



**HIGH COURT OF JAMMU & KASHMIR AND LADAKH  
AT JAMMU**

**AA No. 7/2023**

**Reserved on: 24.04.2026**  
**Pronounced on: 22.05.2026**  
**Uploaded on: 26.05.2026**

Whether the operative part or full judgment is pronounced: **Full judgment.**

**Union of India**

Th. Chief Engineer Udhampur  
Zone, Udhampur  
Garrison Engineer (South)  
Udhampur

.....Appellant(s)/Petitioner(s)

Through: Mr. Sumant Sudan, Advocate vice  
Mr. Vishal Sharma, DSGI.

**Vs**

**M/S Sew Engineering Works  
Pvt. Ltd. L-333, Sarita Vihar  
New Delhi-110076**

..... Respondent(s)

Through: Mr. M. K. Raina, Advocate.

**Coram: HON'BLE MR. JUSTICE RAJNESH OSWAL, JUDGE  
HON'BLE MR. JUSTICE RAHUL BHARTI, JUDGE**

**JUDGMENT**

**(Oswal-J)**

1. Present appeal under Section 37 of the Arbitration and Conciliation Act, 1997 (for short 'the Act of 1997'), is aimed against an order dated **11.01.2023** passed by the court of learned Principal District Judge, Udhampur, whereby an application filed by the appellant for setting aside an



arbitration award dated **08.09.2014** passed by the sole arbitrator-Sh. Satish Chander, Chief Engineer (Contracts) has been dismissed.

2. In the memo of appeal, the appellant is coming forward with grounds of challenge to the order dated **11.01.2023** as under:-
  - a. that the impugned order dated **11.01.2023** suffers from patent illegality, as Court of the learned Principal District Judge, Udhampur failed to appreciate that the underlying arbitral award was passed in blatant disregard of express provisions of the contract;
  - b. that the court of learned Principal District Judge, Udhampur missed to consider a specific ground raised in the appellant's petition under Section 34 of the Act of 1997 that the award is entirely non-speaking. Such an omission directly violates the statutory mandate of Section 31(3) of the Act of 1997 and is, ex-facie, opposed to Public Policy;
  - c. that the court of learned Principal District Judge, Udhampur resorted to an irregular exercise of jurisdiction by dismissing the appellant's petition by exploit of very general observations and mechanical recitation of judicial precedents bearing no relevance to the actual controversy at hand.



3. Mr. Sumant Sudan, Advocate appearing vice Mr. Vishal Sharma, learned DSGI, has submitted that the court of learned Principal District Judge, Udhampur has not considered in a right and correct perspective the petition filed by the appellant under Section 34 of the Act of 1997, as such, the order impugned deserves to be set-aside.
4. Mr. M. K. Raina, learned counsel for the respondent on the other hand has submitted that the scope of interference in an appeal under Section 37 of the Act of 1997 before this court is tightly circumscribed. He has argued that the essential conditions envisaged under Section 34 of the Act of 1997 for setting aside an arbitral award were completely lacking in the instant case and, thus, the court of learned Principal District Judge, Udhampur deservingly dismissed the appellant's challenge and the petition. He further contends that the court of learned Principal District Judge, Udhampur actively applied its judicial mind to the matter in issue which aspect is clearly demonstrated by the fact that the court modified and reduced awarded interest rate from 12% p.a for entire period to 6% p.a for the pre-arbitration and *pendente lite* periods
5. Heard thoroughly learned counsel for the parties and perused the record.



6. A perusal of the record depicts that contract agreement No. **CEUZ-03/2000-2001** for work of “**Provision of OTM Accn. For HQ Northern Command (Phase-III) at Udhampur**” was executed between the appellant through Chief Engineer, Udhampur Zone, and the respondent herein M/s Sew Engineer Works Pvt. Ltd., on **26.07.2000**. Upon emergence of certain disputes between the parties to the contract, the matters were referred to the arbitral tribunal of Arbitrator-Sh. Baljit Singh, Chief Engineer but following his resignation from the appointment, Sh. Satish Chander, Chief Engineer (Contracts), was appointed as the substituted arbitrator.

