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

% *Date of Decision: 22.04.2026*

+ **FAO (COMM) 173/2023**

**MS DURGA AGRO SEEDS FARM**

.....Appellant

Through: Mr. Shekhar G Devasa, Sr. Adv. with  
Mr. Manish Tiwari and Mr.  
Thashmitha Muthanna, Advs.

versus

**MS NATIONAL SEEDS CORPORATION LTD**

.....Respondent

Through: Mr. Yashvardhan, Mr. Gyanendra  
Shukla, Mr. Pranav Das and Mr.  
Shubhang Shukla, Advs.

**CORAM:**

**HON'BLE MR. JUSTICE V. KAMESWAR RAO**

**HON'BLE MS. JUSTICE MANMEET PRITAM SINGH ARORA**

**MANMEET PRITAM SINGH ARORA, J. (ORAL)**

1. This appeal has been filed under Section 37 of the Arbitration and Conciliation Act, 1996 [the 'Act of 1996'], read with Section 13 of the Commercial Courts Act 2015, against the judgment dated 06.03.2023 passed by the District Judge Commercial Court, Saket in, OMP(COMM) No. 101/2019 ['impugned judgment'] dismissing the Section 34 petition.

2. Brief facts relevant for deciding the appeal are as follows: -

2.1. The Respondent had authorized the Appellant to sell seeds to the



farmers in different notified districts of the state of Uttar Pradesh *vide* distribution agreement dated 17.02.2011 [‘distribution agreement’].

2.2. The background<sup>1</sup> of the distribution agreement is that the Uttar Pradesh Government had floated various subsidy schemes, such as a scheme for popularization of cultivation of hybrid paddy in the State of Uttar Pradesh. Under these schemes, the seeds were to be supplied to the farmer, where 50% of the ‘cost’ of seed was to come from the farmers, which [‘cost’] was to be received by the Respondent herein through the dealer [i.e., the Appellant] and the remaining 50% cost of seed, was the subsidy component, which was to be paid for by the State Government. The Respondent herein was involved in selling the seeds to the farmers through its dealer [i.e., the Appellant herein] under the said scheme.

2.3. The dealer [i.e., the Appellant herein] had to submit a verified list of beneficiary farmers for verification to the concerned office of the Department of Agriculture. Then the claim for subsidy amount [i.e., the 50% of the cost of the seeds] was to be submitted to the State Agriculture Department along with a verified beneficiary list for release of subsidy amount by the State Government to the Respondent. As per the Respondent, upon receipt of the 50% subsidy component of the seed cost from the State Agricultural Department, Uttar Pradesh, it would release the amounts due to the dealer [i.e., the Appellant herein] as per the agreement.

2.4. The Appellant contends that it agreed with the Respondent to sell the certified seeds of approved varieties with subsidies to the farmers at the retail price fixed by the Respondent, by reducing the admissible amount of

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<sup>1</sup> At paragraph 12 of the statement of defense



subsidy, and thereafter claim the subsidy amount and the eligible trade discount [as fixed from time to time] from the Respondent.

In this regard, the Appellant was required to maintain a separate register for beneficiary farmers and to sell seeds to them after deducting the admissible subsidy amount.

It is stated that soon after the sales were completed, the Appellant had to collate all the records, cash memos, registers, subsidized sale details, etc., on the approved format and submit the same to the office of the Department of Agriculture, Uttar Pradesh, for verification.

2.5. It is stated that the dealer agreement has been extended time to time, and the Appellant has been working as a distributor to the Respondent for the last sixteen [16] years.

2.6. It is stated that in terms of the distribution agreement and pursuant to its implementation by the Appellant to the satisfaction of the Respondent, the Appellant became entitled to receive an outstanding amount of Rs. 35,73,855.01/- [Rupees Thirty-Five Lakhs Seventy-Three Thousand Eight Hundred Fifty-Five and One Paise only] as on July, 2017 against the seeds distributed during the year 2011-2015.

