

Indian Law Society's Centre for Arbitration and Mediation (ILSCA), Pune

National Commercial Arbitration Award Writing Competition

1st Edition

18th February 2019

Kevin Infrastructure Ltd.
Vs.
Indraprastha Metro Rail Corporation Ltd.

Competition Brief

The Competition Brief is prepared for ILSCA 1st National Commercial Arbitration Award Writing Competition 2019. The brief is prepared by Ishwari Pendse and Vasudevan G., students of ILS Law College, under guidance of Ms. Sathya Narayan and Ms. Anwita Dinkar, Faculty, ILSCA.



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ASSUMPTIONS FOR THE COMPETITON:

- The present case is an arbitrable dispute and thus no question of arbitrability arises.
- All formalities relevant to instituting the dispute under ILSCA Institutional Arbitration have been complied with by the parties.
- Appropriate registration fees for arbitration at ILSCA has been paid.
- Notice of Arbitration has been sent to the Respondent by the Claimant along with the claim statement.
- Copies of Power of Attorney nominating the Counsels on behalf of the parties have been submitted to ILSCA by both parties.
- The contract between the parties dated 5th May 2013 has been executed and signed by the appropriate authorities.
- The Arbitrator Justice (Retd) Mr. S.R. Sathe is selected from the ILSCA Panel of Arbitrators by appropriate procedure and authority.
- The Counsels: P. Narayan, Advocate and S.V. Kanetkar, Advocate are selected from the ILSCA Panel of Counsels y appropriate procedure and authority.
- The Arbitrator Justice (Retd) Mr. S.R. Sathe has signed and provided the disclosure of Independence and Impartiality provided under ILSCA Institutional Rules. There is no conflict of interest between the Arbitrator and the parties.
- All the relevant ILSCA Institutional Arbitration Rules have been complied with by the parties to the dispute.

ILSCA INSTITUTIONAL ARBITRATION RULES 2019

(Relevant Rules)

Rule 1: Request for Commencement of Arbitration

- a. The party or parties to a dispute desiring to commence an arbitration under ILSCA Rules, shall be required to submit, his/her request in writing to commence an arbitration (hereinafter referred to as the "Commencement Request") to the Executive Director/ Registrar of ILSCA. The request has to be submitted in the Arbitration Request Submission form, duly filled in.
- b. The party desiring to commence the arbitration (hereinafter called the "Claimant") shall submit the Arbitration Request Submission form to the Executive Director/Registrar, ILSCA at its address Chiplunkar Road, Law College Campus, Pune-411004, can also be submitted in electronic form (as email attachments) facsimile number or in paper form or in both forms.
- c. The Claimant shall simultaneously, while filing the Request for commencement of Arbitration send a copy of the Request to the party or parties against whom it seeks relief ("Respondent" or "Respondents")

Rule 2: Documents to accompany the Request Submission form

- a) A copy of the Arbitration Agreement or Copy of the arbitration clause agreed by and between the parties;
- b) The confirmation of service of notice of Request for commencement of Arbitration along with exhibits, if any, have been or are being served simultaneously on all other parties, specifying the mode of service employed and the date of service. to be supported then or as soon as possible thereafter by documentary proof for the satisfaction of the Executive Director/Registrar of ILSCA of actual delivery of the notice of request for Commencement (including the date of delivery).
- c) The full names and contact details (including postal address(es), telephone number(s), facsimile number(s) and electronic mail address(es), to the extent known) of the other parties to the arbitration and their legal representatives, if any.

- d) The Claimant shall also submit sufficient number of copies of the Request of Commencement and the Statement of Claim, and also soft copy thereof being

 one copy to ILSCA, one copy for each arbitrator(s) (according to the number of arbitrators as mentioned in the arbitration agreement) and one copy for each of the Respondent(s).
- e) The Claimant along with the Commencement Request, shall also file the receipt of payment of non-refundable registration fee of Rs. X, for domestic arbitration and Rs. Y, for International Commercial Arbitration confirming that the requisite filing fee has been paid (without which the Request for Arbitration shall be treated as not having been received by the Director/Registrar and the arbitration as not having been commenced).
- f) The Executive Director/Registrar of ILSCA, the administrative authority for all activities of ILSCA will notify the respondent/s about the request along with the Response to form to be submitted to ILSCA

Rule 3. Statement of Claim

The request for commencement of arbitration will also include the following:

- a. The statement of claim should, as far as possible, be accompanied by all documents and other evidence relied upon by the claimant, or contain references to them.
- b. Statement of claim will contain a brief description of the claim describing the nature and circumstances of the dispute, indicating the amount involved including the amounts of any quantified claims and, to the extent possible, an estimate of the monetary value of any other claims and specifying the relief claimed by the Claimant against the other party to the arbitration
- c. A copy of any contract or other legal instrument out of or in relation to which the dispute arises and of the arbitration agreement shall be annexed to the statement of claim.
- d. If the claimant does not submit the Statement of Claim along with the request for commencement of arbitration, Claimant shall, within a period of time to be determined by the Tribunal at the first procedural meeting send to the Respondent and the Tribunal a Statement of Claim setting out in full detail

- e. The claimant shall communicate its statement of claim in writing to the respondent and to each of the arbitrators within the said period of time determined by the arbitral tribunal.
- f. The parties may submit with their statements all documents they consider to be relevant or may add a reference to the documents or other evidence they will submit.
- g. The claimant may file list of witnesses while filing statement of claim.
- h. The statement of claim shall include the following particulars:
 - a) The names and contact details of the parties;
 - b) A statement of the facts supporting the claim;
 - c) The points at issue;
 - d) The legal grounds or arguments supporting the claim.
 - e) the relief claimed or the remedy sought claimed, together with the amount of all quantifiable claims.

