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

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Judgment reserved on: 02.02.2026***Judgment pronounced on: 24.02.2026******Judgment uploaded on: 24.02.2026***

+ FAO(OS) (COMM) 363/2019

DIVYA ASHISH JAMWAL

.....Appellant

Through: Dr. Riju Raj Singh Jamwal &
Mr. Manoj, Advs.

versus

INDIA YAHAMA MOTOR PVT LTD

.....Respondent

Through: Mr. Arpit Dwivedi, Adv.

CORAM:**HON'BLE MR. JUSTICE ANIL KSHETARPAL****HON'BLE MR. JUSTICE AMIT MAHAJAN****J U D G M E N T****ANIL KSHETARPAL, J.:**

1. The present Appeal under Section 37 of the Arbitration and Conciliation Act, 1996 [hereinafter referred to as 'the Act'] is directed against the judgment dated 30.01.2019 passed by the Learned Single Judge in O.M.P. No. 1107/2012, captioned ***India Yamaha Motor Pvt. Ltd. v. Divya Ashish Jamwal*** [hereinafter referred to as 'Impugned Judgment'], whereby the Arbitral Award dated 16.04.2012 rendered by the Sole Arbitrator came to be set aside in proceedings under Section 34 of the Act.

2. By the Impugned Judgment, the learned Single Judge held that the Arbitral Award was contrary to the terms of the contract between the parties, was founded on surmises and extraneous considerations, and was unsupported by evidence on record. On the basis of these findings, the learned Single Judge allowed the petition filed by the



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respondent under Section 34 of the Act and set aside the Arbitral Award in its entirety.

3. Before advertng to the rival submissions, it would be apposite to briefly notice the factual background leading to the passing of the Arbitral Award and the Impugned Judgment. The facts are set out hereinafter only to the extent necessary for examining the jurisdiction exercised by the learned Single Judge under Section 34 of the Act and the scope of interference of this Court in the present Appeal under Section 37 of the Act.

FACTUAL MATRIX

4. The Appellant and the Respondent were governed by a Dealership Agreement dated 10.10.2005, under which the Appellant was appointed as an authorised dealer for the Respondent's motorcycles, spare parts and automotive products in the Jammu region. The agreement, which was valid for a period of three years, contained detailed provisions relating to the obligations of the dealer, termination of the dealership, and the consequences thereof, as well as an arbitration clause for the resolution of disputes between the parties.

5. Disputes having arisen between the parties, the Appellant herein invoked arbitration under the aegis of the Indian Council of Arbitration. In the original statement of claim, the Appellant sought, *inter alia*, monetary reliefs and a direction for resumption of supplies. During the pendency of the arbitral proceedings, the Respondent terminated the dealership by a notice dated 04.06.2007, whereupon the claimant amended the statement of claim to additionally seek



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compensation towards unsold spare parts and a direction requiring the Respondent to take back the said stock.

6. By the Arbitral Award dated 16.04.2012, the learned Sole Arbitrator, *inter alia*, awarded compensation towards loss of expected profits and establishment costs, and further directed the respondent to take back the stocks of spares, accessories, and fittings lying with the Appellant and to refund the full price thereof along with interest at the rate of 16% per annum with effect from 04.06.2007, subject to the conditions specified in the award.

7. It is in this backdrop that the rival submissions advanced on behalf of the parties fall for consideration.

CONTENTIONS OF THE PARTIES

Contentions on behalf of the Appellant:

8. Learned counsel appearing for the Appellant submits that the learned Single Judge erred in the exercise of jurisdiction under Section 34 of the Act by re-appreciating the material on record and substituting the findings of the Arbitral Tribunal with their own. It is contended that the Arbitral Award was rendered after due consideration of the pleadings and evidence adduced by the parties. Learned counsel further submits that an objection as to the maintainability of the petition under Section 34, on the ground of limitation, was specifically raised by the Appellant, and that the learned Single Judge, in entertaining and allowing the petition, exceeded the limited scope of interference permissible under Section 34 of the Act.



