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

\+ **ARB.P. 1203/2025**

Date of Decision**: 22.11.2025**

IN THE MATTER OF:

M/S BLUSPRING ENTERPRISES LTD
REGISTERED OFFICE ADDRESS: 3/3/2 BELLANDUR GATE, SAIJAPUR ROAD, BENGALURU-560103, KARNATAKA, INDIA

..... PETITIONER

Through: Ms. Kriti Handa, Advocate.

Versus

LOTUS BOULEVARD APARTMENT OWNERS ASSOCIATION
REGISTERED OFFICE AT PLOT NO. GH 03, SECTOR 100, NOIDA,
GAUTUM BUDHA NAGAR, UTTAR PRADESH, 201301

.....Respondent

Through: Mr. Rohan Sharma, Advocate.

HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV

JUDGEMENT

PURUSHAINDRA KUMAR KAURAV, J. (ORAL)

1. The present petition has been filed under Section 11(5) and 11(6) of the Arbitration and Conciliation Act, 1996 (hereinafter "**the Act**"), seeking appointment of an Arbitrator, to adjudicate upon the disputes that have arisen between the parties under Service Agreement dated 02.09.2021 (hereinafter "**the Agreement**").

2. The case of the petitioner is that its predecessor company M/s Quess Corp Ltd (from which the petitioner was demerged) entered into the Agreement with the respondent, whereunder, the former was to provide services such as housekeeping, horticultural, and security services to the latter at its premises. The Agreement, initially, was to be operative till 16.05.2022. However, upon a request by the respondent *vide* letter dated 15.05.2022, the validity of the Agreement was extended till a new agency was engaged by the respondent for the aforesaid services. The plaintiff claims that due to a revision of the rate of minimum wages by the appropriate authority, the petitioner sought revision of the consideration for its services as per the terms of the Agreement. Furthermore, it is alleged that the parties had agreed to share the rental costs of a cleaning machine used in the aforesaid services. However, the respondent is alleged to have withheld a sum of Rs. 28,77,902/- (Rupees Twenty-Eight Lakh Seventy Seven Thousand Nine Hundred and Two only) against invoices for the period between December 2021 to January 2023, and also refused to share the cost of the cleaning machine.

3. The respondent opposes the said claim on the ground that there is no clarity with respect to the alleged demerger of the petitioner from its predecessor agreement and as to whether all rights and liabilities of the predecessor have been transferred to the petitioner. It is also submitted that the Agreement was superceded by a subsequent Agreement dated 27.06.2024, and therefore, the petition is vexatious and is an abuse of process of law.

4. Having considered the submissions made by learned counsel for the parties, the Court finds that the dispute has arisen *qua* the Agreement and Clause 14 thereof, provides for resolution of disputes by way of arbitration. The said clause is extracted below, for reference:

> *""14. Governing Law, Jurisdiction & Dispute Resolution.*
>
> *(a) Law & Jurisdiction: This Agreement and the obligations of the Parties shall be governed by and construed in accordance with the laws of India and subject to the exclusive jurisdiction of the courts located in Delhi.*
>
> *(b) Dispute Resolution: Any dispute or controversy arising out of or in connection with this Agreement including any question regarding its existence, validity or termination which cannot be settled amicably by and between the Parties, may be referred by the Parties to be settled by arbitration in accordance with Arbitration & conciliation Act,1996 and its rules which are deemed to be incorporated by reference to this clause, for the time being in force. The arbitral tribunal shall consist of a sole arbitrator appointed mutually by both the parties. The Parties agree that any arbitration proceedings shall be instituted and heard in Delhi. The language of the arbitration shall be in English. The cost of arbitration shall be borne equally between the Parties and the prevailing party shall be entitled to recover the same from the other."*

5. The law with respect to the scope and standard of judicial scrutiny under Section 11(6) of the Act has been fairly well settled. This Court in ***Pradhaan Air Express Pvt Ltd v. Air Works India Engineering Pvt Ltd***[1]**,** has extensively dealt with the scope of interference at the stage of Section 11 of the Act. Furthermore, in ***Axis Finance Limited Vs. Mr. Agam Ishwar Trimbak,***[2] this Court has held that the scope of inquiry under Section 11 of the Act is limited to a *prima facie* examination of the *existence* of an arbitration agreement. Further, it was also reiterated that objections relating

[1] 2025 SCC OnLine Del 3022

to the arbitrability of disputes are not to be entertained by a referral Court acting under Section 8 or 11 of the Act. The relevant extract of the aforesaid decision reads as under: -