Rule 4. Response to the Request of Commencement of Arbitration

- a. The Respondents shall file their Statement of Defence within 30 (thirty) days of receipt of the Statement of Claim.
- b. Within 30 days of the receipt of the Request of commencement of arbitration, the respondent shall submit the Response form duly filled to the ILSCA Secretariat. At the same time the respondent has to send a copy of the response form to the claimant which is the response to the request of arbitration.
- c. The Response form shall be accompanied by the following:
- d. The full names and contact details (including postal address/es, telephone number(s), facsimile number(s) and electronic mail address/es of the Respondent, and (if there are many) of each of the respondent and their legal representatives or any person representing the respondent in arbitration.
- e. A confirmation or denial of all or part of the claims, including the Claimant's invocation of the arbitration agreement in support thereof;
- f. Statement briefly describing the nature and circumstances of the dispute and the defence to the claim, including any counterclaims advanced against any other party to the arbitration, specifying the relief claimed, including the

- amounts of any quantified counterclaims and, to the extent possible, an estimate of the monetary value of any other counterclaims;
- g. Any evidence and/or other supporting documents on which the defence is based;
- h. any comment in response to any statements contained in the Request for Arbitration, or with respect to which the Respondent wishes to make a proposal, on matters relating to the conduct of the arbitration (such as the number of arbitrator(s), the applicable rules of law, the language(s) of the arbitration, and the seat of arbitration);
- i. confirmation that copies of the Response and any exhibits have been served simultaneously on the Claimant and all other necessary parties, specifying the mode of service employed and the date of service, to be supported then or as soon as possible thereafter by documentary proof satisfactory to the Registrar of actual delivery (including the date of delivery);
- j. Confirmation that the requisite filing fee for any counterclaim has been paid.
- k. The Respondent may file list of witnesses while filing Response
- 1. The Response which may also include the Statement of Defence and a Statement of Counterclaim (including all accompanying documents) may be submitted to the Registrar in electronic form (as e-mail attachments) or in paper form or in both forms.

Rule 5: Statements of Defence and Counterclaim

- a. The response to the request for commencement of arbitration will also include the following:
- b. The statement of defence should, as far as possible, be accompanied by all documents and other evidence relied upon by the respondent, or contain references to them.
- c. The Arbitral Tribunal may in appropriate cases require Claimant to file a Rejoinder to certain allegations made in the Statement of Defence or permit a Claimant to do so, if it is applied for.

Rule 6: Counterclaim by the Respondent

- a. The respondent, in support of his case, may also submit a counterclaim or plead a set-off, which shall be adjudicated upon by the arbitral tribunal, if such counterclaim or set-off falls within the scope of the arbitration agreement.
- b. The Respondents shall be liable to pay Fees and Charges as may be prescribed in relation to their Counter Claim at the time of filing the Counter Claim.
- **c.** The Statement of Defence and Counter Claim/Set Off will be accompanied by copies of all documents, reports etc. referred to and relied upon by Respondents in support of their Statement of Defence and Counter Claim/Set Off.
- d. Unless otherwise agreed by the parties, either party may amend or supplement his claim or defence during the course of the arbitral proceedings, unless the arbitral tribunal considers it inappropriate to allow the amendment or supplement having regard to the delay in making it.

Factsheet

Kevin Infrastructure Ltd.

Vs.

Indraprastha Metro Rail Corporation Ltd.

- 1. Indraprastha Metro Rail Corporation Ltd. is a company incorporated in India with its registered office at Mumbai. It is a government company which oversees the development and implementation of metro projects in Maharashtra. Indraprastha Metro Rail Corporation Ltd. called for bid of tenders through a public notice dated 5th February 2013 for construction of metro rail in Mumbai.
- 2. Kevin Infrastructure Ltd. is a company incorporated in India with its registered office at Mumbai. It has been conducting business since last 30 years in the field of construction and infrastructure development. It has been associated in various projects undertaken by various State Governments as well as Central Governments.
- 3. There were various competitive bidders, bid for the tender floated by Indraprastha Metro Rail Corporation Ltd. Eventually Kevin Infrastructure Ltd. was selected for the project. A contract was entered into and was signed and executed on 5th May 2013, between Indraprastha Metro Rail Corporation Ltd. and Kevin Infrastructure Ltd.
- 4. The terms of the contract dated 5th May 2013 was agreed between the two parties are as under:

- The contract stipulated that the first phase of the metro rail project should be completed by 31st December 2018.
- The work of construction of the metro rail project was to commence on 1st October 2013.
- The equipment, labour and other employees were to be decided and remunerated by Kevin Infrastructure Ltd.
- Kevin infrastructure Ltd. had agreed to mobilise its men and machinery by 15th September 2013.
- It was agreed that Kevin Infrastructure Ltd. will provide all safety measures to secure safety of their workers while working.
- Indraprastha Metro Rail Corporation had agreed to carry on safety audits at regular intervals.
- The responsibility of land acquisition and necessary permissions from the State Governments and other public authority for the purposes of commencement of metro rail work rested with Indraprastha Metro Rail Corporation Ltd.
- It was agreed that the Indraprastha Metro Rail Corporation will hand over the possession of the entire stretch of land to Kevin Infrastructure by 15th September 2013.
- Kevin Infrastructure Ltd. was required to adhere to the time schedule as agreed in the contract – time being essence of contract, except in case of Force Majeure.
- It was agreed between the parties for price escalation depending upon the price index.
- In case of delay on either side to compete their part of the contract no compensation is payable by either party to the other party.

- In case of any delay in acquisition process not attributable to Metro Rail Corporation it was agreed that they will not be liable to any compensation to Kevin Infrastructure Ltd for such delay.
- It was agreed between the parties that if Kevin Infrastructure Ltd, commits a breach of contract then Metro Rail Corporation, shall have the right to levy penalty up to Rs.100 crores and recover the same from running account bills of Kevin Infrastructure Ltd.
- It was agreed between the parties that in case of any dispute arising out of this contract will be referred to Institutional Arbitration of ILSCA and the Rules laid down by ILSCA will be binding on both the parties.
- 5. Indraprastha Metro Rail Corporation Limited commenced the process of land acquisition on 30th June 2013. However, till 10th November 2013 the acquisition process of even initial stretch of land was not completed.
- 6. The Indraprastha Metro Rail Corporation Limited, through letter dated 1st November 2013 to Kevin Infrastructure Ltd., enquired about the reasons for delay in the commencement of the construction.
- 7. Kevin Infrastructure Ltd through their letter dated 25th November 2013, to Indraprastha Metro Rail Corporation Limited stated that the delay was attributable to the Indraprastha Metro Rail Corporation Limited because the Land Acquisition process even of the initial stretch (i.e. acquisition of area where the construction was to commence) was not completed till 10th November 2013.
- 8. Metro work was actually commenced by Kevin Infrastructure Ltd on 10th January 2014.

