



ARBITRATION AND CONCILIATION

Judicial Restraint under Section 34: Delhi High Court Upholds Arbitral Tribunal's Refusal of Specific Performance

<p>Case: Imran Ahmed Ansari & Anr. v. Intex Technologies (India) Ltd. & Anr. Court: Delhi High Court
Citation: (2026) ibclaw.in 3020 HC Date of Decision: 08 May 2026 The Delhi High Court in Imran Ahmed Ansari & Anr. v. Intex Technologies (India) Ltd. & Anr. reaffirmed the narrow scope of judicial interference with arbitral awards [...]</p>

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The Delhi High Court in *Imran Ahmed Ansari & Anr. v. Intex Technologies (India) Ltd. & Anr.* reaffirmed the narrow scope of judicial interference with arbitral awards under Section 34 of the Arbitration and Conciliation Act, 1996. The judgment, delivered by Justice Harish Vaidyanathan Shankar on 8 May 2026, provides significant guidance on the principles governing specific performance, patent illegality, and the limits of court intervention in arbitral proceedings.

The dispute arose from an Agreement to Sell dated 28 September 2016 concerning an industrial plot situated in Sector 63, Noida. The agreed sale consideration was ₹8 crores. According to the purchasers, substantial payments had already been made and they had continuously demonstrated readiness and willingness to complete the transaction. However, disputes emerged regarding encumbrances over the property, payment of the balance consideration, and compliance with contractual obligations. Subsequently, the sellers issued a termination notice purporting to cancel the agreement.

The matter eventually proceeded to arbitration. Before the Arbitral Tribunal, the purchasers sought specific performance of the agreement, while the sellers contested the claim and raised counterclaims. Upon examining the evidence and contractual terms, the Sole Arbitrator declined the relief of specific performance. Instead, the Tribunal directed the sellers to refund ₹3.50 crores received under the agreement together with simple interest at the rate of 15 percent per annum. The Tribunal further awarded reimbursement of transfer memorandum charges incurred by the purchasers but rejected their claim regarding an alleged cash payment of ₹1.20 crores.

Aggrieved by the refusal to grant specific performance, the purchasers challenged the arbitral award before the Delhi High Court under Section 34 of the Arbitration and Conciliation Act, 1996. The principal contention advanced by the petitioners was that the Tribunal had incorrectly applied Section 10 of the Specific Relief Act, 1963. They argued that contracts relating to immovable property carry a statutory presumption that monetary compensation is not an adequate remedy and therefore specific performance ought ordinarily to be granted. It was further argued that the Tribunal failed to appreciate evidence demonstrating their readiness and willingness to perform the agreement.

The respondents, on the other hand, contended that the challenge essentially sought a reappraisal of evidence, which is impermissible in proceedings under Section 34. They maintained that the Tribunal had considered all relevant facts and had rendered a reasoned award based on the material available on record.

While examining the challenge, the High Court reiterated the settled legal position that courts exercising jurisdiction under Section 34 do not function as appellate authorities over arbitral awards. The Court extensively referred to recent Supreme Court precedents governing the concepts of public policy, patent illegality, and perversity. It observed that an arbitral award can be interfered with only when it suffers from a fundamental legal defect that strikes at the root of the decision. Mere disagreement with factual findings or an alternative interpretation of evidence cannot justify judicial intervention.

A significant aspect of the judgment concerns the Court's treatment of the issue of specific performance. The petitioners argued that the Tribunal had ignored the statutory presumption applicable to contracts involving immovable property. However, the High Court found that the Tribunal had specifically considered Section 10 of the Specific Relief Act and had consciously concluded that the loss suffered by the purchasers could be adequately compensated in monetary terms. The Tribunal had also taken note of the commercial nature of the transaction and the fact that the dispute essentially revolved around ascertainable financial obligations.

The Court emphasized that even if another adjudicatory forum might have arrived at a different conclusion, the arbitral view remained a plausible and legally sustainable one. Such a finding could not be displaced merely because the petitioners preferred a different interpretation of the facts. The judgment reinforces the principle that arbitral tribunals possess wide discretion in evaluating evidence and determining appropriate reliefs, particularly in commercial disputes.

Another noteworthy feature of the case is the Tribunal's finding regarding the sellers' conduct. The Tribunal had held that the sellers incorrectly represented the property as being free from encumbrances at the time of executing the agreement. Consequently, it ruled that the unilateral cancellation and forfeiture of the consideration amount could not be sustained. The High Court observed that this finding demonstrated a balanced assessment of the conduct of both parties and negated the allegation

that the Tribunal had acted arbitrarily or one sidedly.

The Court also addressed the challenge concerning the adequacy of reasons contained in the award. Relying upon the Supreme Court's decision in *Dyna Technologies Pvt. Ltd. v. Crompton Greaves Ltd.*, it held that an arbitral award is not expected to resemble a detailed civil court judgment. What is required is intelligible and adequate reasoning that reveals the thought process underlying the decision. The Court found that the award sufficiently explained why specific performance was denied and why refund with interest was considered the appropriate remedy.

With respect to the alleged cash payment of ₹1.20 crores, the Tribunal had concluded that the claim fell outside the scope of the arbitration agreement because the alleged transaction preceded the execution of the Agreement to Sell and was not contemplated by its terms. The High Court found no infirmity in this conclusion and upheld the Tribunal's reasoning.

The Delhi High Court dismissed the petition and upheld the arbitral award in its entirety. The Court held that the award neither suffered from patent illegality nor violated the fundamental policy of Indian law. The findings recorded by the Tribunal were based on a proper appreciation of the contractual framework, documentary evidence, and conduct of the parties. Consequently, no ground for interference under Section 34 was established.

The decision is another important reminder that Indian courts continue to adopt a pro arbitration approach by respecting the finality of arbitral awards. It underscores that Section 34 is designed as a supervisory remedy rather than an appellate mechanism and that courts must refrain from substituting their own views for those of the arbitral tribunal. The judgment therefore strengthens the principle of minimal judicial intervention and reinforces the autonomy of the arbitral process in commercial disputes.

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