It is stated that out of this, a sum of Rs. 25,30,260/- [Rupees Twenty-Five Lakhs Thirty Thousand Two Hundred and Sixty only] has been wrongly debited by Respondent, vide supplementary bill dated 13.11.2013, on account of non-realization of subsidy amount for the financial year 2011-2012, and Rs. 10,43,595.01/- [Rupees Ten Lakh Forty-Three Thousand Five Hundred Ninety-Five and One Paise only] has been claimed for the financial year 2014-2015 was due and payable towards commission amount.



2.7. It is stated that the Appellant consistently requested the release of the agreed commission; however, the Respondent failed to make payment despite admitting the outstanding amount. The Appellant submitted multiple representations along with all relevant documents, which the Respondent duly acknowledged. The Respondent, in its letter dated 21.05.2016, attributed the delay in payment to non-receipt of subsidy from the Government and advised the Appellant to approach the District Agriculture Office for release of the outstanding amount.

2.8. Subsequently, upon continued non-payment, the Appellant issued a legal notice dated 26.08.2017 demanding the payment of the outstanding amount, followed by a notice dated 10.10.2017 invoking arbitration and seeking appointment of a Sole Arbitrator in terms of the distributorship agreement.

2.9. The Respondent appointed the Sole Arbitrator. Thereafter, the Appellant filed its Statement of Claim before the Arbitrator seeking the payment of the outstanding amount of Rs. 35,73,855.01/-. The Arbitrator *vide* award dated 13.06.2019 ['Arbitral Award'], partly allowed the Appellant's claim. The Arbitrator granted the claim of commission amounting to Rs. 10,43,595.01/- at the rate of 12% per annum from 26.08.2017, i.e., Rs. 12,68,669/- [Rupees Twelve Lakh Sixty-Eight Thousand Six Hundred and Sixty-Nine only]. However, the arbitrator rejected the claim for the sum of Rs. 25,30,260/- towards subsidy on the finding that Appellant was unable to prove its entitlement to receive the said amount.

2.10. The Appellant, being aggrieved by the aforesaid Arbitral Award, filed



OMP(COMM) No. 101/2019, under Section 34 of the Act of 1996, seeking modification of the Arbitral Award and the grant of the claim of Rs. 25,30,260/-. However, the District Judge vide the impugned judgment dated 13.06.2019 dismissed the petition and upheld the Arbitral Award, concurring with the finding with respect to lack of evidence.

2.11. In these facts, the Appellant has preferred the present appeal.

### **COURT'S FINDING**

3. This Court has heard the learned counsel for the parties and perused the record.

4. Before we delve into the grounds of the appeal, this Court deems it appropriate to set out the scope of intervention of an Appellate Court under Section 37 of the Act of 1996. It is trite law that the scope of intervention of the Courts while examining a challenge to an arbitral award is very limited. While entertaining an appeal under Section 37 against an order of the Court passed under Section 34 upholding the arbitral award, these powers are limited to ascertaining if the Court exercising powers under Section 34 of the Act of 1996 has failed to exercise its jurisdiction. Reliance is placed upon the judgment of the Supreme Court in **Punjab State Civil Supplies Corporation Limited and Another v. Sanman Rice Mills and Others**<sup>2</sup>, the relevant paragraphs 20 and 21 read as under: -

“20. In view of the above position in law on the subject, the scope of the intervention of the court in arbitral matters is virtually prohibited, if not absolutely barred and that the interference is confined only to the extent envisaged under Section 34 of the Act. The appellate power of Section 37 of the Act is limited within the domain of Section 34 of the Act. It is exercisable only to find out if the court, exercising power under Section 34 of the Act, has acted within its limits as prescribed thereunder or has

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<sup>2</sup> 2024 SCC OnLine SC 2632



exceeded or failed to exercise the power so conferred. The Appellate Court has no authority of law to consider the matter in dispute before the arbitral tribunal on merits so as to find out as to whether the decision of the arbitral tribunal is right or wrong upon reappraisal of evidence as if it is sitting in an ordinary court of appeal. It is only where the court exercising power under Section 34 has failed to exercise its jurisdiction vested in it by Section 34 or has travelled beyond its jurisdiction that the appellate court can step in and set aside the order passed under Section 34 of the Act. Its power is more akin to that superintendence as is vested in civil courts while exercising revisionary powers. The arbitral award is not liable to be interfered unless a case for interference as set out in the earlier part of the decision, is made out. It cannot be disturbed only for the reason that instead of the view taken by the arbitral tribunal, the other view which is also a possible view is a better view according to the appellate court.

