



## Himachal Pradesh Power Corporation Limited

(A State Govt. Undertaking)

Himfed Building, BCS, New Shimla, Shimla-171009.

Phone: 0177-2670633, Fax No.: 0177-2671589

CIN:U40101HP2006SGC030591

### OFFICE ORDER

The Board of Directors in its 92<sup>nd</sup> Meeting held on 08<sup>th</sup> December, 2025 approved adoption of provisions of the Ministry of Finance Department of Expenditure (Procurement Policy Division) GoI Office Memorandum No. F.1/7/2022-PPD dated 29-05-2023 regarding One Time Settlement Scheme called Vivad se Vishwas-II (Contractual Disputes) to effectively settle pending disputes.

#### Applicability:

2. The scheme will apply to contractual disputes where one of the parties is **Himachal Pradesh Power Corporation Limited, Himfed Building, BCS, New Shimla-171009**. The HPPCL shall hereinafter be referred to as "procuring entities." The other party in dispute with the procuring entity shall be referred to as **contractor (s)** hereinafter.
3. Disputes where the award by Court/ Arbitral Tribunal (AT) is only for monetary value will be eligible for settlement under this scheme. In case the award stipulates specific performance of contract (either fully or partially); such awards will not be eligible for settlement through this scheme.
4. Cases shall satisfy following criteria to be eligible for settlement under this scheme:

Status of Dispute	The award shall have been issued up to the following date
Arbitral Award passed	<b><u>30-09-2025</u></b>
Court Award passed	

5. The scheme will be applicable only to those contractors who wish to participate in the scheme.
6. The scheme shall apply only for cases involving domestic arbitration and cases under international arbitration are not eligible to be settled under this scheme.

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7. The scheme shall be applicable to all kinds of procurement including procurement of goods, services and works. The scheme is also applicable to all "earning contracts" (i.e. contracts where HPPCL receives money in exchange for goods, services, rights, etc.) as well as contracts under Public Private Partnership (PPP) arrangements.

### **Amount payable under the scheme**

8. The settlement amount that shall be offered to Contractors for various categories of disputes is as under:

<b>SI. No.</b>	<b>Status of Dispute</b>	<b>Settlement Amount</b>
(a)	<b>Court Award</b> passed on or before <b>30-09-2025</b> Notes:	<b>85% of the net amount</b>

	i. Case may or may not be under further appeal. ii. Court award will include the cases where the parties have approached the courts directly or approached the court subsequent to arbitral award (under any provision of the Indian Arbitration and Conciliation Act, 1996). However, Interim Orders under Section 9 of the Indian Arbitration and Conciliation Act, 1996, shall not be considered as an award eligible for settlement under this scheme.	Awarded / upheld by the court or 85% of the claim amount lodged by the contractor under this scheme, whichever is lower.
(b)	<b>Arbitral Award</b> passed on or before 30-09-2025 Notes: i. Case may or may not be under challenge/ appeal before a Court. ii. Arbitral Award passed by the Micro and Small Enterprises Facilitation Council (MSEFC) or Arbitral Tribunal appointed on reference by MSEFC under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006, shall also be included under this scheme. iii. However, Interim Orders of the Arbitral Tribunal	<b>65% of the net amount</b>  awarded/upheld by the court or 65% of the claim amount lodged by the contractor under this scheme, whichever is lower.