- 9. In May 2015, there was a strike of 10 days by the labourers who were involved in the construction of the metro rail project. The reason of the strike was that while working, one labourer met with an accident and died. Thus, it came to the notice of the Mumbai Metro Rail Workers Union that there were no safety measures taken by Kevin Infrastructure Ltd. and no safety audits were conducted by Indraprastha Metro Rail Corporation Limited (even though the contract stated that safety audits were to be conducted by Indraprastha Metro Rail Corporation Limited).
- 10. In July 2016, due to torrential rain and flooding in Mumbai, the construction work of the metro rail was stopped for a period of 3 weeks. The work soon started in August, 2016.
- 11. It was noticed by the Indraprastha Metro Rail Corporation Limited given the current developments, the first phase cannot be completed by 31st December 2018. Thus they sent a letter dated 5th May 2018 to Kevin Infrastructure Ltd. demanding the reasons for the delay and eventual possibility of non-completion of the project by 31st December 2018.
- 12. Kevin Infrastructure Ltd. replied with a letter dated 10th May 2018 which gave reasons and stated that due to floods, strike and lethargic attitude of the Indraprastha Metro Rail Corporation Limited, the work will not be completed within the stipulated time. Through the same letter they further stated that they required extension of time and are ready to have a dialogue with the Indraprastha Metro Rail Corporation Limited. They also stated that the increased costs must be considered.

- 13. Indraprastha Metro Rail Corporation replied by their letter dated 30th May 2018 wherein they refused to give any extension of time and in turn levied penalty of Rs.100 crores.
- 14. A notice for referring the dispute to arbitration was sent by Kevin Infrastructure Limited to Indraprastha Metro Rail Corporation Limited on 1st September 2018. Kevin Infrastructure Limited filed a claim at ILS Centre for Arbitration and Mediation (ILSCA) on 15th October 2018, claiming specific performance of contract, compensation and enhancement of cost.
- 15. The statement of defence was filed by Indraprastha Metro Rail Corporation Limited wherein it challenged the jurisdiction of the Arbitrator, along with some other defences and also made a counter claim for Rs.100 Crores.
- 16. Kevin Infrastructure Limited filed a written statement to the counter claim and denied the claim of Indraprastha Metro Rail Corporation Limited. Even as on today, the construction work of the first phase of metro rail project is not complete.
- 17. The ILSCA Institutional Arbitration Rules provides that "...both the parties may file all the documents and list of witnesses while filing statement of claim and statement of defence."
- 18. Kevin Infrastructure Ltd. filed certain additional documents after the first sitting of the Arbitrator, which was objected by the Indraprastha Metro Rail Corporation Limited Thereafter Evidence was recorded and the matter is fixed for final arguments.

CONTRACT

(Relevant extracts)

This agreement was entered into on 5th day of May 2013, between;

Indraprastha Metro Rail Corporation Limited (hereinafter referred to as "IMRCL"), a company incorporated under the Companies Act, 1956 and having its registered office at 706, Patto Heights, Bandra-Kurla Complex, Santacruz, Bandra (East), Mumbai; (henceforth referred to as party of the first part)

AND

Kevin Infrastructure Limited (hereinafter referred to as "KIL"), a company incorporated under the Companies Act, 1956 and having its registered office at 803, Makers Chambers-VIII, Nariman Point, Mumbai. (Henceforth referred to as party of the second part)

Relevant clauses:

Clause 2: Timeline for completion for first phase of Metro Rail

It is agreed by the Parties that the construction work of metro shall commence not later than 01st October 2013. It is agreed between the parties that the first phase of construction of Metro rail will be completed in accordance with the following timeline:

- 30% of the work will be done by 15th March 2015.
- 50% of the work will be done by 30th May 2016.
- 80% of the work will be done by 30th September 2017.
- 100% of the work will be done by 31st December 2018.

The officers designated by the Indraprastha Metro Rail Corporation Limited will be inspecting the work every month and reporting the progress to the Ministry.

It is further agreed by the Parties that the Parties are bound by the time deadlines stated hereinabove as time is the essence of the contract.

Clause 3: Responsibility of the Indraprastha Metro Rail Corporation Limited

The process of Land Acquisition will be done and completed by IMRCL on or before 15th September 2013 along with all the permissions for carrying out the construction of the work. IMRCL shall hand over the possession of the entire stretch of land to KIL by 15th September 2013.

Further, it is agreed between the parties that IMRCL shall conduct safety audits for the construction work as well as for infrastructure safety at regular intervals and KIL shall extend absolute co-operation in the conduct of such safety audit. Any discrepancies arising out of the audit shall be rectified by the parties within 15 days of any discrepancy being pointed out in the course of audit.

Clause 4: Responsibility of Kevin Infrastructure Limited.

The equipment, labour and other employees were to be deployed, managed and remunerated by Kevin Infrastructure Ltd. The safety measures for the workers for the construction will be ensured and managed by Kevin Infrastructure Ltd.

Clause 5: Payment of Consideration

It is agreed between the parties that the total amount of consideration for the first phase of metro construction shall be Rs. 1000 crores (rupees one thousand crores only) payable after evaluation of work done, by the Project Manager appointed by IMRCL and certification of satisfactory completion of the work. The consideration shall be payable after achieving the milestones in accordance with Clause 2 hereinabove, in the same proportion to the total consideration of one thousand crores as it bears to the percentage of work completed.

It is further agreed by the Parties that any cost escalations as may arise in pursuance of this agreement, would be payable depending upon the price index.

Clause 6: Breach of Contract

In case of breach of contract by either party the remedies are stated under Clause 9 of the agreement.

Clause 7: Force Majeure

If either party fails to fulfill its obligations hereunder (other than an obligation for the payment of money), when such failure is due to an act of God, or other circumstances beyond its reasonable control, including but not limited to fire, flood, civil commotion, riot, war (declared and undeclared), revolution, or embargoes, then said failure shall be excused for the duration of such event and for such a time thereafter as is reasonable to enable the parties to resume performance under this Agreement, provided however, that in no event shall such time extend for a period of more than one hundred eighty (180) days.