> *"19.In In Re: Interplay , the Supreme Court confined the analysis under Section 11 of the Act to the existence of an arbitration agreement and under Section 8 of the Act to the existence and validity of an arbitration agreement. Under both the provisions, examination was to be made at the touchstone of Section 7 of the Act. Further, issues pertaining to the arbitrability of the dispute fell outside the scope of both Section 11(6A) and Section 8 of the Act. The material part of the judgement of the Supreme Court in In Re: Interplay reads as under:*
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> > *164. The 2015 Amendment Act has laid down different parameters for judicial review under Section 8 and Section 11. Where Section 8 requires the referral Court to look into the prima facie existence of a valid arbitration agreement. Section 11 confines the Court's jurisdiction to the examination of the existence of an arbitration agreement. Although the object and purpose behind both Sections 8 and 11 is to compel parties to abide by their contractual understanding, the scope of power of the referral Courts under the said provisions is intended to be different. The same is also evident from the fact that Section 37 of the Arbitration Act allows an appeal from the order of an arbitral tribunal refusing to refer the parties to arbitration under Section 8, but not from Section 11. Thus, the 2015 Amendment Act has legislatively overruled the dictum of Patel Engineering (supra) where it was held that Section 8 and Section 11 are complementary in nature. Accordingly, the two provisions cannot be read as laying down a similar standard. 165. The legislature confined the scope of reference under Section 11(6A) to the examination of the existence of an arbitration agreement. The use of the term "examination" in itself connotes that the scope of the power is limited to a prima facie determination. Since the Arbitration Act is a self-contained code, the requirement of "existence" of an arbitration agreement draws effect from Section 7 of the Arbitration Act. In Duro Felguera (supra), this Court held that the referral Courts only need to consider one aspect to determine the existence of an arbitration agreement – whether the underlying contract contains an arbitration*

[2] 2025:DHC:7477

agreement which provides for arbitration pertaining to the disputes which have arisen between the parties to the agreement. Therefore, the scope of examination under Section 11(6A) should be confined to the existence of an arbitration agreement on the basis of Section 7Similarly, the validity of an arbitration agreement, in view of Section 7, should be restricted to the requirement of formal validity such as the requirement that the agreement be in writing. This interpretation also gives true effect to the doctrine of competence-competence by leaving the issue of substantive existence and validity of an arbitration agreement to be decided by arbitral tribunal under Section 16. We accordingly clarify the position of law laid down in Vidya Drolia (supra) in the context of Section 8 and Section 11 of the Arbitration Act. 166. The burden of proving the existence of arbitration agreement generally lies on the party seeking to rely on such agreement. In jurisdictions such as India, which accept the doctrine of competencecompetence, only prima facie proof of the existence of an arbitration agreement must be adduced before the referral Court. The referral Court is not the appropriate forum to conduct a minitrial by allowing the parties to adduce the evidence in regard to the existence or validity of an arbitration agreement. The determination of the existence and validity of an arbitration agreement on the basis of evidence ought to be left to the arbitral tribunal. This position of law can also be gauged from the plain language of the statute. 167. Section 11(6A) uses the expression "examination of the existence of an arbitration agreement." The purport of using the word "examination" connotes that the legislature intends that the referral Court has to inspect or scrutinize the dealings between the parties for the existence of an arbitration agreement. Moreover, the expression "examination" does not connote or imply a laborious or contested inquiry. On the other hand, Section 16 provides that the arbitral tribunal can "rule" on its jurisdiction, including the existence and validity of an arbitration agreement. A "ruling" connotes adjudication of disputes after admitting evidence from the parties. Therefore, it is evident that the referral Court is only required to examine the existence of arbitration agreements, whereas the arbitral tribunal ought to rule on its jurisdiction, including the issues pertaining to the existence and validity of an arbitration agreement. A similar view was adopted by this Court in Shin-Etsu Chemical Co. Ltd. v. Aksh Optifibre Ltd." [Emphasis supplied]

20. The effect of In Re: Interplay was further explained by a Three Judge Bench of the Supreme Court in SBI General Insurance Co. Ltd. v. Krish

Spinning[3] *wherein the Court declared Vidya Drolia and NTPC Ltd.'s findings qua scope of inquiry under Section 8 and Section 11 of the Act to no longer be compatible with modern principles of arbitration. The material portions of the judgement read as under:*