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9. It is further submitted that the Arbitral Tribunal acted within the framework of the Dealership Agreement and that the reliefs granted were justified in the facts and circumstances of the case, particularly having regard to the termination of the dealership during the pendency of the arbitral proceedings. According to the Appellant, the Arbitral Tribunal was competent to mould the relief so as to do complete justice between the parties, and the Impugned Judgment fails to accord due deference to the Tribunal's findings.

Contentions on behalf of the Respondent:

10. *Per contra*, the learned counsel for the Respondent submits that the scope of interference under Section 37 of the Act is extremely limited and that no case for appellate interference is made out by the Appellant. It is contended that the learned Single Judge confined the scrutiny strictly within the parameters of Section 34 of the Act and set aside the Arbitral Award on the ground that the relief granted therein was contrary to the express terms of the Dealership Agreement.

11. It is further submitted that the Arbitral Tribunal travelled beyond the contractual framework by directing buy-back of stock and refund of price, despite there being no provision in the agreement obligating the Respondent to do so. According to the Respondent, the findings returned by the Arbitral Tribunal were based on conjectures and equitable considerations dehors the contract, and the learned Single Judge was therefore justified in setting aside the Award in its entirety.



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ISSUE FOR DETERMINATION

12. The principal issue that arises for consideration in the present Appeal is whether the learned Single Judge exceeded the limited jurisdiction under Section 34 of the Arbitration and Conciliation Act, 1996 in setting aside the Arbitral Award dated 16.04.2012, or whether such interference was warranted on the ground that the Arbitral Tribunal had granted relief contrary to the express terms of the Dealership Agreement and on considerations dehors the contract.

ANALYSIS & FINDINGS

13. Before advertng to the rival submissions, it is necessary to reiterate the well-settled contours of appellate interference under Section 37 of the Act. The jurisdiction under Section 37 of the Act is circumscribed.

14. An Appeal under Section 37 of the Act is not a rehearing of the arbitral dispute on merits. The Appellate Court does not sit in appeal over the arbitral award, nor does it re-appreciate the evidence or substitute its own view merely because another view is possible. The scope of interference is confined to examining whether the Court exercising jurisdiction under Section 34 of the Act acted within the parameters prescribed by law, and whether the order under challenge suffers from any jurisdictional infirmity or perversity.

15. It follows that where the learned Single Judge has set aside an Arbitral Award on the ground that the Award was contrary to the express terms of the contract or is founded on considerations dehors the agreement between the parties, the Appellate Court would be slow



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to interfere unless such findings are shown to be perverse or wholly unsustainable in law.

16. The Arbitral Tribunal, by the Award dated 16.04.2012, directed the Respondent to take back all stocks of spares, accessories and fittings lying with the Claimant, subject to certain exclusions, and to refund the full price thereof along with interest at the rate of 16% per annum with effect from 04.06.2007 till the date of payment. The Respondent was further directed to collect the said stocks at its own cost within a stipulated period.

17. The relief granted by the Arbitral Tribunal thus comprised a substantive monetary direction in the nature of refund along with interest, coupled with a direction for reversal of stock post termination of the dealership agreement.

18. The relationship between the parties was governed by the Dealership Agreement dated 10.10.2005. Clause 10 of the Agreement deals with the *Term and Termination*, while Clause 11 enumerates the *Consequences* flowing from termination or expiry of the Agreement.

19. A plain conjoint reading of Clauses 5, 7, 11 and 12 of the Dealership Agreement delineates with clarity the contractual allocation of rights and obligations upon termination. Clause 10.4 entitled either party to terminate the Agreement by prior notice, without assigning reasons and without incurring liability. Clause 11 enumerated the *consequences of termination* and obligated the dealer, *inter alia*, to remit outstanding dues, cease use of the Respondent's trademarks and intellectual property, and forthwith return all properties of Yamaha held in trust for and on behalf of Yamaha.



