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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **ARB.P. 569/2025**

M/S SHARMA ENTERPRISES

.....Petitioner

Through: Mr. Bipin Kumar Prabhat with
Mr. Ashok Kr Verma, Mr. Kislaya
Prabhat and Ms. Rinku Kumari,
Advocates.
(M): 9911371736
Email: prabhatbipin@gmail.com

versus

HINDUSTAN PREFAB LIMITED & ANR.Respondents

Through: Mr. Varun Nischal with Ms. Urvi
Johri and Ms. Shianjany Pradhan,
Advocates for respondent nos. 1 and
2.
(M): 7017662374
Email: johriurvi@gmail.com

CORAM:
HON'BLE MS. JUSTICE MINI PUSHKARNA

ORDER
07.05.2026

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1. The present petition has been filed under Section 11 of the Arbitration and Conciliation Act, 1996 ("Arbitration Act"), seeking appointment of a Sole Arbitrator for adjudication of the disputes between the parties, arising out of the Contract Agreement dated 20th October, 2016 for "*Various Civil Construction Works for Up-gradation of Fire-fighting & Fire detection system at NIHFW Campus, Munirka, New Delhi*".
2. In terms of the directions passed by this Court on the last date of



hearing, amended Memo of Parties has been filed by the petitioner, reflecting the petitioner as the proprietor, instead of the proprietorship firm.

3. The said amended Memo of Parties is taken on record, and reads as under:

AMENDED MEMO OF PARTIES

1. Mr. Suresh Chand Sharma (Proprietor of M/s Sharma Enterprises) At - D-151, Shyam Park Extension, Sahibabad, Ghaziabad, (Uttar Pradesh) - 201005 Email- prince_pandit123@yahoo.com	PETITIONER
Versus	
1. HINDUSTAN PREFAB LIMITED Through its Chairman cum Managing Director At-Jangpura, New Delhi - 110014 Email- hin@prefab@gmail.com	...RESPONDENT No. 1
2. THE DY. GENERAL MANAGER(C) Hindustan Prefab Limited. At-Jangpura, New Delhi - 110014 Email- hindprefab@gmail.com	...RESPONDENT No. 2
3. NATIONAL INSTITUTE OF HEALTH AND FAMILY WELFARE Through its director At-NIHFW Campus, Munirka, New Delhi-1100067 Email- director@nihfw.org	...RESPONDENT No. 3

4. This Court notes that when the present matter was listed on 24th February, 2026, the following order came to be passed on the basis of the submissions of the parties:

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1. Learned counsel appearing for the respondents, the agent, submits that the principal, i.e., National Institute of Health and Family Welfare, is ready and agreeable to pass the final bill of the petitioner, i.e., the contractor.
2. The Minutes of Meeting dated 23rd February, 2026, as handed over by learned counsel appearing for the respondents, is reproduced as under:



THE NATIONAL INSTITUTE OF HEALTH AND FAMILY WELFARE
(Workshop & Maintenance Section)

cm(D) 24/02

File No: WMS-12014/15/1023-WMS
Dated: 23.02.2026

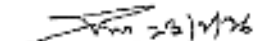
Subj: Minutes of the Meeting to evaluate and monitor the work of "Modification/up-gradation of Fire Fighting System of the NIHFW Campus".

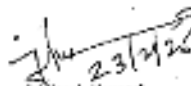
A Meeting of above said purpose is held on 23.02.2026 at 15.00 PM in the Office of WMO with the HPL Officials.

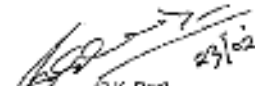
The following committee members were present in the meeting:-

- | | | |
|----|----------------------------------|--------|
| 1. | Sh. Amar Nath Gupta, WMO | -NIHFW |
| 2. | Sh. Shivcharan, ES | -NIHFW |
| 3. | Sh. S K Das, DGM | -HPL |
| 3. | Sh. Mikesh Kumar, Legal Incharge | -HPL |

Sh. Shivcharan has welcomed the HPL Officials and updated the current position about the above mentioned work. Further, as discussed in the meeting that NIHFW will release 80 % payment against the final bill submitted by the M/s HPL. 20% payment will be released after the receiving of the affidavit from M/s HPL and in case any issue arises, M/s HPL will justify/reply the same.


(Shiv Charan)
Electrical Supervisor, NIHFW


(Mikesh Kumar)
Incharge, Legal, HPL


(S.K. Das)
DGM, HPL


(Amar Nath Gupta)
WMO, NIHFW

3. Accordingly, let the petitioner and respondents sit with each other and come back before this Court on the next date of hearing.
4. Considering the submissions made before this Court, the National Institute of Health and Family Welfare, i.e., the principal of the respondents, who are the agents of the said principal, is impleaded as respondent no. 3 in the present petition.
5. Let amended Memo of Parties be filed by the petitioner within a period of one week.

xxx xxx xxx"

5. As recorded in the aforesaid order, this Court was informed that the respondent no. 3, i.e., the National Institute of Health and Family Welfare ("NIHFW"), is the principal of respondent no. 1, while respondent no. 1 is the agent of the said principal.



