DY. DIRECTOR (SYSTEMS)-VII
DIARY No....946....
DATE....18/08/2026....

निदेशक (प्रणाली) दि.वि.प्रा
डायरी न....1408....
दिनाँक..18/08/2026

दिल्ली विकास प्राधिकरण

DELHI DEVELOPMENT AUTHORITY

ई.एम. सचिवालय

E. M's SECRETARIAT

No. EM2(3)2026/SZ/223/DDA/725 Dated: 17/8/26

MINUTES OF THE 950th MEETING OF ASB HELD ON 13.08.2026

950th Meeting of Arbitration Scrutiny Board (ASB) under the chairmanship of FM/DDA was held on **13.08.2026** at **11:00 A.M.** in his chamber to deliberate the arbitral award dated 09.06.2026 in the arbitration matter between **A.K. Builders vs DDA** with respect to the following work: -

N.O. W : C/o Community hall at MOR land Pkt. 104, Kalkaji (New Delhi).
Agency : M/s A.K. Builders.
Agmt .No. : 13/EE/ED-7/SZ/DDA/2017-18.

The instant case has been submitted by CE(SZ) vide e-file computer no. 114236.

The meeting was attended by the following ASB members:

1.	Shri P. Praveen Siddharth	FM, DDA	Chairman
2.	Shri Kamal Singh Meena	CE(South)	Executive Member
3.	Shri Sanjay Kumar Khare	CE(HQ)/DDA	Member
4.	Shri Manohar Lal	Addl. CLA/DDA	Member
5.	Shri Amit Singh	Dir. (Works)	Member, Secretary

Other attendees:

1. Sh. Deepak Bhatt, EE/SPD-1
2. Sh. Prashant Kumar, E.O.-I to EM
3. Sh. Gaurav, AE/SPD-1

The case was presented by Sh. Kamal Singh Meena, CE(South).

HISTORY OF THE CASE: -

The details of works are as under:

NOW: - C/o Community Hall at MOR land Pkt. 104, Kalkaji.
Agency: - M/s. A.K. Builders.
Agmt. No.: - 13/EE/ED-7/SZ/DDA/2017-18.
Estimated Cost: - ₹ 2,25,66,260/-
Tendered Cost: - ₹ 1,88,06,721/-
Time Allowed: - 540 days
Stipulated Date of Start: - 16/10/2017
Stipulated Date of Completion: - 08/04/2019
Actual Date of Completion: - 15/03/2021

The above subject work was awarded to M/s. A.K. Builders for construction of Community Hall at MOR land Pkt.-104, Kalkaji with stipulated date of start as 16/10/2017 and stipulated date of completion as 08/04/2019. However, the said work was physically completed on 15/03/2021.

Disputes have arisen between the parties and the agency had approached Hon'ble High Court of Delhi under section 11 of Arbitration and Conciliation Act for appointment of arbitrator. The Hon'ble High Court vide its order dated 01/05/2024 has referred this case to arbitration under the aegis of Delhi International Arbitration Centre, Delhi High Court, Shershah Road, New Delhi-110503 ["DIAC"] in which DIAC is requested to nominate an arbitrator with an Engineering background, in view of the arbitration clause in the contract. Accordingly, Sh. Rajesh Bisaria was appointed as Sole Arbitrator

The claimant has submitted 12 nos. of claims amounting to Rs.3,60,16,834/- (Three crore Sixty Lacs Sixteen Thousand Eight Hundred and Thirty-Four Only).

After proceedings, Sh. Rajesh Bisaria, Ld. Arbitrator has published the award on 11.06.2026 in favour of the claimant amounting to **1,00,86,286.00** (**One** crore eighty-six thousand two hundred and eighty-six only) till date of award + 9% Future interest per annum on awarded amount (No post award interest shall, however be payable in case the amount awarded is paid within 90 days from the date of this award i.e. 11/06/2026).

The claim-wise details of the award are as under: -

S. No.	**Nomenclature of the claim**	**Amount claimed by the agency/ claimant**	**Amount awarded by the Arbitrator**
1.	On account of work done but not paid on account of Final Bill	₹1,96,22,716/-	₹ 70,31,800/- plus claimant is directed to submit the proof of GST paid to the respondent within 01 month and the respondent should reimburse the same within 03 months from the date of submission without any interest.
2.	For amount of Additional GST @ 6%	₹ 11,76,762/-	₹ 5,74,866/- plus claimant is directed to submit the proof of GST paid to the respondent within 01 month and the respondent should reimburse the same within 03 months from the date of submission without any interest.
3.	For payment as per clause 10CC and 10CA of the agreement @GST 18%	₹ 28,87,551/-	NIL
4.	For reimbursement of amount of GST paid on 1st and 2nd 10CC and 10CA Bills	₹ 6,46,844/-	Claimant is directed to submit the GST paid to the respondent within 01 month and the respondent should reimburse the same within 03 months from the date of submission without any interest.

