



Sr. No.205

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH****FAO-4011-2017 (O&M)****Date of Decision: 07.08.2026**

Punjab State Power Corporation Ltd. ...Appellant
Versus

M/s Ganz Energetic Ltd. and others ...Respondents

CORAM : HON'BLE MS. JUSTICE LAPITA BANERJI

Present : Mr. Jagdeep S. Rana, Advocate and
Mr. Lokendra Singh, Advocate,
for the appellant.

LAPITA BANERJI, J. (Oral)

Under challenge in the present appeal is an award dated November 4, 2013 and a judgment dated October 13, 2016 passed by the learned Additional District Judge, Patiala whereby the application under Section 34 of the Arbitration and Conciliation Act, 1996 (for short, 'the 1996 Act') has been dismissed.

2. Learned counsel appearing for the petitioner draws the attention of this Court to the warranty contained in Clause 8 of the Contract Agreement-cum-Purchase Order. He submits that since the runners supplied by respondents No.1 and 2 were defective, they were under an obligation to replace the same. However, after appreciation of Clause No.8 and analysis of the evidence, the learned Arbitrator erroneously found that respondents No.1 and 2 could not be held liable for such replacement.

3. He further submits that without appreciating the grounds of objection in the application under Section 34 of the 1996 Act, the learned ADJ rejected the same.



4. This Court has heard learned counsel for the appellant and perused the material on record.

5. After perusing the award, it finds that in paragraph 6.3, the learned Arbitrator has discussed in detail the effect of warranty Clause of the Purchase Order-cum-Contract Agreement and the evidence before him. He found that the runners were liable to be replaced by the respondents only in case where design, engineering, material or workmanship proved to be defective.

6. The respondents' contention with regard to frequent and prolonged use of the runners for 26 years in an old machine of 50MW capacity was taken into consideration to arrive at the finding that the respondents were not liable to replace the same because some defects could have arisen due to normal wear and tear.

7. Furthermore, the learned Arbitrator observed that instead of identifying the defects and recommending corrective measures to the respondents, the claimant-appellant terminated the contract under the force majeure clause and allotted the contract/work of repair of the damaged runners to a different agency which course of action was unjustifiably harsh. Therefore, the learned Arbitrator rejected the claim of the claimants.

8. While adjudicating the application under Section 34 of the 1996 Act, the learned ADJ was of the opinion that unless the learned Arbitrator failed to appreciate the statutory provisions of law or acted with patent illegality, the Court concerned could not interfere with the award by sitting as a Court of appeal and re-appreciating the evidence.

9. This Court is of the view that the learned Arbitrator has passed a well-reasoned/speaking award upon appreciation of evidence. The



learned Arbitrator is the master of appreciation of quality and quantity of evidence before him while passing the award. On the facts of the case, even though there is no unreasonableness in the possible view taken by the learned Arbitrator but for the sake of arguments even if it is assumed that a different view was possible still the Court in hearing an appeal under Section 37 of the 1996 Act should not interfere with the view taken by the learned Arbitrator. In this context, a beneficial reference may be made to the judgment of the Hon'ble Supreme Court in '**Associate Builders Vs. Delhi Development Authority**', (2015)3 SCC 49. Relevant extract of the same is being reproduced hereinafter:-

“12. xxxxx xxxxxxxx xxxxxx xxxxx xxxxx

It must clearly be understood that when a court is applying the “public policy” test to an arbitration award, it does not act as a court of appeal and consequently errors of fact cannot be corrected. A possible view by the arbitrator on facts has necessarily to pass muster as the arbitrator is the ultimate master of the quantity and quality of evidence to be relied upon when he delivers his arbitral. Thus an award base on little evidence or on evidence which does not measure up in quality to a trained legal mind would not be held to be invalid on this score. Once it is found that the arbitrators approach is not arbitrary or capricious, then he is the last word on facts.

xxxx xxxxx xxxxx xxxxx xxxxx xxxxx

An arbitral tribunal must decide in accordance with the terms of the contract, but if an arbitrator construes a term of the contract in a reasonable manner, it will not mean that the award can be set aside on this ground. Construction of the terms of a contract is primarily for an arbitrator to decide unless the arbitrator construes the contract in such a way that it could be said to be something that no fair minded or reasonable person could do. It was opined by this court that when it comes to setting aside of an award under the public policy ground, it would mean that the award should shock the conscience of the court and would not include what the court thinks is unjust seeking to substitute its view for that of the arbitrator to do what it considers to be “justice”.

xxxx xxxxx xxxxx xxxxx xxxxx xxxxx”



10. A beneficial reference may be made to the decision of the Apex Court in *Konkan Railway Corporation Limited vs. Chenab Bridge Project Undertaking*, (2023) 9 SCC 85. The relevant extract is reproduced hereinafter:-

*“14. Analysis: 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.*, (2019) 4 SCC 163, 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.*

15. 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.

xxx xxx xxx”

11. Accordingly, the present appeal is **dismissed**. However, there would be no order as to costs.

12. Connected application(s), if any, shall also stand disposed of.

(LAPITA BANERJI)
JUDGE

August 07, 2026

vandana

Whether speaking/reasoned :	Yes/No
Whether reportable :	Yes/No