Clause 8: Reference to Arbitrator

All disputes arising out of or in connection with the present contract shall be finally settled according to the Rules of ILS Centre for Arbitration and Mediation (ILSCA) (for brevity's sake addressed as ILSCA Rules) by sole arbitrator appointed in accordance with the said ILSCA Rules. Accordingly, the parties agreed on the following arbitration clause for resolution of their disputes.

• "Any dispute arising out of or in connection with this contract, including any question regarding its existence, operation, validity or termination or any breach thereof, shall be referred to and finally resolved by Arbitration in accordance with the ILSCA Institutional Arbitration Rules, 2019 of the ILS Centre for Arbitration and Mediation (ILSCA) which are framed in accordance with the Arbitration & Conciliation Act, 1996..

It was agreed between the parties that:

- 1. The venue/geographical location of the arbitration shall be ILS Centre for Arbitration and Mediation (ILSCA), ILS Law College Campus, Chiplunkar Road, Pune- 411 004.
- 2. The Tribunal shall consist of a **Sole Arbitrator**
- 3. The parties gave the authority of appointing the arbitrator to ILSCA, from amongst its panel of arbitrators.
- 4. The language of the arbitration shall be **English**
- 5. The dispute will be governed by Indian Law

Clause 9: Remedies:

These remedies shall be awarded by the Arbitral Tribunal:

- 1. It is agreed by the Parties that the in case of any delay in acquisition of land by IMRCL, for reasons beyond its control, no compensation shall be payable in such case.
- 2. It is agreed by the Parties that in case a breach is committed by Kevin Infrastructure Ltd., a penalty of a sum upto Rs.100 crore (rupees one hundred crores only) may be levied on KIL.
- 3. In case of Breach of Contract, the full and final payment will be made in proportion to the work completed by Kevin Infrastructure Ltd. The extent of work completed, in such scenario shall be ascertained by an independent chartered engineer and the consideration shall not exceed the proportion of compensation as it bears to the percentage completion.

ILSCA ARBITRATION REQUEST FORM

DETAILS OF PARTIES:				
Name of Submitting Party:	Kevin Infrastructure Limited			
Address:	803, Makers Chambers-VIII, Nariman Point, Mumbai.			
Tel / Mobile / Email:	022- 234567-/ 90228 88229 - kevininfra@gmail. com			
Name of Opposite Party:	Indraprastha Metro Rail Corporation Limited			
Address:	706, Patto Heights, Bandra-Kurla Complex, Santacruz, Bandra (East), Mumbai; and			
Tel / Mobile / Email:	022- 234676/ 92344 88339- indraprastha@gmail.com			
DETAILS OF DISPUTE:				
Contractual Non-Contractual Domestic International				
In case of contractual dispute, dat	re of agreement: 0 5 0 5 2 0 1 3			
In case of contractual dispute, whe agreement provides arbitration clause (*Attach copy of the copy of	use:			

ILSCA 1ST NATIONAL COMMERCIAL ARBITRATION AWARD WRITING COMPETITION

If no, whether the parties have entere to arbitrate their dispute: (*Attach copy of agreement)	d an agreement	Not Applicable	
Whether ILSCA is the institution desi parties as per the agreement:	gnated by the	YES	
Date, when arbitration clause was invoked: (*Attach copy of notice)		01-09-2018	
Appx. Quantum of Claim / Dispute:		100 Crore	
Type of arbitration selected:	Regular	Fast Track	
Brief Synopsis of Dispute:			
 construction and infrastructure various State Governments as w Indraprastha Metro Rail Corpor the development and implement The Claimant and Respondent erail in Mumbai. Certain terms were agreed to by The Respondent failed to adhere The Respondent blamed the Claffrom the Claimant, without any 	development. It havell as Central Government as Central Government of the Relation of metro properties into an agree where the both the parties in the to several terms, which is the part of stitute Arbitration as	espondent, is a government company which oversees jects in Maharashtra. ement dated 05-05-2013, for construction of a metro this contract. which led to loss and delay in the construction project. y and loss and claimed a penalty of Rs. 100 crores the Claimant. and pleads for Specific performance, Compensation and	
In case of multi-arbitrators, whether the parties have appointed their respective arbitrators: Yes No			
If yes, Name & Address of the Arbitra	ators:	Not Applicable	
Have any of the parties moved the Co	ourt for Interim Prote	ection: Yes No	

ILSCA 1ST NATIONAL COMMERCIAL ARBITRATION AWARD WRITING COMPETITION If yes, details of the same: Not Applicable Has the Party moved for Emergency arbitration: Yes No Is the Party opting for Arb-Med-Arb Process?: No Yes Additional points of relevance: Not Applicable Date: 1 Name & Signature: 2 8 **Kevin Peters**

STATEMENT OF CLAIM

For the Arbitral Proceedings

Kevin Infrastructure Ltd. VS. Indraprastha Metro Rail Corporation Limited

Kevin Infrastructure Limited

803, Makers Chambers-VIII, Nariman Point, Mumbai. **Represented by Mr. P. Narayan, Advocate**

CLAIMANT-

Indraprastha Metro Rail Corporation Limited

706, Patto Heights, Bandra-Kurla Complex, Santacruz, Bandra (East), Mumbai.

- RESPONDENT-

STATEMENT OF CLAIM

- 1. The Claimant is Kevin Infrastructure Limited. Kevin Infrastructure Ltd. is a company incorporated in India with its registered office at Mumbai. It has been conducting business since last 30 years in the field of construction and infrastructure development. It has been associated in various projects undertaken by various State Governments as well as Central Governments.
- 2. The Respondent is Indraprastha Metro Rail Corporation Limited. Indraprastha Metro Rail Corporation Ltd. is a company incorporated in India with its registered

office at Mumbai. It is a government company which oversees the development and implementation of metro projects in Maharashtra.