5.	For withheld against QCT	₹ 64,301/-	₹ 69,060/-
6.	For balance security i.e. 10% of total security deposit	₹ 1,11,283/-	₹ 1,02,260/-
7.	For onsite/offsite expenses due to prolongation of work due to breach/delay on part of the department	₹ 70,09,344/-	₹ 23,08,300/-
8.	Claim for interest on delayed payment of running account bills	₹ 18,98,689/-	NIL
9.	Claim for loss of profit	₹ 18,49,344/-	NIL
10.	Pendente lite interest on claim no.s 1-9	12% p.a.	@9% p.a. (already included in all the claims)
11.	Future interest on claim no. 1-9	12% p.a.	@9% p.a. No post award interest shall, however be payable in case the amount awarded is paid within 90 days from the date of this award
12.	Cost of Arbitration	**₹ 7,50,000/-**	NIL
	Total, ₹=	₹ 3,60,16,834/- (Till date of SOC submission)	₹ 1,00,86,286/- (Till date of award)

Opinion of Panel Lawyer:

The award is in substance a final bill award: On a careful reading of the operative findings it is apparent that the award is, in pith and substance, payment of the long pending final bill together with statutory interest, and little more. The Tribunal proceeded on the footing that the final bill of Rs. 1,43,19,230/- was payable, declined to accept the inflated figure of Rs. 1,52,35,028/- for want of explanation of the totaling difference, gave credit for the part payment of Rs. 56,79,488/- already released, deducted the GST component of Rs. 47,38,131/- for absence of proof of payment, and awarded the resulting balance with interest at nine per cent. The two ancillary monetary heads that survived, namely the withheld quality control amount and the balance security deposit, are small consequential sums flowing from the same unpaid bill. Thus the entire monetary core of the award is referable to the proposition, which the Department is understood to have substantially accepted, that the final bill was payable.

The majority of claims stand rejected: It is to be borne in mind that the Tribunal rejected the larger and more contentions heads of claim. Claim no.3 for escalation under clauses 10CC and 10CA (Rs. 28,87,551) was held to have been waived and extinguished under clause 9 of the agreement and was rejected in entirety. Claim no.8 for interest on delayed running account bills (Rs.18,98,689), advanced on the strength of an asserted MSME status, was rejected for failure to prove registration and to evidence the dates of submission and payment. Claim no.9 for loss of profit (Rs.18,49,344) was rejected for absence of any cogent and reliable evidence, the claimant having failed to produce audited accounts and returns. The off-site overhead component of the prolongation claim was likewise disallowed on the same evidentiary deficiency, and within the prolongation head the sub-heads of watch and ward salary, conveyance and miscellaneous overheads were rejected for want of proof of payment. Claim no.12 for cost of arbitration (Rs.7,50,000) was refused, the parties being left to bear their own costs. In addition, interest on the GST amounts and the rate of interest demanded across all heads (12 to 18 per cent, reduced to nine per cent) were not allowed as claimed. Viewed as a whole, the majority of the claims by number and a clear majority by value have been rejected and the awarded figure represents a substantial scaling down the claimant's case.

<u>Why the award should be assessed on merits by the Department</u>

Because the operative award is essentially the unpaid final bill which the Department is understood to have regarded as payable, the threshold question for the Department is a commercial and administrative one before it is a legal once. The concerned engineering and finance wings ought to verify, with reference to the final bill at exhibit C-3, the part payment of Rs. 56,79,488 recorded in Exhibit P-3 and the GST position, whether the awarded balance of Rs. 70,31,800 under claim no.1 and the interest computation are arithmetically and contractually correct. If, on such merit assessment, the Department finds the final bill to have been genuinely payable and the figures sound, the cost, delay and risk of a section 34 challenge would not be justified, the more so as the larger heads have already been rejected in the Department's favour. The grounds available under section 34, following the settled position reaffirmed in the recent jurisprudence, are narrow and do not permit a merits review or re-appreciation of evidence, so a challenge confined to the final bill core would face a steep threshold.

Conversely, the merit assessment should specifically scrutinize the limited points where the award may be vulnerable, namely the interest component, the treatment of the GST reimbursement direction, and the prolongation award computed on the Emden formula and the engineer and supervisor salaries. These are the only material heads where the Department succeeded only in part, and any challenge ought to be confined to such discrete and defensible grounds rather than mounted against the final-bill core.