21. It must also be remembered that proceedings under Section 34 of the Act are summary in nature and are not like a full-fledged regular civil suit. Therefore, the scope of Section 37 of the Act is much more summary in nature and not like an ordinary civil appeal. The award as such cannot be touched unless it is contrary to the substantive provision of law; any provision of the Act or the terms of the agreement.”

[Emphasis supplied]

5. The law as it has developed under Section 34 of the Act of 1996 is clear and it is now well settled that interference in arbitral award is limited only to the instances when the award suffers from patent illegality or perversity, is contrary to the law or is arbitrary, or wherein the Arbitral Tribunal has either failed or exceeded its jurisdiction, thereby resulting in the miscarriage of justice.

6. The District Judge in the impugned judgment has held that the decision of the Arbitrator in rejecting the claim of Rs. 25,30,260/- requires no interference as it is based on due analysis of the evidence led by the Appellant before it. The Court held that the finding of the Arbitrator, that the Appellant herein has failed to lead evidence to substantiate its entitlement to receive the amount of Rs. 25,30,260/-, cannot be faulted and is in



consonance with the legal principles.

7. The Appellant has raised identical contentions before us, as were raised before the District Judge and the Arbitrator for its claim of Rs. 25,30,260/-.

Adverting to the facts of the present case, it is pertinent to note that paragraph '10.1' of the Arbitral Award deals with Issue No. 1, namely the question of entitlement to the claimed outstanding amount, which includes Rs. 25,30,260/-. During the course of arguments, the learned counsel for the Appellant assailed the findings recorded by the Arbitrator in paragraph '10.9' of the Arbitral Award.

Upon perusal of the Arbitral Award, we find that the finding on Issue No. 1 at paragraph nos. '10.8' to '10.11' are relevant, which read as follows:

"10.8 A perusal of the documents relied upon by the Claimant shows that although the claim of the Claimant for Rs. 35,73,855.01/- pertains to the years 2011 to 2015, however the ledger accounts filed by Claimant are for the period 1<sup>st</sup> April, 2013 to March, 2018. Similarly, the supporting invoices filed by Claimant pertain only to the period from 13.04.2013 to 10.02.2015. Claimant has not filed any ledger account or invoices prior to March, 2013. The total amount of Rs. 35,73,855.01/- as claimed by the Claimant includes a sum of Rs. 25,30,260/-, which amount, according to the Claimant, is "recovery of subsidy" for the year 2011-2012 and has been duly reflected in ledger accounts of Claimant for the financial year 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014 (Pg. 65 of SoC). The entry of said amount of Rs. 25,30,260/- is also reflected as "Recovery of State Subsidy against Bill No. 21021 dt. 13.11.2013" in the document filed by Claimant titled as "Subsidiary Ledger" (Pg. 57), purportedly issued by the Respondent. Ld. Counsel for Claimant, during the cross examination of the Respondent's witness. RW-1 (Mr. Aseem Gangwar) held on 24.01.2019, confronted RW-1 with the above said document i.e. "Subsidiary Ledger" (Pg. 57), which was denied by RW-1. The questions put to said witness and answer give by it are reproduced below:

"Ques 1: Whether the ledger appearing at Pg. 57 was prepared by NSC?"



Ans 1: This document was not issued by NSC.

Ques 2: I put it you, that NSC received Rs. 25 Lakh from the State Government against General Voucher bearing no. 100240/201311/0002 with respect to the transactions relating to the Claimant.

Ans 2: I can answer this question only after going through the account.”