- 3. The Respondent called for bid of tenders through a public notice dated 5th February 2013 for construction of metro rail in Mumbai. The Claimant was selected for the project. The contract was signed and executed on 5th May 2013.
- 4. According to the contract dated 5th May 2013 the Claimant had the duty of managing equipment, labour and other employees and also the remuneration of the labourers and these other employees. The Claimant also had the responsibility to mobilize its men and machinery by 15th September 2013. It was also agreed that the Claimant will provide all safety measures to secure safety of their workers while working. The Claimant was required to adhere to the time schedule as agreed. Most importantly, it was agreed between the parties for price escalation depending upon the price index.
- 5. The contract further stated that the responsibility of land acquisition and necessary permissions from the State Governments and other public authorities for the purposes of the metro rail construction work rests with the Respondent. It was agreed that the Respondent will hand over the possession of the entire stretch of land to the Claimant by 15th September 2013. The Respondent, were also to conduct safety audits at regular intervals.
- 6. The Respondent did not hand over the possession of the land by 15th September 2013 to the Claimant, as was agreed in the contract. Yet, the Respondent in its letter dated 1st November 2013 to the Claimant, enquired about the reasons for delay in the commencement of the construction. The Claimant was surprised to receive the letter as the Respondent had not completed the acquisition process of even initial stretch of land till 10th November 2013 and yet the Respondent sent a letter to the Claimant. The Claimant felt that act of the Respondent was both surprising and malicious.
- 7. In its letter to the Respondent dated 25th November 2013, the Claimant clearly stated that the delay was attributable to the Respondent because the Land Acquisition process even of the initial stretch (i.e. acquisition of area where the construction was to commence) was not completed till 10th November 2013.

- 8. As soon as the necessary permissions for commencing the project were secured by the Respondent, the Claimant commenced its work on 10th January 2014.
- 9. In May 2015, there was a strike of 10 days by the labourers who were involved in the construction of the metro rail project and hence the Claimant was again barred from continuing from its work of construction. This delay caused obvious loss and delay in the construction work.
- 10. In July 2016, due to torrential rain and flooding in Mumbai, the construction work of the metro rail was stopped for a period of 3 weeks. The work soon started in August, 2016 as soon as the conditions for construction were favourable.
- 11. The Claimant received a letter from the Respondent dated 5th May 2018 to demanding the reasons for the delay and eventual possibility of non-completion of the project by 31st December 2018. The Claimant was once again taken by surprise by this letter as the Respondent was well aware of the conditions that prevented the construction to take place.
- 12. Yet, the Claimant was polite enough to respond to the letter and oblige to its contract and respectfully replied to the Respondent in a letter dated 10th May 2018 giving reasons for the delay. The letter clearly stated that due to floods, strike and lethargic attitude of the Respondent the work will not be completed within the stipulated time. Through the same letter the Claimant further stated that the Claimant required extension of time and is ready to have a dialogue with the Respondent. The Claimant also stated that the increased costs must be considered as price escalation was something that was agreed during the signing and execution of the contract.
- 13. The Respondent showcased extreme discourteousness in their letter dated 30th May 2018 wherein the Respondent refused to give any extension of time and in turn levied penalty of Rs.100 crores, without there being any valid breach of contract.
- 14. In view of the facts stated above, the claimant has decided to invoke the arbitration clause (under clause 8) of the contract dated 5th May 2013.

- 15. The claimant has served a notice upon the respondent on 1st September 2018 for invoking arbitration.
- 16. The Claimant submits that the Claimant has always been ready and willing and is ready and willing to perform his part of the contract and if specific performance is not granted Claimant will suffer an irreparable loss.
- 17. Since there was a delay for commencement of work which is attributable to the Respondent, the Respondent be directed to extend the period for completion of first phase by three months.

LEGAL EVALUATION

Jurisdiction

The Arbitral Tribunal has jurisdiction to hear the case. The Parties agreed on the following arbitration clause in their contract dated 5th May 2013.

- "Any dispute arising out of or in connection with this contract, including any question regarding its existence, operation, validity or termination or any breach thereof, shall be referred to and finally resolved by Arbitration in accordance with the ILSCA Institutional Arbitration Rules, 2019 of the ILS Centre for Arbitration and Mediation (ILSCA) which are framed in accordance with the Arbitration & Conciliation Act, 1996.
- 1. The venue/geographical location of the arbitration shall be ILS Centre for Arbitration and Mediation (ILSCA), ILS Law College Campus, Chiplunkar Road, Pune- 411 004.
- 2. The Tribunal shall consist of a sole **Arbitrator**
- 3. The parties give the authority of finally appointing a suitable arbitrator to ILSCA, from amongst its panel of arbitrators.
- 4. The language of the arbitration shall be **English**

ILSCA 1ST NATIONAL COMMERCIAL ARBITRATION AWARD WRITING COMPETITION

REQUEST

In light of the above and as per the contract dated 5th May 2013, Claimant prays that the Arbitral Tribunal shall be pleased to pass the following orders:

- a. The Respondent must duly perform its part of the contract.
- b. Direct the Respondent to extend the period by three months.
- c. Compensation be paid to the Claimant for the delay which has been caused to the Claimant.
- d. Enhanced costs be paid to the Claimant to be able to fulfil its contractual obligations efficiently.
- e. Award interest on the amounts due from the date they are due till they are actually paid.
- f. Award the cost of arbitration proceedings
- g. If specific performance is not granted, then, the Respondent be directed to pay compensation to the Claimant.

