certificate and bills verification report in respect of 136 security guards and three supervisors were deployed in the hospital were also submitted and these formalities have been submitted by the claimant vide its letter dated 16.01.2012. Counsel for the claimant clearly pointed out that the claimant has performed his part of the contract and also submitted documents which includes .....*

83. *I have perused the records. Claimant submitted the duplicate copies of the bills, consolidated challan of PPF and ESIC and EPF, PCR, list of deployed personnel showing EPF and ESIC Number against each of them. In addition to that claimant has also submitted the details*

regarding monthwise and shiftwise duties roaster, bills verification along with list of security personnel, acquaintance roll, the claimant met for 50% of the total payable amount because they were suffering from financial crunch. Ld. Counsel argued that despite every detail, respondent did not pay even a single pie except the part payment which has already mentioned. During joint discussion between the parties, the claimant submitted duplicate copies of the bills consolidated challan of EPF and ESIC and EPSI and contributory sheet of ESIC along with list of deployed security personnel showing EPF and ESIC details. Claimant has submitted these documents, in four volumes along with Rejoinder. All these papers were on record and since the respondent did not file any contradiction therefore, the burden lies on the respondent to rebut these allegations. The claimant has also submitted they have informed respondent monthwise and shiftwise duty roaster, bills verification along with list of security personnel and acquaintance roll and each of these are on record. As per version of the claimant, the respondent despite receipt of these documents and in compliance of High Court order dated 03.03.2015 did not make any payment. Claimant further wrote several letters but of no avail. In view of the High Court direction dated 03.03.2015 it was obligatory on the respondent to make the payment in case no deficiency is pointed out and since the respondent

did not point out any deficiency, the respondent was bound to pay within a period of 8 weeks from 09.03.2015. Since payment was not made, the arbitration petition was revived and High Court has directed the Arbitrator to adjudicate the claim. It is, therefore, very clear that right from invoking jurisdiction of the Hon'ble High Court till the Arbitrator has been appointed no payment has ever been made despite the direction that in no case discrepancy is found the amount has to be paid.

84. *The claimant has pointed out that in volumeness documents all the correspondences and papers have been submitted before the Tribunal and neither any deficiency and nor any other fault has been pointed out by the respondent. Respondent has no right to withhold the claim of the claimant. ....*

85. *Ld. Counsel for the respondent during arguments vehemently refuted the arguments raised by the defendants counsel and placed reliance on Clauses 2, 4, 10, 45, 47, 48, 54 and 55 of the Agreement on the ground that claimant has violated the same. Ld. Counsel for the respondent argued that the claimant had failed to fulfill terms and conditions of the agreement which was major part of the contract. Claimant had himself mentioned about the agreement in para 4 of this petition but none of those conditions in clauses of the said Agreement are fulfilled. The documents given by the claimant are denied and they are not pertaining*

to the present case. Counsel further argued that as per Clause 1, contractor shall pay all statutory dues like ESI, EPF but no details in regarding to payment EPF, ESI, individual person employed were made available to the hospital at any time. Counsel argued that even the list of man power was not provided. No verification report were submitted while raising bills deployment particular of security personnel engaged were not submitted despite demand by the hospital. Counsel pointed out that the annexures of the same are annexed. Counsel further argued that theft took place and that was reported to the police. Copy of the police report is annexed. Counsel argued as per clause 10 of the security staff shall not accept any remuneration or award in any shape whereas guard was terminated and whereas Departmental enquiry was set up. Counsel argued that staffwise duty deployment was not submitted and no labour license was submitted after enquiry of license on 28.04.2014. No medical Certificate in regard to the deployment staff was provided and thus infringement of Clause 45 of the Agreement is attracted. Security guards were not provided to Walikie Talkie, Torches, Cells, Lathis in violation of Clause 47 and 48 of the Agreement. As per clause 54 Contractor will have to deposit proof of deposit employee contribution towards EPF/ESI etc. It has never been submitted. Counsel further argued that as per Clause 55 of the Agreement, the Contractor shall disburse the

