

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

AA No. 17/2025

M/S Pardeep Electricals & Builders Pvt. Ltd.

..... Petitioner(s)

Through: Mr. Dheeraj Sharma, Advocate.

vs

Union of India & Anr.

..... Respondent(s)

Through: Mr. Vishal Sharma, DSGI.

CORAM: HON'BLE MR. JUSTICE MA CHOWDHARY , JUDGE

ORDER
09.12.2025

01. Petitioner through the medium of this petition under Section 9 of the Arbitration and Conciliation Act, 1996, seeks interim measures of protection by staying the operation and effect of the recovery letter/order dated 28.08.2025 issued by the respondents, pending the final adjudication of the dispute between the parties by the learned Sole Arbitrator.

02. It has been pleaded by the petitioner that the petitioner-Company was allotted the work of "Provn Of External Electrification For Nimmu Stn near Leh" for an amount of Rs. 5,62,00,000/- by the respondents vide contract agreement bearing CA No. CELZ-02/2015-16; that after entering into the agreement, the work was executed, however, a dispute arose between the parties and the petitioner vide notice dated 10.07.2024, requested the respondents to refer the dispute to the sole arbitrator in terms of the Condition No. 70 of the IAFW-2249 and the general conditions of contract, and also filed the arbitration petition before this Court.

03. It appears that this Court vide order dated 08.08.2025 appointed retired Chief Engineer, Mr. Raj Kumar Sarkar, as Sole Arbitrator in Arb P No. 79/2024 titled "*M/S Pardeep Electricals and Builders Pvt. Ltd. Vs. Union of India*". Petitioner submits that the sole Arbitrator is yet to enter upon the reference and in the meanwhile, the respondents vide recovery letter/order

dated 28.08.2025, have unilaterally ordered recovery of Rs. 62.00 lacs on account of alleged overpayment, threatening to effect such recovery within two weeks.

04. Learned counsel for the petitioner submits that since the amount sought to be recovered (Rs. 62.00 lacs) forms the core of the dispute referred and the of counter-claims expected to be raised before the Arbitral Tribunal, unilateral enforcement of the impugned recovery notice after appointment of the Sole Arbitrator would render the arbitration proceedings a hollow and futile exercise and prayed that under Section 9, the recovery be stayed in the matter.

05. Mr. Vishal Sharma, learned DSGI, as per direction, informed the Court that the sole arbitrator has already entered upon the arbitration, however, the overpayment demanded vide impugned recovery notice is not to be treated as subject matter of the dispute and, in case the petitioner succeeds in his arbitration proceedings before the Arbitral Tribunal, the amount recovered from the petitioner can again be released in his favour by the respondents and thus it is not proper for the petitioner to withhold public money awaiting the outcome of arbitration.

06. Since the overpayment of Rs. 62.00 lacs sought to be recovered from the petitioner vide impugned notice constitutes the core issue of the dispute arising out of the contract between the parties, it will be in the interest of justice that the amount sought to be recovered is made subject matter to the arbitral proceedings before the Arbitral Tribunal. In view of the matter stated above, the impugned notice seeking recovery is stayed and shall be subject to the final outcome of the arbitration, to be conducted by the Arbitral Tribunal.

07. Disposed of along with connected application(s).

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(M.A Chowdhary)
Judge

Jammu
09.12.2025
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