For Kevin Infrastructure Limited

Advocate on behalf of Claimant

15th October 2018

ILSCA RESPONSE TO REQUEST FOR ARBITRATION FORM

Name (of Person/Con	mmittee/Council/Other Body), (The Respondent);			
	Indraprastha Metro Rail Corporation Ltd.			
Address:	706, Patto Heights, Bandra-Kurla Complex, Santacruz, Bandra (East), Mumbai			
Telephone No. (1):	022- 234676			
Names and addresses of any further persons/committees/bodies concerned or affected:				
	Not Applicable			
Telephone No.:	Not Applicable			
Date Claim for Arbitra Received:	15 th October 2018 (by e-mail) 25 th October 2018 (by post)			

Does the Respondent confirm or deny the facts stated in the Claim? If denied, please explain why in brief:

- The Respondent denies the Claims stated in the Statement of Claim.
- Claimant's description of the correspondences between the Claimant and Respondent lacks important details and the claimant has improperly stated several facts.
- Claimant has deliberately and conveniently avoided to mention that the necessary permissions for the purposes of construction of the metro rail were efficiently secured by the Respondent and hence no delay was caused by the Respondent, the delay was the fault of the Claimant solely. Therefore, there is no question of non-performance of contractual obligation by the Respondent.
- The Claimant began the construction work only in January 2014, after more than three months of delay than the scheduled time.
- As the Claimant did not maintain safety of its workers, one worker during construction died. This important fact was never notified to the Respondent. The Claimant has been unresponsive, lethargic and did not communicate with the Respondent any problems that were caused during the construction.
- The construction work was suspended by the Claimant several times without notifying the Respondent about the same.
- Upon Inspection, it was found that the construction will not be completed by 31st December 2018.
- The attitude and behaviour of the Claimant has led the Respondent to believe that the Claimant is inefficient and will not finish the work even after giving any extension. The Claimant has miserably failed to perform its part of the contract and hence the Respondent claims a penalty of Rs. 100 crores from the Claimant for breach of contract.

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Does the Respondent object to furnishing the Claimant with any of the documents sought and, if so, why?

Not Applicable

Does the Respondent agree to all or part of the remedies claimed, including any Interim Temporary Remedy, claimed?

No. The Respondent does not agree to any of the remedies claimed. The Respondent instead claims that a penalty of Rs. 100 crores be levied on the Claimant for breach of contract.

Have any matters been agreed in relation to the dispute? If Yes, please specify:

In the contract dated 5th May 2013 under Clause 9, the parties have agreed that if the Claimant-Kevin Infrastructure Ltd. commits a breach of contract, a penalty of a sum upto Rs.100 crore (rupees one hundred crores only) may be levied on the Claimant.

Does the Respondent have any proposals for the carrying out of the hearing? If Yes, please specify:

No

Do you require copies of any documents in the possession or power of the Claimant(s) or any other parties concerned? Yes* / No* (*delete as appropriate)

If Yes, list the documents or categories of documents sought (use additional sheet if required):

Not Applicable

Acknowledgement

I hereby certify that the facts stated above are true to the best of my knowledge and I acknowledge that if any of these facts is proved to be false, my response to the Claim may be struck out immediately without further consideration:

Signature: Indraprastha Metro Rail Corporation Ltd.

(Respondent)

Date: 1st November 2018

STATEMENT OF DEFENCE

For the Arbitral Proceedings

Kevin Infrastructure Ltd. VS. Indraprastha Metro Rail Corporation Limited

Kevin Infrastructure Limited

803, Makers Chambers-VIII, Nariman Point, Mumbai.

-CLAIMANT-

Represented by Mr. P. Narayan, Advocate

Indraprastha Metro Rail Corporation Limited

706, Patto Heights, Bandra-Kurla Complex, Santacruz, Bandra (East), Mumbai.

- RESPONDENT-

Represented by Mr. S.V. Kanetkar, Advocate

INTRODUCTION

1. In its Statement of Claim, Claimant presents an incomplete summary of the facts, and has omitted some important details of the correspondences between the Claimant and the Respondent. In addition, the Claimant draws completely wrong legal conclusions from the facts presented.

2. The Arbitral Tribunal lacks jurisdiction and the necessary powers for the claim raised. Furthermore, Claimant's claim for Specific Performance of the Contract, Compensation and Enhancement of Costs is not justified.

STATEMENT OF DEFENCE

- 1. Claimant's description of the correspondences between the Claimant and Respondent lacks important details and the claimant has improperly stated several facts.
- 2. The Respondent agrees that the contract dated 5th May 2013 was signed and executed by the Claimant and the Respondent.
- 3. The Respondent further acknowledges and agrees to the correctness of the terms of the contract as stated by the Claimant in paragraph 3 and 4 of the Statement of Claim.
- 4. But, it is significant to mention here that the Claimant has deliberately and conveniently avoided to mention that the necessary permissions for the purposes of construction of the metro rail were efficiently secured by the Respondent. The process for land acquisition was commenced by 30th June 2013 itself. The reason for delay in commencement of work was due to the lethargic attitude of the Claimant and the Respondent cannot be said to be at fault. Therefore, the Respondent sent a letter dated 1st November 2013 to the Claimant, to enquire about the reasons for delay in the commencement of the construction.
- 5. In the reply letter dated 25th November 2013, the Claimant states that the delay was attributable to the Respondent because apparently the Land Acquisition process even of the initial stretch was not completed till 10th November 2013, this contention is baseless and without any valid ground.
- 6. The Claimant finally commenced its construction work on 10th January 2014, after delaying the work for over three months. The commencement of work was only because of the constant follow-up by the Respondent. This proves the reckless attitude of the Claimant and the Claimant's disinterest to complete the work on time. Yet, the Respondent gave time for the Claimant to show some progress and with the hope that the work will be completed as per the agreed time period.

- 7. Unfortunately, the Claimant failed once again to adhere to its agreement and halted the construction work for a period of 10 days in May 2015, but the Claimant never bothered to send any correspondence of this suspension of work to the Respondent. The Claimant once again stopped the construction work for a period of 3 weeks in July 2016 without any intimation to the Respondent. A letter was thus sent by the Respondent to the Claimant on 5th May 2018 demanding the reasons for the delay and eventual possibility of non-completion of the project by 31st December 2018.
- 8. It was only after this letter which was sent by Respondent to Claimant on 5th May 2018, that the delay and its reasons were notified by the Claimant to the Respondent. The Claimant in its reply letter dated 10th May 2018 stated that the suspension of work for 10 days in May 2015 was due to the accident leading to death of a workman. This important fact was never notified to the Respondent; the Respondent was completely unaware of such an important incident that had taken place. The Claimant was well aware that as per the Contract dated 5th May 2013, the Claimant was responsible for ensuring the safety of the workers. The disregarding of an important duty on the part of Claimant has caused death of a worker, and has thus also undermined the reputation of Indraprastha Metro Rail Corporation Limited.
- 9. Further, in the reply letter dated 10th May 2018 addressed to the Respondent, the Claimant further wrote that in July 2016, due to heavy rains and flooding, the work was suspended for 3 weeks. It is important to bring to the notice of the Tribunal here that even this pertinent fact that the work was suspended for a period of three whole weeks was never communicated by the Claimant to the Respondent on its own, it was only due to the letter Dated 5th May 2018 which enquired into the reasons of delay, that the Claimant bothered to state its reasons. The Claimant further in this letter requests extension of time for completion of the first phase as it is obvious that the work will not be completed by 31st December. But looking at the careless attitude, inability to communicate, and unresponsive behaviour of the Claimant it seems to the Respondent that the Claimant will not be able to fulfil its agreed terms of the contract, and hence the Respondent decided to not give the Claimant any extension of time and has thus decided to levy a penalty of Rs. 100