wages of the staff deployment departmental every month through cash or by cheque in pursuance of the representation of the Department. But no such vouchers were deposited and condition was infringed and contractor was repeatedly informed by the Department vide number of letters but in vain and therefore, the respondent has no option but to withhold the payment. The claimant has failed to perform his part of the contract and respondent has successfully pointed out that the petitioner has not followed guidelines in terms of the agreement as submitted bills are arbitrary and without any basis. Both the issues No.1 & 2 be decided against the claimant and in favour of the respondent. Accordingly since the EPF and ESI Numbers were not submitted the claimant is not entitled for any reimbursement and it is very obvious that the respondent did not withhold the payment arbitrarily but with certain reason because the infringement of the Agreement and claimant committed gross illegalities and therefore, not entitled for any payment thereof and even the security money is liable for confiscation. Ld. Counsel for the claimant in rebuttal replied that none of the provision in Clauses 2, 4, 10, 45, 47, 48, 54 and 55 of the Agreement entitle the respondent to withhold the legally due payment and since the part payment has been made the respondent has no right to withhold remaining payment. All the contentions raised by the respondent are beyond the

contractual provisions and against the settled proposition of law. The claimant has already submitted the desired documents to the respondent. The claimant has discharged its obligation under the agreement.....

86. *Ld. Counsel clearly mentioned that since each and every formality have been complied and the agreement has been fulfilled and the Claimant has ever been sincere to his work, respondent cannot withhold the payment.*

87. *I have heard the Ld. Counsel for the claimant as well as respondent and gone through each and every documents even the volumes No.1 to 4 filed by the claimant along with Rejoinder showing everything. The case of the claimant is very clear that an Agreement has been arrived at between the parties on 28.04.2011 and vide agreement that respondent agreed to deploy the security personnel appointed by the claimant to watch the hospital security and everything has been mentioned in the Agreement with regarding duties etc. At no point of time respondent claim that security personnel was not in sufficient strength and deployment was less than required strength. The admitted facts are that in pursuance of the agreement security personnel were deployed and respondent initially paid a part payment of Rs.74 lac and odd to the claimant for providing security but subsequently the dispute arose regarding the non-fulfillment of the conditions of the agreement. Respondent pointed out that security personnel*

were not paid in accordance with the agreement that EPF and ESI and other formalities have not been complied and payment can only be made when each and every condition has been fulfilled. As per terms of the Contract the claimant has to complete its part of agreement. Claimant initially submitted the bills, provided the security personnel and the deployment of the security personnel at various times even when the guards were changed and claimant has also showed sincerity whenever any complaint has been preferred on behalf of the respondent, the claimant immediately rushed and tried to fulfill the security lapses. In fact no major lapses have been shown on record. On the contrary, the claimant has cited certain instances in which the prompt action was taken. Ld. Counsel for the respondent has cited only one incident of theft and one incident in which one security guard was taken to task for indulgence in mal practices. But that will not disentitle the claimant to get its payment due. Had there been any latches done the respondent ought to have proved the instances and pointed out the breach of the contractual agreement and relevant clause had to be invoked but certain scrucplous incident did not debar the claimant to claim the wages because service is thing which obliges the person enjoyed services to pay thereof in lieu of the services rendered. The respondent only cited that certain irregularities have been committed and that has not been complied whereas the claimant is specific

in his contention that whatever was the duty that has been performed and service was rendered in accordance with the Contract. .....

88. *Under aforementioned circumstances, I am at a loss to understand that why the Respondent did not pay for the services rendered by the claimant. Plea for non-payment raised by the respondent is neither tenable nor taken for granted and there is no evidence, no document on record to justify the assertion on behalf of the respondent. Only by saying that certain clauses of the Contract, 2, 4, 10, 45, 47, 48, 24 and 25 were not complied will not entitle the respondent to withhold the claim of the claimant. The claimant on the Contrary submitted the details which were asked for by the respondent and submitted the entire data as per Agreement. The burden lies on the respondent in eventuality of the submissions of these documents by the claimant to show that the in assertion made by the claimant accordance with the Agreement and liable to be struck out but the respondent has neither filed any documentary or oral evidence to rebut these facts. Therefore, it is very clear on the record that the claimant has complied and submitted bills to security personnel in accordance with the agreement dated 28.04.2011 and therefore, issue No.1 is decided in favour of the claimant and issue No.2 in which burden on the respondent to rebut and to prove that ESI/EPF etc and other payment to the security personnel were not made,*

respondent failed to discharge its burden whereas the claimant has submitted all details in Volume No.1 to 4 filed along with Rejoinder Affidavit. Accordingly issue No.2 is decided against the respondent and in favour of the claimant. Issue No.3 is also decided accordingly that the claimant/petitioner submitted all details of employees and in light of the above argument issue No.4 is decided in favour of the claimant and against the respondent because respondent could not establish that amount was withheld because of legal norms on the contrary claimant has established that the amount was withheld against legal provision because he has submitted and complied with the entire documents."