*Verdict*

	under any provision of the Indian Arbitration and Conciliation Act, 1996, shall not be considered as An award eligible for settlement under this scheme.			
Notes for both (a) and (b) as above	<div><div>1. In case, the award directs amount 'X' to be paid to contractor and amount 'Y' to be paid to procuring entity by the contractor, then the net amount awarded shall be (X-Y) and the amount payable under this scheme will be 85% or 65%, as the case may be, of (X-Y).</div><div>2. In case no payment or only partial payment has been made as per the award within the stipulated time given in the award itself (time should be taken as 30 days in case there is no time stipulated in the award for making payments), simple interest at the rate of 9% per annum will be payable on 85% / 65% of the net amount awarded, as the case may be, minus the amount already paid, if any, for time period beyond such stipulated period till date of acknowledgement email, as specified in Step 3 of para 12, by the procuring entity.</div><div>3. It is further clarified that such 9% interest will be paid only on the net amount payable under this scheme after deducting the payments already made.</div></div>			
	<div>4. Even if award mentions any rate of interest (may be below or above 9%) for payments made after the stipulated period for making such payments, still interest payable under this scheme shall only be 9% simple interest per annum.</div> <div><b>Illustration 1:</b><table><tr><td>Award</td><td>Rs. 1,00,000/- in favour of contractor Plus interest as indicated below.</td></tr></table></div>	Award	Rs. 1,00,000/- in favour of contractor Plus interest as indicated below.	
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		Interest	<p><i>Payable as per award:</i></p> <ul style="list-style-type: none"> <li>i. 10% till date of award, from a date mentioned in the award.</li> <li>ii. Payment to be made within 60 days of the award (stipulated period= 60 days from the date of award).</li> <li>iii. 12% for the period for which payment is delayed beyond the stipulated period.</li> </ul> <p><i>Payments including modalities under this scheme will be as under:</i></p> <ul style="list-style-type: none"> <li>i. 10% till date of award, from a date mentioned in the award. (i.e. till the date of award calculation of amount payable, including interest, shall be as per the award).</li> <li>ii. No interest is to be paid for the period stipulated for making payments in the award (60 days in the current case).</li> <li>iii. 9% for the period beyond 60 days in case of delayed payments on 85% of court award i.e. Rs. 85,000/-.</li> </ul>	
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9. In case the award directs payment of amount to the procuring entity, such awards shall also be eligible to be considered under the scheme, if opted by contractor. To clarify, in such cases, the contractor in order to bring finality to the case, may voluntarily offer to close the dispute on same terms and conditions as laid down in this scheme by paying the amount to the procuring entity, 85% or 65%, of the net award amount, as due under para 8(a) or 8(b) above and notes there-under, whichever may be applicable in the case.

10. Wherever the procuring entity has deposited some amount with a court before filing an appeal/ challenge, the interest payable on the amount due, as per para 8(a) or

8(b), shall be on the amount, payable under this scheme, without any reduction for the amount deposited with the court. It shall be the obligation of the procuring entity to take prompt action to ensure release of such deposited amount at the earliest after the settlement under the scheme is accepted.

11. As per the General Financial Rules and earlier guidelines, in case the procuring entities challenge an arbitral award, 75% of the award amount has to be paid to the contractor, against a Bank guarantee (BG) of equivalent amount, before filing of the challenge in the court. Such amounts paid to the contractor shall be adjusted with the amounts due under the present scheme. However, no reimbursement of BG charges will be made to the contractor.

#### ***Illustration 2:***

*Assuming Rs.10,000 is to be paid to the contractor by the procuring entity as per para 8(a) or 8(b) above, as the case may be.*

*The BG available with the procuring entity under Rule (equivalent to the value already paid by the procuring entity to the contractor) could be of a value either more or less than Rs. 10,000.*

*Such cases will be dealt as below:*

*(a) In case BG available is less than Rs. 10,000/- (say Rs. 6,000/-). In such a case, procuring entity will pay Rs. 10,000 - Rs. 6,000 = Rs. 4,000 to the contractor and BG will be returned to the contractor. It may be noted that 9% interest, as per para 8, will be paid only on Rs.4,000/-. No reimbursement of BG charges will be paid to the contractor.*

*(b) In case BG available is more than Rs.10,000/-(say Rs.15,000/-). In such a case, contractor will be required to deposit Rs. 15,000 - Rs.10,000 = Rs. 5,000 with the procuring entity. It may be noted that 9% interest will be paid on Rs. 5,000/- by the contractor. Only thereafter BG will be returned to the contractor. No reimbursement of BG charges will be paid to the contractor.*

#### **Submission of claims and Time periods**

12. Contractors should submit their claims through **OFF LINE MODE** on the prescribed performa (To be designed by the concerned sections of HPPCL as per their requirement). The broad steps of these performa are as under:

- Step1: The details of the dispute should contain at least the following: contract number, procuring entity/ contracting authority, paying authority, net award amount (as detailed in para 8(a) and 8(b)), claim amount with details thereof and the status of the dispute.
- Step2: The contractor shall intimate such details to the procuring entities to verify the dispute under this scheme. The procuring entity shall verify the claim details. Each entry on the performa shall be dispute specific. There can be more than one dispute under same contract, which shall be claimed, under this scheme, separately.
- Step3: The procuring entities shall evaluate the settlement amount due, as per this scheme and offer it to contractor for acceptance normally **with in two weeks** of receipt of claims on the prescribed performa. The contractor will be required to accept the offer within the prescribed time period. If the contractor accepts the offer Step 4 shall follow else Step 5 shall follow. Time available for contractor to respond to the offer shall be **30 (thirty)** calendar days only (Calendar day ending at midnight). There shall be no option for any relaxation, However, the procuring entity shall have the authority to amend / withdraw the offer, under this scheme, at any time before the acceptance by the contractor. Immediately on acceptance of the settlement offer under the scheme, an acknowledgement through email, of the parties reaching such settlement, shall be sent to both the parties.
- Step 4: The contractor will be given **45 days** (or longer period if permitted by the procuring entity), from the date of the acknowledgement email as indicated in Step 3 above, to file application for withdrawal of the case before the court. However, only after the contractor provide the document indicating that court has permitted to withdraw the case, if applicable, should the settlement agreement under this scheme be executed and the payments made by the procuring entities.