7. Conspectus of the contract in reference between the parties hereto is set out as under:-

a)	<b>Contract Agreement No.</b>	:	<b>CEUZ-03 of 2000-01</b>
b)	<b>Name of work</b>	:	<b>Provision of OTM Accn for HQ Northern Command (Phase-III) at Udhampur.</b>
c)	<b>Date of acceptance of Tender</b>	:	<b>26 Jul 2000</b>
d)	<b>Amount of contract</b>	:	<b>Rs. 2, 46, 56, 178.24</b>
e)	<b>Date of commencement of work</b>	:	<b>Sample Quarter-23 Aug 2000</b> <b>Phase-I (a)- 23 Aug 2000</b> <b>Phase-I (b)- 23 Aug 2000</b> <b>Phase-II - 07 Sep 2001</b>
f)	<b>Original date of completion</b>	:	<b>Sample Quarter-22 Apr 2001</b> <b>Phase-I (a)- 22 Aug 2001</b> <b>Phase-I (b)- 22 Jun 2002</b> <b>Phase-II - 22 Jun 2002</b>
g)	<b>Extended date of completion</b>	:	<b>Sample Quarter-07 Feb 2004</b> <b>Phase-I (a)- 28 Feb 2005</b> <b>Phase-I (b)- 31 Oct 2005</b> <b>Phase-II - 31 Dec 2005</b>
h)	<b>Date of cancellation contract (First)</b>	:	<b>05 Aug 2002</b>
	<b>Date of revocation of cancellation</b>	:	<b>12 Jul 2003</b>



i) **Date of cancellation (2<sup>nd</sup> time)** : **08 Nov 2005 wef 25 Nov 2005**

8. Before the learned Arbitrator, the appellant raised four claims while the respondent preferred nine claims. Vide award dated **08.09.2014**, the learned Arbitrator rejected all four claims of the appellant; out of the respondent's nine claims, four were rejected altogether, while the remaining five were allowed in part. Both sides' i.e., the appellant and the respondent's respective statement of claims are set out herein as under and the decision against each claim returned by the learned arbitrator:

**CLAIMS OF APPELLANT-UNION OF INDIA (CLAIMANT)**

**CLAIM No. 1: EXTRA EXPENDITURE INCURRED TO GET THE BALANCE WORK COMPLETED THROUGH OTHER AGENCY.**

Amount of claim: Rs. 1,00,19,424.64

This claim was held and declared nil.

**CLAIM No. 2: COMPENSATION FOR DELAY.**

Amount of claim: Rs. 12,32,808.92

This claim was held and declared nil.

**CLAIM No. 3: COST OF REFERENCE TO ARBITRATION.**

Amount of claim: Rs. 2,00,000.00

This claim was held and declared nil.

**CLAIM No. 4: INTEREST @ 12% PER ANNUM**

This claim was held and declared nil.



9. **CLAIMS OF RESPONDENT-M/S SEW ENGINEERING WORKS PVT. LTD.**

**CLAIM No. 1: PAYMENT OF FINAL BILL INCLUDING RELEASE OF BANK GUARANTEES AND LOSS DUE TO EXTENSION OF BGBs**

Amount of claim: Rs. 78,56,066.00

Claim No. 1 was awarded for Rs. 27,22,679/-

Claim: Further the UOI shall also release the BGBs No. SEW/G/8/01/F dated 16 Jul 2001 for Rs. 2,20,000.00 and No. SWE/G/8/01/F dated 09 May 2001 for Rs. 1,58,300.00 within 30 days of date of publication of award.

**CLAIM No. 2: LOSS OF PROFIT DUE TO WRONG CANCELLATION OF THE CONTRACT.**

Amount of claim: Rs. 14,56,000.00

Claim No. 2 awarded for Rs. 7,28,000/-

**CLAIM No. 3: LOSS DUE TO UNDERPAYMENT OF WORK OF INTERNAL ELECTRIFICATION (SCH 'A' PART-IV) AND EXCESS RECOVERY OF CREDIT**

Amount of claim: Rs. 5,21,608.00

This claim was held nil.

**CLAIM No. 4: NON PAYMENT OF WORKS OVER AND ABOVE CONTRACT PROVISION AND REIMBURSEMENT OF AMOUNT WRONGFULLY DEDUCTED.**

Amount of claim: Rs. 21,07,000.00

This claim was awarded nil.

**CLAIM No. 5: LOSSES DUE TO DELAY/NON PAYMENT OF RARs.**

Amount of claim: Rs. 18,72,000.00

This claim was awarded to Rs. 2,60,000/-

**CLAIM No. 6: LOSS ON ACCOUNT OF VARIOUS BREACHES ON THE PART OF THE RESPONDENTS.**

Amount of claim: Rs. 36,98,000.00

This claim was held nil.



