

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

Reserved on: 10.12.2025

Pronounced on 06.02.2026

Uploaded on 09.02.2026

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

Case No. AA No. 07/2025

Union of India

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

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

v/s

.... Respondent(s)

M/s K. K. Enterprises
Contractors

Through: Mr. Jugal Kishore Gupta,
Advocate

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

JUDGMENT

'OSWAL-J'

1. This appeal has been preferred under Section 37 of the J&K Arbitration & Conciliation Act, 1997 (hereinafter referred to as " the Act") for assailing an

order dated 27.01.2025 passed by the Court of learned Additional District Judge (Commercial Court), Jammu (hereinafter referred to as “the Commercial Court), whereby the application filed by the appellant under Section 34 of the Act challenging an arbitral award dated 16.07.2015 published by arbitral tribunal of sole arbitrator-Brig. R. S. Sharma, has been dismissed.

2. The appellant challenges the order dated 27.01.2025, contending that the learned Commercial Court failed to consider a pivotal ground raised in the application under Section 34 of the Act that the arbitral award was a non-speaking one. Furthermore, the appellant submits that the Commercial Court failed to consider and examine any of the substantive grounds urged to challenge the impugned award.
3. Heard learned counsel for the parties and perused the record.
4. Essential facts emanating from the record are that a contract agreement bearing CA No. GEJC-80/2002-03 was entered into between the parties hereto for

work of Special Repairs to Electric Wiring and Replacement of Electric Fitments of Capital MD/OTM Accn. of FD. Amb at Domana.

5. Certain disputes arose between the contracting parties and, accordingly, vide an order dated 07.03.2014, Brig. R. S. Sharma ACE (Works) H. Q. Chief Engineer Northern Command was appointed as the sole Arbitrator to adjudicate the arbitral dispute between the parties.
6. The sole Arbitrator entered upon the reference vide letter dated 27.08.2014, thereby calling upon the parties to submit their respective Statement of facts/pleadings in defense and rejoinder.
7. The arbitrator's record depicts that the respondent raised thirteen claims, whereas the appellant raised two claims before the arbitral tribunal.
8. Out of thirteen claims preferred by the respondent, the learned Arbitrator allowed eight claims and rejected the remaining claims.
9. The two claims raised by the appellant were also rejected.

10. Thus, vide award dated 16.07.2015, the arbitration case came to wind up.

11. Aggrieved thereby, the appellant assailed the arbitral award dated 16.07.2015 before the Commercial Court on the following grounds:

(a) That award is against the contract agreement, settled principles of law and also principles of natural justice.

(b) That award is against the principle of adjudication, where the arbitrator has failed to draw inferences which ought to have been drawn from the conditions of the contract agreement while on the other hand, the arbitrator has drawn inferences, which on the face of it, are untenable resulting in miscarriage of justice.

(c) The award is against the principles which are now recognized as juristic fundamental in administrative law. The award is perverse and irrational, and no reasonable person would arrive at the conclusion drawn by the arbitrator.

(d) That the award falls short of the standards of reasonableness laid down on the touch stone of Wednesbury's principle of reasonableness.

(e) That the arbitrator is a quasi-judicial Authority and his approach has to be judicial. In this case, the award is an outcome of arbitrary, capricious and whimsical manner of the arbitrator.

12. By the impugned order dated 27.01.2025, the learned Commercial Court dismissed the appellant's application bearing the challenge to the arbitral award.

13. It is well-settled that an arbitral award can only be set aside only within narrow confines of the grounds as stipulated under Section 34 of the Act. Even before this Court, the appellant has failed to demonstrate any such grounds that would warrant interference.

14. 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.”

15. We agree in full with the learned Commercial Court that the appellant failed to demonstrate lest substantiate any perversity in the award. The arguments presented were superficial and do not align with the statutory requirements of Section 34 of the Act.
16. **In Ramesh Kumar Jain’s** case *ibid*, the Hon’ble Supreme Court of India has further observed 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. The learned Commercial Court also reviewed the rejection of the appellant’s challenge regarding future interest. While the respondent sought interest @ 18% per annum for the *ante-lite*, *pendente lite*, and future periods under Claim No. 13, the Arbitrator granted interest at 12% per annum effective 16.10.2015. Notably, the Arbitrator specified that future interest would not apply to the accumulated past and *pendente lite* interest totals set out in Para (a) of the award.
18. Section 31(7) (b) of the Act (prior to amendment) stipulated that a sum directed to be paid by an arbitral award shall, unless the award otherwise directs, carry interest at the rate of 18% per annum from the date of the award until the date of payment. In the present case, the learned Arbitrator exercised his discretion to grant future interest at the rate of 12% per annum. We find no illegality in this determination.

19. Having carefully examined the impugned order, we find no legal infirmity or error with respect to impugned order warranting interference to any extent and effect by this Court. The present appeal, being devoid of merit, is hereby **dismissed**. It is noted that an amount of **Rs. 5,00,000/-** has already been released in favor of the respondent. We hereby direct that the balance amount, together with all accrued interest, be released to the respondent in accordance with the law.

(RAHUL BHARTI)
JUDGE

(RAJNESH OSWAL)
JUDGE

JAMMU:
06.02.2026
Karam Chand

Whether the order is speaking: Yes
Whether the order is reportable: No