In case the procuring entity has to withdraw the case from court, the procuring entity shall also file an application for such withdrawal within 45 days. The settlement agreement shall be executed within 30 days of submission of application of withdrawal of case from the court in such cases, without waiting for formal permission of the court regarding withdrawal of the case.

If the contractor agrees to the settlement under this scheme, a settlement

*Done*



agreement (a model agreement is at Annexure-I which the procuring entities are free to appropriately modify, without changing core terms, based on their past experience, local needs etc.) may be signed, by both the parties. The settlement agreement shall have the same meaning and consequence as the settlement agreement consequent to successful conciliation as per The Arbitration and Conciliation Act, 1996. The settlement agreement shall be signed only by the parties without any need for attestation of any conciliator. Stamp duty for the settlement agreement, in all cases under this scheme, shall be paid by the contractor.

The settlement agreement shall clearly state that even though the dispute is finally settled, the settlement does not decide on any issue, either of law or of fact, under dispute. Further, it should be clearly stated and implied from the settlement agreement that as a process of settlement the parties shall withdraw all litigation pending related to this dispute, willingly, without duress and after fully understanding the consequences.

The Settlement Agreement shall contain a statement to the effect that each of the persons signing thereto (i) is fully authorized by the respective Party he/ she represents, (ii) has fully understood the contents of the settlement agreement, (iii) is signing on the settlement agreement out of complete free will and consent, without any pressure, undue influence, and (iv) the settlement agreement shall be final and binding on and enforceable against the Party and the persons claiming under/ through him.

The procuring entity or the contractor, as the case may be, shall make payments within **30 days** of the execution of the settlement agreement.

Step5: If the contractor does not accept the offer: the ongoing litigation process may continue.

### **Other Provisions:**

13. The status of dispute shall not change, in case appropriate court passes an award on the dispute after 30-09-2025 and before settlement under this scheme. The only exception to this provision will be the cases discussed in para 14 as below.

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**Illustration 3:**

*An arbitral award has been passed in a dispute on 15.02.2024 (a date prior to 30.09.2025). Further, the said award, as on 30.09.2025, is under consideration of the appropriate court, through an appeal or challenge. The court has given/upheld the same award on 03.11.2025 (a date after 30.09.2025). Even in such cases, only 65% of the award as per Para 10(b) will be payable under the scheme.*

14. Procuring entities should continue to closely monitor any court awards, in all cases where claim, under this scheme, has been already lodged by the contractor, even subsequent to 30.09.2025 till the date of issue of acknowledgement email, as specified in Step3 of para 12 ,above.

However, there could be some cases where court awards may be in favour of the procuring entity i.e. net payable amount to the contractor, under this scheme, may decrease, if the court award published after 30.09.2025 is taken into consideration. In all such cases procuring entities should immediately send revised offers to the contractor, as per the same procedure specified in Step3 of para 12,above. The contractor shall be given 30 days to consider the revised offer (from the date of revised offer) made by the procuring entity. However, in no case, revised offer is to be sent by the procuring entity after issue of the acknowledgement email. In case acknowledgement email has been issued, settlement agreement shall only be in terms of the offer of the procuring entity already accepted by the contract or and any court order issued subsequent to the date of acknowledgement email shall be ignored.