6. This Court notes that when the matter was listed for hearing on 24th February, 2026, the respondent no. 3 – NIHFW, which is the principal body, had been ready to make payments towards the final bill to the petitioner. However, the petitioner did not agree to the same, since the respondent no. 3 was not willing to pay the interest component to the petitioner.

7. Today, learned counsel appearing for the respondent nos. 1 and 2 has raised the objection that the petitioner herein had earlier approached the Dispute Resolution Committee (“DRC”), in terms of Clause 25 of the Contract Agreement dated 20th October, 2016 between the parties. The DRC, by way of its decision dated 15th January, 2025, had rejected the claims of petitioner.

8. He further submits that since disputes had arisen between the parties, the petitioner and the respondent nos. 1 and 2 had tried to resolve the matter, which culminated into a Project Contract Closure Agreement dated 04th August, 2022 (“Closure Agreement”), wherein, requisite amounts were paid to the petitioner.

9. It is submitted that in terms of the said Closure Agreement, the petitioner had accorded its satisfaction with regard to the amounts received, by stating that no disputes remained and that it shall not raise any further claim/dispute/litigation or arbitration in respect of the Contract Agreement in question.

10. Learned counsel appearing for respondent nos. 1 and 2 further submits that though payments had been made, as recorded in the Closure Agreement, however, the final bill remained to be paid. The said fact was also recorded as part of the Closure Agreement.

11. At this stage, learned counsel appearing for the respondent nos. 1 and



2 submits that he has no objection if an Arbitrator is appointed for adjudication of disputes. However, he submits that the objection of respondent nos. 1 and 2 with regard to the previous Closure Agreement between the parties be kept open, to be decided by the learned Arbitrator.

12. This Court notes the submission made by learned counsel appearing for the petitioner that the petitioner has a claim of Rs. 1,19,78,900/- (Rupees One Crore Nineteen Lacs Seventy Eight Thousand Nine Hundred Only).

13. Accordingly, this Court notes Clause 25 of the Contract Agreement dated 20th October, 2016 between the parties, which provides for arbitration in the following manner:

Settlement of
Disputes &
Arbitration

CLAUSE 25

Except where otherwise provided in the contract, all questions and disputes relating to the meaning of the specifications, design, drawings and instructions here-in before mentioned and as to the quality of workmanship or materials used on the work or as to any other question, claim, right, matter or thing whatsoever in any way arising out of or relating to the contract, designs, drawings, specifications, estimates, instructions, orders or these conditions or otherwise concerning the works or the execution or failure to execute the same whether arising during the progress of the work or after the cancellation, termination, completion or abandonment thereof shall be dealt with as mentioned hereinafter:

(i) If the contractor considers any work demanded of him to be outside the requirements of the contract, or disputes any drawings, record or decision given in writing by the Engineer-In-Charge on any matter in connection with or arising out of the contract or carrying out of the work, to be unacceptable, he shall promptly within 15 days request the Superintending Engineer in writing for written instruction or decision. Thereupon the Superintending Engineer shall give his written instructions or decision within a period of one month from the receipt of the contractor's letter.

If the Superintending Engineer fails to give his instructions or decision in writing within the aforesaid period or if the contractor is dissatisfied with the instructions or decision of the Superintending Engineer, the contractor may, within 15 days of the receipt of Superintending Engineer's decision, appeal to the Chief Engineer who shall afford an opportunity to the contractor to be heard, if the latter so desires, and to offer evidence in support of his appeal. The Chief Engineer shall give his decision within 30 days of receipt of contractor's appeal. If the contractor is dissatisfied with the decision of the



Chief Engineer, the contractor may within 30 days from the receipt of the Chief Engineer decision, appeal before the Dispute Redressal Committee (DRC) along with a list of disputes with amounts claimed in respect of each such dispute and giving reference to the rejection of his disputes by the Chief Engineer. The Dispute Redressal Committee (DRC) shall give his decision within a period of 90 days from the receipt of Contractor's appeal. The constitution of Dispute Redressal Committee (DRC) shall be as indicated in Schedule 'F'. If the Dispute Redressal Committee (DRC) fails to give his decision within the aforesaid period or any party is dissatisfied with the decision of Dispute Redressal Committee (DRC), then either party may within a period of 30 days from the receipt of the decision of Dispute Redressal Committee (DRC), give notice to the Chief Engineer for appointment of arbitrator on prescribed proforma as per Appendix XV, failing which the said decision shall be final binding and conclusive and not referable to adjudication by the arbitrator.

