

IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

Arb. Case No.308 of 2025

Decided on: 07.08.2026

M/s SKM Enterprises

....Petitioner.

Versus

State of H.P. and another

...Respondents.

Coram

***The Hon'ble Mr. Justice Gurmeet Singh Sandhawalia,
Chief Justice.***

Whether approved for reporting?¹

For the petitioner : Mr. Sumit Raj Sharma,
Sr. Advocate with Mr.
Santosh Kumar, Advocate.

For the respondents : Mr. Pranay Pratap Singh,
Additional Advocate General.

G.S. Sandhawalia, Chief Justice *(Oral)*

The petitioner has sought appointment of an Arbitrator under Section 11 (6) (for short the 'Act') of the Arbitration and Conciliation Act, 1996, for the dispute arising out of the work, vide letter of Award dated 17.06.2020 (Annexure P-1), for a contract amount of ₹5,05,20,161/-. Agreement No. 68

¹ *Whether reporters of the local papers may be allowed to see the judgment?*

of 2020–21 was entered into between the parties as per Annexure P-2. As per Clause 25 of the said agreement, disputes arising between the parties are to be resolved through arbitration.

2. A request was made for reference of the dispute to be adjudicated under Clause 24.1 of the General Conditions of Contract for the work, which was for the upgradation of the road from Sarla to Chakmo via Ghangot road.

3. Due to the lockdown and restrictions imposed during the COVID-19 pandemic, the work was allegedly adversely affected. Therefore, the contract was cancelled, a penalty was imposed on the petitioner on 29.10.2021 and the contract was finally closed on 19.09.2022.

4. The petitioner served the requisite notice for initiation of arbitration proceedings on 14.05.2025 (Annexure P-6), raising claims amounting to ₹ 76,66,239/-. The notice also referred to the demand of ₹76,66,239/- raised by the respondent-Department, vide communication dated 19.04.2025. Accordingly, it was averred that the petitioner would approach this Court for

appointment of an Arbitrator.

5. The stand taken by the State in its reply is that the petitioner had abandoned the work in March 2021. It is further averred that in a meeting held on 17.06.2021, the petitioner had undertaken to complete the work by November 2021. It is further stated that the petitioner was granted a further opportunity to complete the work by 31.03.2022, vide letter dated 19.01.2022, however, the work was not completed within the extended period. The contract was, thereafter, terminated, vide order dated 10.01.2023 (Annexure R-16).

6. Vide communication dated 10.02.2023, the contractor has been requested to come forward for the measurement, otherwise, it would be recorded in his absence. It is, thus, apparent that there are claims and counterclaims from both sides. The State has also raised its claims against the petitioner. In view of the fact that disputes have arisen between the parties which are amenable to arbitration, this Court deems it appropriate to appoint an Arbitrator for adjudication of the disputes.

7. Accordingly, the present petition is allowed and Shri Tarlok Singh Chauhan, (Retired Chief Justice of Jharkhand High Court), is appointed as Arbitrator, to resolve the dispute between the parties. After his disclosure in writing is obtained in terms of Section 11(8) of the Act, and only after receipt thereof, his appointment as an Arbitrator, shall come into force.

8. On his giving consent to arbitrate the dispute between the parties as an Arbitrator, Shri Tarlok Singh Chauhan, (Retired Chief Justice of Jharkhand High Court), shall enter into reference, and shall pass an award, in accordance with law.

9. Copy of this order be forwarded to the learned Counsel for the parties as also to the learned Arbitrator. The learned Arbitrator so appointed, shall be entitled to fee as per stipulation contained in 4th Schedule appended to the Arbitration and Conciliation Act, 1996.

10. The present petition is, disposed of, accordingly alongwith pending application(s), if any.

(G.S. Sandhawalia)
Chief Justice

7th August, 2026
(sushma)