**Illustration4:** *(Only for the purpose of principal amount payable under this scheme. The calculation for interest shall apply separately.)*

<b>Case A</b>
<i>Net amount payable to contractor under this scheme based on status of case as on relevant cut-off date mentioned in para 4 is Rs. 1 Cr. and procuring entity has not yet issued any offer to the contractor.</i>
<i>Amount payable as per the scheme on the basis of court award published on 30.10.2025 is Rs. 50 lakh</i>

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*In such a case, procuring entity will make an offer of only Rs. 50 lakh to contractor.*

**Case B**

*Net amount payable to contractor under this scheme based on status of case as on relevant cut-off date mentioned in para 4 is Rs. 1 Cr. and procuring entity has issued an offer to contractor of Rs. 1 Cr. However, the contractor has not yet accepted the offer.*

*Amount payable as per the scheme on the basis of court award published on 30.10.2025 is Rs. 50 lakh*

*In such a case, procuring entity will modify the offer to Rs. 50 lakh to contractor.*

**Case C**

*Net amount payable to contractor under this scheme based on status of case as on relevant cut-off date mentioned in para 4 is Rs. 1 Cr. and procuring entity has issued an offer to contractor of Rs. 1 Cr. The contractor has accepted the offer*

*Amount payable as per the scheme on the basis of court award published on 30.10.2025 is Rs. 50 lakh*

*In such a case, procuring entity will not make any changes in the settlement amount of Rs. 1 Cr., which has been already agreed by the procuring entity as well as the contractor.*

15. The date of commencement of the scheme shall be **01-01-2026** and claims can be submitted by **30-06-2026**.

16. In all cases where the claim amount is **Rs. 200 crore or less**, procuring entities will have to accept the claim, if the claim is in compliance with these guidelines.

17. Only in case the claim amount, by the contractor, under this scheme exceeds Rs 200 crore, the procuring entities will have an option not to accept the settlement request of the contractor. Wherever, it is decided by the procuring entities not to accept the claim of contractors, the same should normally be communicated to the contractor within 60 days of receipt of claim (unlike two weeks for evaluation of the settlement amount under Step 3 of para 12 above).

12/10/25

Note: The contractor may, if he so desires, reduce the amount claimed, under this scheme, from the award amount while submitting his dispute for settlement on the portal under this scheme.

*Illustration 5:*

*Net award amount payable to the contractor=Rs.210 Cr.*

*Claim amount lodged by the contractor under this scheme=Rs.190 Cr.*

*In such cases procuring entities will have to accept the same, as the claim amount is less than Rs.200 Cr, if the claim is otherwise in compliance with these guidelines and para 17 will not be applicable in such case.*

18. However, wherever under paragraph 17, in respect of claims exceeding Rs. 200 crore, it is decided not to accept the request for settlement from the contractor, the reasons for the same shall be recorded on file by the procuring entities and approval of the Board of Director HPPCL shall be obtained. The decision not to accept the request for settlement should not be taken in a routine manner but only when the case genuinely merits going for the appeal and there are high chances of winning in the court/ higher court. The decision should be based on success rate of appealing against court/ arbitration awards in the past. A special committee may be set up to review the case, before it is decided not to accept the request for settlement. The committee or other authority deciding on the matter shall clarify that it has considered both legal merits and the practical chances of success and after considering the cost of, and arising through, litigation/ appeal/ further litigation as the case may be, it is satisfied that such litigation/ appeal/ further litigation cost is likely to be financially beneficial compared to accepting the settlement.

19. In case settlement could not be achieved for any reason under this scheme, any offer, including reduction of claim amount, by any of the parties during the settlement process under this scheme, shall not be quoted in any further litigation.

20. It is clarified that the scheme does not apply to cases where parties, including the procuring entities, have already reached a settlement through conciliation agreement. However, in case conciliation process is underway even after such award, eligible for settlement under this scheme, either by the Arbitral Tribunal or the court, then such conciliation process should be kept in abeyance and the process provided in this scheme can be followed. In case no settlement is reached under this scheme, the

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conciliation, as prior to the scheme, can continue.

**21.** HPPCL may, from time to time, issue such directions or orders under the scheme, as it may deem fit, which may include giving clarifications or further directions/ instructions for implementation of the scheme and to remove difficulties arising in giving effect to the Provision of this scheme.

*Naor*

Director (Personnel)  
HPPCL Shimla-9

Endst. No. HPPCL/Audit/2025- 16801-22

Dated: 31-12-2025

Copy forwarded for information and necessary compliance to:-

1. ES to Managing Director, HPPCL, Shimla-9 for favour of information of worthy Managing Director please
2. The Director (Finance/Personnel) HPPCL Himfed Building, BCS, New Shimla-9 please.
3. Director (Civil), HPPCL, Himfed Building, BCS, New Shimla-9
4. Director (Electrical), HPPCL, Himfed Building, BCS, New Shimla-9
5. All the HoPs/HoDs in HPPCL
6. The Company Secretary, HPPCL
7. The AGM/DGM (Finance), HPPCL
8. The DGM, (P&A) HPPCL
9. The Dy. Controller (F&A) HPPCL