<u>Risk of cross challenge and re-arbitration</u>: A further and important consideration must be kept in mind. The claimant has lost the majority of its claims, including the substantial escalation, loss of profit, delayed-interest and cost claims and has also suffered a reduction of the interest rate from the claimed 12 to 18 per cent down to nine per cent. There is therefore a real prospect that the claimant will itself challenge the award under section 34 to the extent of the rejected heads. If both the Department and the claimant file cross-petitions, the court, were it to find any infirmity would ordinarily not modify the award on merits but would set it aside in whole or in relevant part and relegate the parties to fresh arbitration. The consequence would be a re-arbitration of the very disputes with renewed cost and delay and the attendant uncertaint of a fresh tribunal revisiting even those heads presently decided in the Department's favour. This risk weighs in favour of the Department taking a considered, merit based view and if the final bill core is found sound, accepting the award and confining any objection to narrowly identified

grounds, so as not to reopen an outcome that is, on balance, substantially favorable to it.

It is advised that the award be placed before the concerned wings for verification of the final bill figures, the part payment and the interest computation. Should the final bill be confirmed as payable and the figures be found correct, the Department should ordinarily make payment within the ninety-day window so as to avoid post award interest, while preserving its position by a reasoned note recording the merit assessment. Any decision to challenge should be taken only after such assessment and should be confined to the discrete and defensible grounds identified above, with full appreciation that a cross-challenge by the Claimant and a consequent re-arbitration remain a live possibility. This opinion is rendered on the material presently available and may be revisited upon receipt of the Department's verifications.

Recommendation of Legal Department/CLA:

"Claim no.01 was on account of Final Bill, the Arbitrator awarded the claim along with interest in favor of claimant. The contention of concerned division was that the agency was communicated various times for submission of GST invoice but it was never submitted by agency, hence it may be challenged. But, Panel lawyer in his opinion stated that "the concerned engineering and finance wings ought to verify, with reference to the final bill, whether the awarded balance of Rs. 70,31,800 under claim no. 01 and the interest computation are arithmetically and contractually correct. The concerned department once again verify that final Bill was payable, then take decision to challenge the claim.

Most of the claims were rejected by Tribunal. And P/L has given his observation that the claimant has lost the majority of its claims, including the substantial escalation, loss of profit, delayed-interest and cost claims, and has also suffered a reduction of the interest rate from the claimed 12 to 18 per cent down to nine per cent. Further stated that the risk weighs in favor of the department taking a considered, merit-based view and if the final bill core is found sound, accepting the award and confining any objection to narrowly identified grounds, so as not to reopen an outcome that is, on balance, substantially favourable to it. And it is advisable that the award be placed before the concerned wings for verification of the final bill figures, the part payment and the interest computation."

In view of Panel Lawyer's observation, I am of the view that any decision to challenge the award, should be taken after assessment of Final Bill and payment."

Recommendations of EE/SPD-I

Claim No. 1 (on a/c of Final Bill): -

The Final bill submitted by agency was of **Rs 1,43,19,230/-** (One crore forty-three lacs nineteen thousand two hundred and thirty only) including amount of GST of all the previous bills already paid @12% 47,38,131/- (Forty-seven lacs thirty-eight thousand one hundred and thirty-one only). After scrutiny, the final bill has been concluded to **80,52,954/- (Eighty lacs fifty-two thousand nine hundred and fifty-four only)** excluding GST out of which **65,50,426/-** (**Sixty**-five lacs fifty thousand four hundred and twenty-six only) has already been paid to the agency. A bill amounting to **13,96,609/-** (Thirteen lacs ninety-six thousand six hundred and nine only) was prepared and sent to Sr. AO (CAU)/SZ for payment but agency denied to submit the GST invoice, which is essential for payment and hence bill was returned back to division office.

The agency vide its letter no. NIL dt. 29/06/2026 has submitted the GST proof for the bills already paid to the agency. This GST proof has been sent to Sr. AO (CAU)/SZ for further verification. However, despite of reminders, the agency has not submitted GST calculation sheet as per CPWD Circular No. SE/TAS/GST/18 dated 27/05/2022 issued by SE/TAS/CPWD item-wise clearly mentioning VAT, Service Tax & Excise Duty for all the running bills already paid. It is pertinent to mention here that only difference of the then (Pre GST) existing rate of VAT, Service tax & excise duty and GST paid i.e. 12% will be considered for reimbursement for GST compensation i.e.

GST compensation = {Sum of VAT, Service tax & excise duty} – GST (as applicable)

Hence, this claim may be challenged as per calculation of final bill above.