crores for breach of its contractual obligation due to non-performance, after alltime is the essence of the contract.

- 10. Unfortunately, the Claimant has in turn decided to institute arbitration by accusing the Respondent for non-performance of contract and inaccurately asking for compensation and enhanced costs. The contract has clearly stated in its Clause 2, the timeline within which the Claimant was supposed to complete the first phase of the project, Clause 2 further adds that time is essence of the contract. Hence, non-performance of its duty within time has resulted in breach of contract by the Claimant, thus the Respondent feels that all of Claimant's contention are invalid and baseless.
- 11. The Respondent submits that the Claimant was never ready and willing to perform his part of the contract and therefore is not entitled for any relief.
- 12. The Respondent submits that since time was the essence of contract, as the Claimant has admitted that the Claimant will not be able to comply with its part of obligation; the Claimant be directed to pay an amount of Rs. 100 Crores which is stipulated in the contract.

LEGAL EVALUATION

Lack of Jurisdiction

1. The Arbitral Tribunal lacks jurisdiction to decide the case.

REQUESTS FOR RELIEF

In light of the above and the contract dated 5th May 2013, Respondent requests the Arbitral Tribunal;

- a. To dismiss the claim as inadmissible for a lack of jurisdiction and powers;
- b. To reject the claim for Specific Performance of Contract
- c. To reject the claim for Compensation

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- d. To reject the claim for Enhanced Costs
- e. To order Claimant to pay Respondent's costs incurred in this arbitration
- f. Direct the Claimant to pay an amount of Rs. 100 Crores as compensation on account of delay caused by the Claimant.

For Indraprastha Metro Rail Corporation Ltd.

Advocate on behalf of Respondent

1st November 2018

REPLY TO COUNTER-CLAIM

For the Arbitral Proceedings

Kevin Infrastructure Ltd. VS. Indraprastha Metro Rail Corporation Limited

- 1. With reference to paragraph 4 of the Statement of Defence, the Respondent presents a false picture of the actual facts. The respondent has stated that the necessary permissions for the construction of the metro were efficiently secured, but in reality the acquisition process of even the initial stretch of land was not completed till 10th November 2013. Therefore, it was impossible for the Claimant to commence the actual construction work on the decided date of 1st October 2013 as per the contract dated 5th May 2013. The Claimant has presented a copy of the letter dated 25th November 2013 (Exhibit 2), which clearly mentions this fact. Once again in the letter dated 10th May 2018 (Exhibit 4), the Claimant has mentioned the fact that the necessary permissions- land acquisition etc. was not completed by the Respondent by 10th November and hence there was delay of commencement of work. The Respondent has conveniently decided to not respond to these enquiries by the Claimant in both the letters sent by the Respondent to the Claimant. (Exhibit 3 and Exhibit 5). These evidences prove that the claims of the Claimant are valid and admissible.
- 2. Again, in paragraph 6 of the Statement of Defence, the Respondent has falsely accused the Claimant to have delayed work and the Respondent has further questioned the attitude of the Claimant. The Claimant would humbly like to submit that the Claimant began the construction work as soon as the land was ready with all necessary permissions and when it was legally possible for the Claimant to begin construction, therefore the Claimant began the construction work by 10th January 2014.
- 3. With reference to paragraph 7, 8 and 9 of the Statement of Defence, the Claimant would like to submit that the Claimant has constantly been in communication with the Respondent, especially through the officers designated by the Respondent. The Respondent was well aware of the fact that a workman had

met with an accident and died, due to which a strike had been called by the labourers who were involved in the construction of the metro rail project. The Respondent was also aware of the conditions in Mumbai due to the floods of July, 2016, it was rather impossible to continue any construction work and hence the suspension of work for 3 weeks. The construction works soon commenced in August, 2016, as soon the weather conditions were favourable for the metro construction. These situations were unavoidable by the Claimant and hence the delay in construction.

- 4. The Claimant would like to further add that the contract between the parties signed on 5th May 2013, clearly mentions under Clause 7- Force Majeure that if any party fails to perform its contractual obligation due to circumstances beyond its reasonable control then said failure shall be excused for the duration of such event and for such a time thereafter as is reasonable to enable the parties to resume performance under the contract, provided however, that in no event shall such time extend for a period of more than one hundred eighty (180) days.
- 5. Hence, the Claimant would like to humbly state that the reasons for the delay in commencement of the construction work and the further delay in completion of the first phase is attributable solely to unavoidable circumstances which existed and the unwillingness of the Respondent to complete its part of the contractual obligations in time.
- 6. Thus, the Claimant prays that all the claims mentioned in the Statement of Claim, be held valid and admissible by the Tribunal. The Claimant further requests the Tribunal, to hold the counterclaims of the Respondent baseless and inadmissible for lack of evidence.
- 7. The Claimant submits that the Respondent is not entitled to any amount either Rs. 100 Crores or any part thereof.

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- 8. The Claimant submits that as contended by the Respondent itself, the amount of Rs.100 crores stipulated in the contract is by way of penalty therefore the same cannot be granted.
- 9. It is prayed that the counter-claim of the Respondent be dismissed with costs.