*Naor*

Director (Personnel)  
HPPCL Shimla-9



**Annexure-1**

**Settlement Agreement between (procuring entity) and Contractor under section 73(2) of the Arbitration and Conciliation Act, 1996.**

This agreement is entered into this (date) day of (year) ("**Settlement Agreement**") between (**procuring entity**) (hereinafter referred to as "**PROCURING ENTITY**") which expression shall, unless, repugnant to the context or meaning thereof, include its legal successor, executors, permitted assignees) of the one part and

M/s.....having its registered office at..... Herein after referred to as the "**CONTRACTOR**" which expression shall unless repugnant to the context or meaning thereof, include its legal successor, executors, permitted assignees) of the other part.

**WHEREAS:**

PROCURING ENTITY awarded a contract for ..... (hereinafter Referred as "Contract").

Dispute arose between PROCURING ENTITY and the CONTRACTOR in the above mentioned contract. The dispute has been considered by Court/ Arbitral Tribunal and the award was issued vide dated .The award directs as follows:

- A. Amounts due from PROCURING ENTITY to CONTRACTOR
  - i. (amount), (interest rate), (date of interest)
  - ii.
- B. Amounts due from CONTRACTOR to PROCURING ENTITY
  - i. (amount), (interest rate), (date of interest)

**NOW THIS SETTLEMENT AGREEMENT WITNESSETH AS BELOW:**

1. It is agreed between the parties to this Settlement Agreement that PROCURING ENTITY shall pay Rs...../(Rupees in words ..... ) inclusive of taxes, if any to the CONTRACTOR as per full and final settlement of all the disputes mentioned hereinabove pertaining to the above mentioned contract.

Thus total amount of Rs...../-will be payable by PROCURING ENTITY

to the CONTRACTOR within one month from the date of execution of this Settlement Agreement by the Parties towards full and final settlement of the claims and disputes set out herein above in reference to the said contract.

2. That both parties hereby agree that all differences arisen out of the said dispute mentioned hereinabove now stand resolved and fully settled on payment of the sum stipulated in **para no. 1** above, and no dispute of any nature what so ever shall survive. Accordingly, subject to aforesaid both PROCURING ENTITY and CONTRACTOR agree that they shall neither raise any dispute nor they shall initiate any proceedings, legal or otherwise against each other with reference to the aforesaid dispute.
3. That this Settlement Agreement shall continue perpetually and shall be binding upon the parties, their successors and assignees.
4. The Settlement Agreement constitutes the entire agreement and supersedes all prior understandings and writings between PROCURING ENTITY and CONTRACTOR hereto concerning the disputes and/or subject matter of this Settlement Agreement.
5. PROCURING ENTITY and CONTRACTOR hereby agree that this Settlement Agreement shall have same status and effect as that of an Arbitral Award on agreed terms upon the substance of the dispute in accordance with Section 74 of the Arbitration and Conciliation Act, 1996 and shall be capable of execution as such.
6. PROCURING ENTITY and CONTRACTOR hereby agree and undertake that in terms of Section 75 of the Arbitration and Conciliation Act, 1996, they shall keep confidential all matters relating to the conciliation proceedings. They also agree that the confidentiality shall extend also to the Settlement Agreement, except where its disclosure is necessary for purposes of implementation and enforcement.
7. The two identical counterparts of the Settlement Agreement are hereby executed by and between PROCURING ENTITY and CONTRACTOR through their authorized signatories and with understanding that each shall be deemed original for all purposes.
8. The parties agree and understand that even though the dispute is finally settled the settlement agreement does not decide on any issue, either of law or of fact, under dispute. This is a settlement agreement under the one time dispute settlement scheme of the Government of India, without consideration of the factual or legal issues at stake.
9. The parties agree and understand that as a process of settlement the parties shall withdraw all litigations/ arbitral proceedings/ conciliation proceedings pending on the matters, willingly, without duress and after fully understanding the consequences.

10. Each of the persons signing this settlement agreement is fully authorized to do so, has fully understood the contents of the same and is signing on the same out of complete free will and consent, without any pressure and undue influence.

IN WITNESS WHERE OF, the parties here to have hereunto set their respective hands the day and year first above written.

(Signed for and behalf of PROCURING  
ENTITY) Name:.....  
Designation:.....

(Signed for and on behalf of....)  
Name:.....  
Designation:.....