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20. Significantly, the expression “*properties of Yamaha*” occurring in Clause 11.4 cannot be read expansively to include all unsold products or spare parts lying with the dealer. Under Clause 5.10 and 5.26, the products and spare parts were held by the dealer “*in trust*” for and on behalf of YMS/YMI only till complete payment was realised. Upon payment, the relationship between the parties being expressly on a principal-to-principal basis under Clause 7.1, ownership of such goods vested in the dealer. The Agreement does not impose any obligation on the Respondent to repurchase or take back unsold stock upon termination. Clause 12 merely confers a discretionary right upon YMI/YMS, at its election, to purchase or accept return of stock on terms determined by it; it does not create a corresponding enforceable right in favour of the dealer. No provision of the Agreement, either expressly or by necessary implication, mandates buy-back or restitution of stock at the instance of the dealer.

21. The Arbitral Award in the present case was rendered on 16.04.2012. Accordingly, the examination undertaken by the learned Single Judge under Section 34, and the scrutiny by this Court under Section 37, are required to be confined to the statutory framework governing arbitral proceedings as it stood on that date. Under Section 28(3) of the Act, the Arbitral Tribunal was required to decide the dispute in accordance with the terms of the contract. In the absence of any express authorisation by the parties to decide the dispute *ex aequo et bono* or as an *amiable compositeur*, the arbitral tribunal could not have granted relief founded on notions of equity or fairness dehors the contract, as proscribed by Section 28(2) of the Act. While the tribunal is entitled to interpret the contractual provisions, it is equally well



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settled that it cannot rewrite the bargain between the parties or grant relief which the contract itself does not contemplate.

22. The learned Single Judge, while exercising jurisdiction under Section 34, was therefore required to examine whether the Arbitral Tribunal had remained within these jurisdictional limits. The present Appeal is confined to testing the correctness of that exercise.

23. Tested on the aforesaid contractual framework, the learned Single Judge was justified in holding that the Arbitral Award travelled beyond the terms of the Agreement. The direction to refund the price of stock along with interest was not founded on any contractual stipulation and was premised on considerations extraneous to the Agreement.

24. The learned Single Judge held that the Arbitral Tribunal relied upon broad notions of fairness, alleged dominance, and human conduct, without anchoring the relief granted to the express provisions of the contract or to evidence establishing a contractual entitlement. Such an approach clearly falls foul of Section 28(3) of the Act.

25. Interference in such circumstances cannot be characterised as re-appreciation of evidence. Where the relief granted is *ex facie* contrary to the contract governing the parties, the court exercising jurisdiction under Section 34 acted within its mandate in setting aside the award. The Impugned Judgment, therefore, does not suffer from any jurisdictional error warranting interference under Section 37 of the Act.



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26. The Appellant's objection to the maintainability of the petition under Section 34 on the ground of limitation is also without merit. The Respondent had specifically pleaded in its rejoinder that the signed copy of the Arbitral Award was received by them on 08.11.2012 and that the petition under Section 34 was filed on 22.11.2012, well within the period prescribed under Section 34(3) of the Act. The learned Single Judge entertained the petition on this basis and adjudicated the same on the merits. No perversity or jurisdictional infirmity in such determination has been demonstrated so as to warrant interference.

CONCLUSION

27. For the foregoing reasons, this Court finds no infirmity in the exercise of jurisdiction by the learned Single Judge under Section 34 of the Arbitration and Conciliation Act, 1996, in setting aside the Arbitral Award dated 16.04.2012. The Appellant has failed to demonstrate any ground warranting interference by this Court in this Appeal.

28. The Appeal is accordingly dismissed.

ANIL KSHETARPAL, J.

AMIT MAHAJAN, J.

FEBRUARY 24, 2026

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