40. A perusal of the paragraph No. 83 of the impugned Award (reproduced above) shows the Sole Arbitrator duly recorded that the respondent submitted copies of bills, consolidated challan of PPF and ESI and EPF, PCR list of deployed personnel showing their EPF and ESIC number against each of them. Additionally, the respondent also submitted month-wise and shift-wise duties of roster, bill verification along with list of security personnel, acquaintance roll etc. The Arbitrator further notes that all the documents were on record and hence, the petitioners had all the opportunity to contradict the same. The burden lay upon the petitioners to dispute and contradict the same.

41. Except for these procedural non-compliances as alleged by the petitioners, there is no deficiency in the services provided by the

respondent. There is no contention of the petitioners or documentary proof that the respondent did not provide 130 security personnel and 3 security supervisors for the entire contractual period and thereafter for the extended period as per the Agreement or that there was any kind of deficiency in the services provided by the security personnel of the respondent.

42. The Sole Arbitrator in paragraph No. 87 of the impugned Award (reproduced above) states that he perused each and every document filed by the respondent and only thereafter he came to the conclusion that each and every formality under the Agreement was complied with by the respondent and there was no justifiable reason for the petitioners to withhold the amounts due and payable to the respondent.

43. Further, the Sole Arbitrator in paragraph No. 88 of the impugned Award (reproduced above) observed that the respondent had submitted the details asked by the petitioners and as per the Agreement, it was the petitioner's burden to prove that the respondent has not complied with the terms of the Agreement, which it failed to do.

44. Under the Agreement, the respondent provided manpower services in form of security personal. The petitioners took the benefits of the security personal provided by the respondent and is now seeking to not pay for the services availed. At no point in time the petitioners terminated the Agreement, if they were not satisfied with the way and manner in which the respondent was supplying the manpower.

45. The illustrations given by the petitioners are mere aberrations and cannot absolve the petitioners of the liability to make payment for the

services received. Additionally, in the reply/response filed by the petitioners before the Sole Arbitrator, or anywhere in the pleadings before the Arbitrator, no such ground has been raised and hence, the Sole Arbitrator did not have an opportunity to deal with the same.

46. The said findings of the Sole Arbitrator are both reasonable and plausible views and show due application of mind to the facts, documents on record, clauses of the Agreement, and pleadings of the parties. The findings of the Sole Arbitrator are based on interpretation of the clauses of the Agreements and documents on record. The Arbitral Tribunal is the master of the quantity and quality of evidence and it is only when interpretation of the Arbitral Tribunal is so bizarre that is shocks the conscience of the Court or is beyond the scope of the Agreement, that the Court could interfere under Section 34 of the 1996 Act, however, the same is not the case here.

47. In the present case, the Sole Arbitrator being satisfied with the documents along with the rejoinder submitted by the respondent, came to the conclusion that the respondent is entitled to amounts due. I find no infirmity with findings of the Sole Arbitrator.

48. Instead, I am of the view that the petitioners by withholding bills due and payable to the respondent, has in fact obstructed payments of salaries to security personnel who are people with meagre recourses and urgent need of salaries to meet there day-to day needs.

CONCLUSION

49. In view of the aforesaid discussion, the objections raised by the petitioners are frivolous to say the least and I find no merit in the submissions to set aside the impugned Award. The findings of the

Sole Arbitrator are plausible views and are not contrary to the terms and conditions of the Agreement or so unreasonable that no prudent man could have arrived at. The impugned Award cannot be said to be in contravention with the public policy of India or patently illegal.

50. For the said reasons, the present petition is dismissed along with pending application(s), if any.

JASMEET SINGH, J

JANUARY 22, 2026 / (HG)