10.9 The Claimant has also admittedly not filed any Invoice in respect of said amount of Rs. 25,30,260/- pertaining to the years 2011-2012. Further, the ledger accounts of Respondent for the years 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2016 as filed by the Claimant do not contain any entry of said amount either. The purported “Subsidiary Ledger” reflecting the entry of said amount of Rs. 25,30,250/-, as relied by Claimant has also been denied by Respondent’s witness. Further, the ledger accounts of Respondent as filed by Claimant shows that the only outstanding amount payable to Claimant is Rs. 10,43,595.01/- only, which amount is also reflecting in the ledger account of Claimant for the financial year 1<sup>st</sup> April, 2014 to 31 March, 2015 and also in the ledger account for the financial year 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016. Thus, in so far as this amount of Rs. 25,30,260/- is concerned, the Claimant has **not been able to prove** that it is entitled to receive the said amount from the Respondent.

10.10 As far as the remaining claimed amount of Rs. 10,43,595.01/- is concerned, there is no dispute that the said amount is payable to the Claimant by Respondent, as is evident from the letter dated 29.06.2017 of the Respondent addressed to the Claimant. The only objection qua said amount as raised by the Respondent is that the same can be paid to the Claimant only on receipt of subsidy amount from concerned State Government.

10.11 In view of the above, this Arbitral Tribunal is of the opinion that the Claimant is entitled to a sum of Rs. 10,43,595.01/- (Rupees Ten Lakhs Forty Three Thousand Five Hundred Ninety Five and One Paisa Only) out of the total claimed amount of Rs. 35,73,855.01/- (Rupees Thirty Five Lakhs Seventy three Thousand Eight Hundred Fifty Five and One Paisa Only). This issue is decided accordingly.”

[Emphasis supplied]

8. In these proceedings, learned counsel for the Appellant seeks to challenge the findings of the Arbitrator at paragraph ‘10.9’ regarding lack of evidence in support of the claim of Rs. 25,30,260/-, by relying upon the



Subsidiary Ledger for the period 01.04.2013 to 31.03.2014<sup>3</sup> purportedly issued by the Respondent which has a debit entry dated 13.11.2013 with the remark 'Recovery of Subsidy against Bill No. 21021 dated 13.11.2013'. The Appellant also relies upon its notice of demand dated 08.04.2016 and 04.05.2016, and the Respondent's reply dated 21.05.2016 to plead admission. No other document is relied upon by the Appellant to prove the said claim of Rs. 25,30,260/-.

9. The Arbitrator in paragraph '10.8' of the Arbitral Award, declined to accept the Subsidiary Ledger as proof of the claim, on the ground that there were no invoices in support of the claim of Rs. 25,30,260/- for the year 2011-2012, filed on record by the Appellant to substantiate its entitlement, in addition to the fact that the Respondent's witness categorically denied the issuance of the Subsidiary Ledger by the Respondent. In view of these facts, the Arbitrator held that there was no sufficient evidence before it to allow the claim of Rs. 25,30,260/-.

10. In this appeal, the Appellant is reiterating its submissions for entitlement of Rs. 25,30,260/- by relying upon the entry dated 13.11.2013 in the Subsidiary Ledger as the proof of its claim and seeks setting aside of the finding of lack of proof in the Arbitral Award.

It is a settled principle of law that although a ledger constitutes a book of accounts, entries therein do not by themselves carry evidentiary value. Such entries are only corroborative in nature and must be substantiated by independent evidence of the transactions, such as cash memos, invoices, or any other primary documents. In the absence of such primary evidence,

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<sup>3</sup> Page Number 176 of the paper book



ledger entries cannot be treated as proof of the transactions recorded therein, nor can they, in isolation, fasten any liability upon the opposite party. It is only where such entries are duly proved in accordance with law, with the primary evidence that they may be relied upon. Consequently, a ledger, standing alone and unsupported by primary evidence, cannot be regarded as sufficient proof of a claim if the ledger or an entry therein is disputed by the opposite party.