**CLAIM No. 7: LOSS OF REPUTATION AND LOSS DUE TO NON ISSUE OF TENDERS.**

Amount of claim: Rs. 1,00,00,000.00

This claim was held nil.

**CLAIM No. 8: PAST, PENDENTE LITE AND FUTURE INTEREST @18%.**

- (a) **Past interest** is awarded on amount awarded under Claim No. 1 minus amount awarded against Claim No. 1 (e) and the interest shall be simple interest at the rate of 9% (Nine Percent) per annum and shall be calculated from 26 Aug 2006 to 20 Apr 2010.
- (b) **Past and Pendente lite interest** is awarded on amount awarded under Claim No. 1 minus amount awarded against Claim No. 1 (e) and the interest shall be simple interest at the rate of 6% (Six percent) per annum and shall be calculated from 21 Apr 2010 to date of award.
- (c) **Future interest:** A period of three months from the date of award is allowed to the UOI for making payments in terms of this award. If the payment is not made by this date, then the awarded amount shall carry simple interest at 12% (Twelve percent) per annum from 10 Dec 2014 to date of actual payment. There shall be no future interest on the amount of past and pendente lite interest calculated as per Para (a) and (b) above.

**CLAIM No. 9: COST OF REFERENCE TO ARBITRATION**

Amount of claim: Rs. 3,00,000.00

Rs. 50,000/- to contractor/respondent.

10. The appellant then preferred a petition under Section 34 of the Act of 1997 seeking to set aside arbitral award dated 08.09.2014. It was contended that the learned Arbitrator erroneously disallowed the appellant's claims by failing to properly appreciate both the evidence and the supporting submissions and in doing so the learned Arbitrator overlooked a vital aspect of the dispute that the respondent



had committed breach of fundamental contractual provisions, constraining not only cancellation of the contract but given the time-sensitive nature and urgency of the project, the remaining work had to be re-allotted to a 3<sup>rd</sup> party contractor for timely completion. By misinterpreting the appellant's arguments, the learned Arbitrator wrongfully rejected the appellant's claims while erroneously awarding claims in favour of the respondent.

11. After considering the rival contentions of the parties, the learned Principal District Judge, Udhampur arrived at the following conclusion:

***“12. Nevertheless, a careful perusal of the award passed by the Arbitrator would leave in no manner any doubt that Arbitrator has acted well within the limits of terms of reference and has given sufficient reasons for allowing/disallowing the claims/counter-claims in part or full after taking into consideration the documents produced by both the parties as well as arguments advanced in support of each of the individual claims/counter-claims.”***

12. It is now a well established position of law that an arbitral award can be set aside upon being challenged only within the narrow confines of the grounds stipulated under Section 34 of the Act of 1997. Even before this Court, the appellant has fallen short of submissions, legal as well as factual, to demonstrate any such basis and grounds that would warrant judicial intervention from our end.



13. In **‘Ramesh Kumar Jain vs. Bharat Aluminum Company Ltd.(Balco)’**, **2025 INSC 1457**, the Hon’ble Supreme Court of India has held that *“It is a settled proposition of law as has been constantly observed by this court and we reiterate, the courts exercising jurisdiction under section 34 do not sit in appeal over the arbitral award hence they are not expected to examine the legality, reasonableness or correctness of findings on facts or law unless they come under any of grounds mandated in the said provision.”*
14. We find ourselves in cordial and in complete agreement with the court of learned Principal District Judge, Udhampur that the appellant failed to plead and point much less prove any perversity and perforation in the arbitral award.
15. The submissions made vehemently before us lack legal substance and sagacity and fail to align with the stringent statutory parameters of Section 34 of the Act of 1997.
16. **In Ramesh Kumar Jain’s** case *ibid*, the Hon’ble Supreme Court of India has reinforced that *“When it comes to Section 37 of the A&C Act, it provides for a limited appellate remedy against an order either setting aside or refusing to set aside an arbitral award passed by civil court in exercise of its power under section 34. This court in MMTC Ltd. v. Vedanta Ltd.15, at Paragraph 14 observed that interference with an order made*



*under section 37 cannot travel beyond the restrictions laid down in section 34”.*

17. Having perused the order passed by the court of learned Principal District Judge, Udhampur, we find it to be well-reasoned and self-sustainable in law. Consequently, we find no ground to interfere.
18. The present appeal is dismissed as misconceived, along with all connected applications.
19. Amount deposited by the appellant be released in favour of the respondent after due verification and in accordance and compliance with rules.

**Jammu**  
22.05.2026  
*Sahil Padha*