> *"114. In view of the observations made by this Court in In Re : Interplay (supra), it is clear that the scope of enquiry at the stage of appointment of arbitrator is limited to the scrutiny of prima facie existence of the arbitration agreement, and nothing else. For this reason, we find it difficult to hold that the observations made in Vidya Drolia (supra) and adopted in NTPC v. SPML (supra) that the jurisdiction of the referral Court when dealing with the issue of "accord and satisfaction" under Section 11 extends to weeding out ex-facie non-arbitrable and frivolous disputes would continue to apply despite the subsequent decision in In Re : Interplay (supra). ... 118. Tests like the "eye of the needle" and "ex-facie meritless", although try to minimise the extent of judicial interference, yet they require the referral Court to examine contested facts and appreciate prima facie evidence (however limited the scope of enquiry may be) and thus are not in conformity with the principles of modern arbitration which place arbitral autonomy and judicial non-interference on the highest pedestal." [Emphasis supplied]*

21. Similarly, in BGM and M-RPL-JMCT (JV) v. Eastern Coalfields Ltd[4] *the Supreme Court succinctly explained the effect of In Re: Interplay on a Referral Court's powers under Section 11 of the Act. The relevant part of the judgement is as under:*

> *15. ...*
>
> *(a) Section 11 confines the Court's jurisdiction to the examination regarding the existence of an arbitration agreement.*
>
> *(b) The use of the term "examination" in itself connotes that the scope of the power is limited to a prima facie determination.*
>
> *(c) Referral Courts only need to consider one aspect to determine the existence of an arbitration agreement — whether the underlying contract contains an arbitration agreement which provides for arbitration pertaining to the disputes which have arisen between the parties to the agreement. Therefore, the scope of examination under Section 11(6-A) should be confined to the existence of an arbitration agreement on the basis of Section 7. Such a legal approach will help the Referral Court in weeding*

[3] 2024 SCC OnLine SC 1754
[4] 2025 SCC OnLine SC 1471

out prima facie non-existent arbitration agreements.

(d) The purport of using the word "examination" connotes that the legislature intends that the Referral Court has to inspect or scrutinise the dealings between the parties for the existence of an arbitration agreement. However, the expression "examination" does not connote or imply a laborious or contested inquiry.

(e) The burden of proving the existence of arbitration agreement generally lies on the party seeking to rely on such agreement. Only prima facie proof of the existence of an arbitration agreement must be adduced before the Referral Court. The Referral Court is not the appropriate forum to conduct a mini-trial by allowing the parties to adduce the evidence in regard to the existence or validity of an arbitration agreement. The determination of the existence and validity of an arbitration agreement on the basis of evidence ought to be left to the Arbitral Tribunal.

(f) Section 16 provides that the Arbitral Tribunal can "rule" on its jurisdiction, including the existence and validity of an arbitration agreement. A "ruling" connotes adjudication of disputes after admitting evidence from the parties. Therefore, when the Referral Court renders a prima facie opinion, neither the Arbitral Tribunal, nor the Court enforcing the arbitral award is bound by such a prima facie view. If a prima facie view as to the existence of an arbitration agreement is taken by the Referral Court, it still allows the Arbitral Tribunal to examine the issue in depth. [Emphasis supplied]

22. Thus from the above-mentioned authorities it is clear that a Court's scope of inquiry under Section 11 of the Act has been limited to a prima facie examination of the existence of an arbitration agreement while the adjudication under Section 8 is to be made for both existence and validity. Further, the examination so undertaken under both the said provisions must be within the confines of Section 7 of the Act. Objections relating to arbitrability of disputes are not to be entertained by a referral Court acting under Section 8 or 11 of the Act."

9. Considering the position of law as examined in the aforenoted decisions, the objections raised on behalf of the respondent may be adjudicated by the Arbitrator and need not be gone into at the present stage.

10. In view of the aforesaid circumstances, leaving all questions which

have been raised by the other side and which may likely to be raised open, there is no impediment in appointing the Arbitrator. Therefore, Mr. Shantanu Sharma, Advocate (Mob No. +91 9755922222, Email-shantanusharma862@gmail.com) is appointed as the Sole Arbitrator.

11. The arbitration would take place under the aegis of the Delhi International Arbitration Centre (DIAC) and would abide by its rules and regulations. The learned Arbitrator shall be entitled to fees as per the Schedule of Fees maintained by the DIAC.

12. The learned arbitrator is also requested to file the requisite disclosure under Section 12 (2) of the Act within a week of entering on reference.

13. The registry is directed to send a receipt of this order to the learned arbitrator through all permissible modes, including through e-mail.

14. All rights and contentions of the parties in relation to the claims/counter-claims are kept open, to be decided by the Sole Arbitrator on their merits, in accordance with law, and nothing in this order shall be construed as an expression of opinion of this Court on the merits of the controversy between the parties.

15. Accordingly, the instant petition stands disposed of.

PURUSHAINDRA KUMAR KAURAV, J

NOVEMBER 22, 2025
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