Claim No. 2 For amount of Additional GST @ 6%: -
GST escalation calculated and will be reimbursed after verification of GST vouchers submitted by Agency. However, GST escalation has been calculated as under: -

S. No.	Bill No.	Amount	GST 12%	GST 18%	Difference
1	7th R/A	5679488.00	₹ 8,03,648.00	1208027.10	₹ 4,04,379.10
2	8th R/A	771547.00	₹ 1,09,174.00	164108.05	₹ 54,934.05
3	9th R/A	99391.00	₹ 14,064.00	21140.47	₹ 7,076.47
4	10th & Final Bill (to be paid)	1502528.00	₹ 2,12,608.00	319587.71	₹ 1,06,979.71
		₹ 8052954.00	₹ 11,39,493.00	1393275.61	₹ 4,66,389.61

Hence, after verification, **4,66,390/-** (Four lacs sixty-six thousand three hundred and ninety only) is to be paid instead of awarded amount **5,74,866/- (Five** lacs seventy-four thousand eight hundred and sixty-six only**).**

Hence, this claim may be challenged as per above calculation and GST vouchers to be submitted by Agency for the bills yet to be paid.

Claim No. 3:- (For payment as per clause 10CC and 10CA of the agreement @GST 18%): This claim may be accepted after verification of GST vouchers submitted by agency vide its letter no. NIL dt. 29/06/2026.

Claim No. 4 (For reimbursement of amount of GST paid on 1st and 2nd 10CC and 10CA Bills):- This claim may be accepted after verification of GST vouchers submitted by agency vide its letter no. NIL dt. 29/06/2026.

Claim No. 5 (For withheld against QCT): This claim may be accepted as the defect liability period has already been over.

Claim No. 6 (For balance security i.e. 10% of total security deposit): This claim may be accepted as the remaining security deposit will be released after finalization of bill.

Claim No. 7 (For onsite/offsite expenses due to prolongation of work due to breach/delay on part of the department): - This claim may be challenged asthe Agency submitted this claim in SOC in which salary receipts were provided. The salary paid to the Engineers deployed were in cash instead of Bank transaction. It is pertinent to mention here that Agency in EOT performa has submitted that they will not claim anything extra on account of this EOT.

Claim No. 8 to 12: - Need not to be challenged.

Recommendation of Chief Engineer (South) :

In view of position explained above, the matter is placed before the Arbitration Scrutiny Board to accept the claim No. 1,2,3,4,5 & 6 and challenge the Claim No. 7. However, this office agrees with the proposal of EE/SPD-1/SZ & SE/SCC-2/SZ.

RECOMMENDATIONS OF ASB:

1. ASB has considered the opinion of Panel lawyer & Legal department that the concerned Engineering and Finance wing ought to verify, the award under claim no.1 & interest computation are arithmetically and contractually correct. If, on such merit assessment, the department finds the final bill to have been genuinely payable, the cost and delay and risk of section 34 challenge would not be justified.
2. The concerned division i.e. EE/SPD-I, has evaluated the final bill payable amount and has found that the amount awarded by the arbitrator under claim no.1 & claim no.2 are considerably in excess. CE(South) has accordingly recommended to challenge these claims.
3. After due deliberations and discussion, ASB has recommended the following:
   i. To challenge the award against claim no.1 & claim no.2 with respect to the calculation.
   ii. To accept the award against claim no.3,4,5,6,7,8,9,10,11 & 12.
4. ASB, has also observed that instant arbitration case was inadequately represented before the arbitrator. Accordingly, ASB has directed Chief Engineer (HQ) to issue an advisory ensuring proper and effective defence in the arbitration cases, with a copy duly endorsed to ASB of the action taken.

As per revised delegation of power issued vide no. EM1(10)2018/Del. Of Power/DDA/260 dated 29.01.2019 by CE (HQ) DDA, Vice Chairman DDA is the Competent Authority to accept / challenge the claims in r/o award amount more than Rs. 100 Lakhs and less Rs. 500 Lakhs in consultation with FM/DDA, with due scrutiny by Arbitration Scrutiny Board headed by FM, DDA.

-Sd- Amit Singh Dir(Works) Member Secretary	-Sd- Manohar Lal Addl. CLA Member	-Sd- Sanjay Kumar Khare CE(HQ) Member
-Sd- Kamal Singh Meena CE(South) Executive Member	-Sd- P. Praveen Siddharth FM, DDA Chairman	

Director(Works), DDA

Copy to: -

1. EM/DDA for kind information.
2. All concerned.
3. Director(System) for uploading on DDA website.
4. EE/SPD-I, DDA office, Vasant Kunj, Delhi- 110070.

Amitsingh
17/08/2026
Director(Works), DDA

Yashi
18.8.26
DD(S) Sh Vishwas

19/8/26
AD(S)

19/8/26
Sh. Devi Engineer