11. It would have been another matter if the Respondent, during arbitral proceedings or its witness, had admitted the Subsidiary Ledger as correct; then the Arbitrator would be well within its jurisdiction to allow the claim subject to its satisfaction. However, in the facts of this case, the Respondent has denied the said ledger, and the Appellant was unable to prove that, in fact, the Subsidiary Ledger has been issued by the Respondent, either before the Arbitrator or the District Judge.

12. It is admitted that no primary evidence for the period 2011-2012 in support of the transactions entitling the Appellant to the sum of Rs. 25,30,260/- was produced in the arbitral proceedings. The Appellant also did not independently prove that the debit of Rs. 25,30,260/- on account of non-realization of subsidy by the Respondent as on 13.11.2013 was without any basis, from the amounts due and payable to it for the period 2013-14. The Appellant has curiously relied upon the debit entry as the sole proof of its entitlement. However, once the Respondent categorically disputed any liability to pay Rs. 25,30,260/-, the debit entry in the ledger for 2013-2014 could not be treated as conclusive proof of the Appellant's claim/entitlement. The Respondent had specifically disputed its liability with



respect to the amount of Rs. 25,30,260/- towards subsidy for 2011-2012; the burden thus, clearly lay upon the Appellant, being the claimant, to substantiate its claim of the said amount by leading primary evidence.

13. The Appellant was aware of the fact that it had to maintain cash memo, approved format statements, etc., to substantiate its claim for subsidy and trade discount and/or commission. This stands unequivocally acknowledged by the Appellant itself vide letter dated 26.08.2017, which reads as follows: -

“3. Our client also agreed with you to undertake to sell the certified seeds of approved varieties with subsidies at the retail price fixed by the Corporation by reducing the admissible amount of subsidy and thereafter claim the eligible trade discount as fixed from time to time. In that regard, our client has to maintain separate register for beneficiary farmers and sell the seeds to them after reducing the admissible amount of subsidy from retail price on proper cash memos. Our client also permitted and made available the seeds to their sub-dealers also from their stall for retail sale under the various subsidy schemes but the responsibility to sell as per procedure and deposit of documents with the Corporation also put on our client.

4. As instructed, soon after the sale is over by our client, our client has to collect all the records, cash memos, registers, subsidized sale details on the approved format and submit the same to the Corporation within the stipulated time, so that the same could be claimed from the Government of India/State Government by your Corporation.”

[Emphasis Supplied]

In the absence of any primary evidence, proving its entitlement to the subsidy amount of Rs. 25,30,260/-, the Arbitrator rightly declined to accept the debit entry in the ledger as the *sole* basis for fastening liability for the said amount on the Respondent.

14. It is *also* the contention of the Appellant that the Respondent, *vide* its communication dated 21.05.2016, has admitted to the outstanding amount of Rs. 35,73,855/-. However, on a bare perusal of the said communication, it is



abundantly clear that the Respondent has only reiterated that the Appellant will be entitled to receive the seller-dealer commission only upon the receipt of the subsidy from the concerned State Government. In fact, the Respondent *vide* its communication dated 29.06.2017 has categorically listed the amount due to the Appellant as Rs. 10,43,595/- [which amount has been awarded towards commission]. Therefore, the reliance placed by the Appellant on the communication dated 21.05.2016 to substantiate the claim of Rs. 25,30,260/- towards subsidy is misplaced.

15. From perusal of the impugned judgment dated 06.03.2023 passed by the District Judge while adjudicating the Section 34 petition, we find that the same issue was agitated before the District Judge, which has dealt with the said submissions at paragraph nos. '10', '11', '13', '14' and '15'.

In our considered opinion, the view adopted by the Arbitrator is reasonable and well justified, warranting no interference. Consequently, the decision of the District Judge, in declining to interfere with the Arbitral Award, is affirmed and upheld, as the Arbitral Award does not suffer from patent illegality, perversity, and is not contrary to the law or arbitrary.

16. Accordingly, the appeal, along with any pending application[s], is dismissed. No order as to costs.

**MANMEET PRITAM SINGH ARORA, J**

**V. KAMESWAR RAO, J**

**APRIL 22, 2026/rhc/aa**