It is a term of contract that each party invoking arbitration must exhaust the aforesaid mechanism of settlement of claims/disputes prior to invoking arbitration.

- (ii) Except where the decision has become final, binding and conclusive in terms of Sub Para (i) above, disputes or difference shall be referred for adjudication through arbitration by a sole arbitrator appointed by the Chief Engineer, CPWD, in charge of the work or if there be no Chief Engineer, the Additional Director General of the concerned region of CPWD or if there be no Additional Director General, the Director General, CPWD. If the arbitrator so appointed is unable or unwilling to act or resigns his appointment or vacates his office due to any reason whatsoever, another sole arbitrator shall be appointed in the manner aforesaid. Such person shall be entitled to proceed with the reference from the stage at which it was left by his predecessor.

It is a term of this contract that the party invoking arbitration shall give a list of disputes with amounts claimed in respect of each such dispute along with the notice for appointment of arbitrator and giving reference to the rejection by the Chief Engineer of the appeal.

It is also a term of this contract that no person, other than a person appointed by such Chief Engineer CPWD or Additional Director General or Director General, CPWD, as aforesaid, should act as arbitrator and if for any reason that is not possible, the matter shall not be referred to arbitration at all.

It is also a term of this contract that if the contractor does not make any demand for appointment of arbitrator in respect of any claims in writing as aforesaid within 120 days of receiving the intimation from the Engineer-in-charge that the final bill is ready for payment, the claim of the contractor shall be deemed to have been waived and absolutely barred and the Government shall be discharged and released of all liabilities under the contract in respect of these claims.

The arbitration shall be conducted in accordance with the provisions of the Arbitration and Conciliation Act, 1996 (26 of 1996) or any statutory modifications or re-enactment thereof and the rules made thereunder and for the time being in force shall apply to the arbitration proceeding under this clause.

It is also a term of this contract that the arbitrator shall adjudicate on only such disputes as are referred to him by the appointing authority and give separate award against each dispute and claim referred to him and in all cases where the total amount of the claims by any party exceeds Rs. 1,00,000/-, the arbitrator shall give reasons for the award.

It is also a term of the contract that if any fees are payable to the arbitrator, these shall be paid equally by both the parties.

It is also a term of the contract that the arbitrator shall be deemed to have entered on the reference on the date he issues notice to both the parties calling them to submit their statement of claims and counter statement of claims. The venue of the arbitration shall be such place as may be fixed by the arbitrator in his sole discretion. The fees, if any, of the arbitrator shall, if required to be paid before the award is made and published, be paid half and half by each of the parties. The cost of this reference and of the award (including the fees, if any, of the arbitrator) shall be in the discretion of the arbitrator who may direct to any by whom and in what manner, such costs or any part thereof shall be paid and fix or settle the amount of costs to be so paid.

14. This Court further notes that pursuant to the aforesaid Clause, the parties tried to resolve their disputes through the DRC. However, the said



process had not been successful, on account of which, the present petition has been filed.

15. Learned counsel appearing for the respondent nos. 1 and 2 submits that the arbitration be conducted under the aegis of Delhi International Arbitration Centre (“DIAC”).

16. Accordingly, considering the submissions made before this Court, the following directions are issued:

- i) Mr. Amrit Pal S. Gambhir, Advocate (Mob: +91-9810082347, +91-9999983935) is appointed as the Sole Arbitrator to adjudicate the disputes between the parties.
- ii) The arbitration proceedings shall be held under the aegis and Rules of DIAC, Delhi High Court, Sher Shah Road, New Delhi.
- iii) The remuneration of the learned Arbitrator shall be in terms of DIAC (Administrative Cost and Arbitrators’ Fees) Rules, 2018.
- iv) The learned Arbitrator is requested to furnish a declaration in terms of Section 12 of the Arbitration Act prior to entering into the reference. In the event of any impediment to the Arbitrator’s appointment on that count, the parties are given liberty to file an appropriate application before this Court.
- v) It shall be open to the respondents to raise counter-claims, if any, in arbitration proceedings.
- vi) It is made clear that all the rights and contentions of the parties, including, as to the arbitrability of any of the claim, any other preliminary objection, as well as claims/counter-claims and merits of the dispute of all the parties, are left open for adjudication by the learned Arbitrator, including the objection of respondent nos. 1 and 2 regarding the Closure Agreement dated 04th August, 2022.



vii) The parties shall approach the learned Arbitrator within two (02) weeks from today.

17. It is made clear that this Court has not expressed any opinion on the merits of the case.

18. Accordingly, the present petition is disposed of in the aforesaid terms.

19. The Registry is directed to send a copy of this order to the learned Arbitrator and the Secretary, DIAC, for information and compliance.

MINI PUSHKARNA, J

MAY 7, 2026

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