For Kevin Infrastructure Limited

Advocate on behalf of Claimant

30th November 2018

ILSCA 1ST NATIONAL COMMERCIAL ARBITRATION AWARD WRITING COMPETITION

INDRAPRASTHA METRO RAIL CORPORATION LIMITED

(A Government of India undertaking)

706, Patto Heights, Bandra-Kurla Complex, Santacruz, Bandra (East)

To, 1st November 2013

Mr. Kevin Peters Ref: 56/2013

Managing Director,

Kevin Infrastructure Limited,

Mumbai.

Sir,

It has come to our notice that the construction work of the Metro Rail Project has not commenced till 1st November 2013. I would like to bring it to your notice that the first phase must be completed by 31st December 2018. The delay in the commencement may lead to adverse repercussions as per our contract dated 5th May 2013.

We request you to commence the construction work and act according to the contract.

Thanking you,

Hruchika Kulkarni

Managing Director,

Indraprastha Metro Rail Ltd.,

Mumbai.

ILSCA 1ST NATIONAL COMMERCIAL ARBITRATION AWARD WRITING COMPETITION

KEVIN INFRASTRUCTURE LIMITED

803, Makers Chambers-VIII, Nariman Point, Mumbai.

To,

25th November 2013

Ref: 32/2013

Ms. Hruchika Kulkarni

Managing Director,

Indraprastha Metro Rail Corporation Limited,

Mumbai.

Madam,

The delay of the project was due to non-completion of Land Acquisition process. According to the contract dated 5th May 2013, the responsibility for completion of the Land Acquisition process and obtaining the permissions from the State Government and other appropriate authorities was on Indraprastha Metro Rail Corporation Limited.

I would like to inform that as of 10th November 2013 the process of Land Acquisition was not completed. Hence, we could not commence our work as stipulated by the contract. We request you to obtain all requisite permissions and complete Land Acquisition process.

Thanking you,

Kevin Peters

Managing Director

Kevin Infrastructure Limited

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INDRAPRASTHA METRO RAIL CORPORATION LIMITED

(An undertaking of Government of India)

706, Patto Heights, Bandra-Kurla Complex, Santacruz, Bandra (East)

To,

5th May 2018

Mr. Kevin Peters

Ref: 35/2018

Managing Director,

Kevin Infrastructure Limited,

Mumbai.

Sir,

The previous visit to the site of Metro construction was conducted by the Project manager on 3rd May 2018. It appears that the work, proceeding at the current pace, would miss the deadline for completion by 31st December 2018, as was initially agreed in the agreement dated 05th May 2013. It is pertinent to note that you had missed the deadlines in the previous milestones, which was excused by us previously, with the belief that you would meet the ultimate deadline. However, our apprehension of non-completion of project seems reinforced as we witness the state of construction.

In this regard, we require your explanation as to:

a. The reasons for delay in the construction; and

b. Our belief that the work would not be completed within the overall deadline of 31st December 2018.

Yours faithfully,

Hruchika Kulkarni

Managing Director,

Indraprastha Metro Rail Corporation Ltd.,

Mumbai.

ILSCA 1ST NATIONAL COMMERCIAL ARBITRATION AWARD WRITING COMPETITION

KEVIN INFRASTRUCTURE LIMITED

803, Makers Chambers-VIII, Nariman Point, Mumbai.

To, 10th May 2018

Ms. Hruchika Kulkarni Ref: 24/2018

Managing Director,

Indraprastha Metro Rail Corporation Limited,

Mumbai.

Madam,

With reference to your letter dated 5th May 2018, we reply as under:

At the outset we would like to state that all the reasons contributing towards the delay in the completion of the project were beyond our control and no fault whatsoever can be attributed to us. The reasons for the delay are as follows:

- a. The land acquisition and the handing over the possession after obtaining all the statutory permissions etc., were to be completed by Indraprastha Metro Rail Corporation by 15th Sept. 2013 in accordance with the contract dated 5th May 2013. This process was not completed by Indraprastha Metro Rail Corp. even till 10th November 2013 which was also communicated vide letter dated 25th November 2013. The actual work on the said land could be commenced only by 10th January 2014.
- b. In May 2015, due to an accident leading to the death of a workman, the workers went on a strike of 10 days stalling the work completely for such period.

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c. Also, in July 2016, due to torrential rains, the construction site was flooded

leading to inability on our part to carry out any work for three weeks and the

work, could at the earliest could be resumed only by 5th August 2016.

We believe that you would appreciate the fact that none of the above reasons,

causing delay in the completion of the project were within our control and the

same shall be covered by the Force Majeure clause of our agreement dated 05th

May 2013.

Considering the current scenario and the developments we request you to kindly

consider providing us with an extension of three months, i.e. upto 31st March 2019

for the completion of the project. This extension of time would facilitate the

smooth functioning and completion of project in compliance with the quality

requirements.

Thanking you,

Yours faithfully

Kevin Peters

Managing Director

Kevin Infrastructure Limited

ILSCA 1ST NATIONAL COMMERCIAL ARBITRATION AWARD WRITING COMPETITION

INDRAPRASTHA METRO RAIL CORPORATION LIMITED

(An undertaking of Government of India)

706, Patto Heights, Bandra-Kurla Complex, Santacruz, Bandra (East)

30th May 2018

Ref: 40/2018

To,

Mr. Kevin Peters

Managing Director,

Kevin Infrastructure Limited,

Mumbai.

Sir,

With reference to your letter dated 10th May 2018, we would like to state we are unable to

accept any of the reasons provided by you for the delay in the completion of work, as a

valid ground to condone the same and not consider as a breach of contract. It is pertinent

to note that while estimating the duration of the project, the contingencies of the nature

mentioned by you should have been factored as construction industry is susceptible to

such eventualities.

It was mentioned in our agreement dated 05th May 2013 that time is an essence of the

contract and non-performance of such contract within the stipulated time would only

amount to its breach.

As you have sought an extension of time of three months, we are reasonable to conclude

that the project will not be completed within the deadline of 31st December 2018 as was

stipulated in the contract. Therefore, we invoke Clause 9 of the agreement dated 05th May

2013 demanding the penalty to the tune of Rs. 100 crores on account of breach of

contract.

Kindly comply.

Yours faithfully,

Hruchika Kulkarni

Managing Director,

Indraprastha Metro Rail Corporation Ltd.,

Mumbai.