IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 14TH DAY OF OCTOBER 2026

PRESENT

THE HON'BLE MR. JUSTICE D K SINGH

AND

THE HON'BLE MR. JUSTICE H.SHANTHI BHUSHAN

COMMERCIAL APPEAL NO. 45 OF 2025
C/W
COMMERCIAL APPEAL CROSS OBJECTION NO. 1 /2026

IN COMAP No. 45/2025:

BETWEEN:

THE DIRECTOR OF CENTRE/UNIT
ISRO HEAD QUARTERS,
LPSC CAMPUS,
BANGALORE-560 008.

...APPELLANT

(BY SRI. A. CHANDRA CHUD, ADVOCATE)

AND:

M/S. RVR PROJECTS PRIVATE LIMITED
HAVING ITS OFFICE AT NO. 9-16-29,
CBM COMPOUND,
VISHAKAPATNAM-530 003,
REPRESENTED BY ITS AUTHORIZED SIGNATORY,
SRI. RAYALA RAJENDRA KUMAR.

...RESPONDENT

(BY SRI. BAPAT SAMPATH VINAYAKA RAO.,ADVOCATE A/W
SRI. S.V.S. CHOUDHARY, ADVOCATE)

THIS COMAP FILED UNDER SECTION 13(1-A) OF COMMERCIAL COURTS ACT, PRAYING TO ALLOW THIS APPEAL AND SET ASIDE THE JUDGMENT AND DECREE DATED 15.10.2024 PASSED IN COM.OS NO.1322/2023 BY THE LXXXIV ADDITIONAL CITY CIVIL AND SESSIONS JUDGE, BANGALORE(CCH 85).

IN COMAP.CR NO. 1/2026:

BETWEEN:

M/S RVR PROJECTS PRIVATE LIMITED
HAVING ITS OFFICE AT NO. 9-16-29,
CBM COMPOUND, VISHAKAPATNAM-530 003,
REPRESENTED BY ITS AUTHORIZED SIGNATORY,
SRI. RAYALA RAJENDRA KUMAR.

...CROSS OBJECTOR

(BY SRI. BAPAT SAMPATH VINAYAKA RAO, ADVOCATE
A/W SRI. S.V.S CHOUDHARY, ADVOCATE FOR CROSS OBJECTOR)

AND:

THE DIRECTOR OF THE CENTRE/UNIT
ISRO HEAD QUARTERS, LPSC CAMPUS,
BANGALORE-560 008.

...RESPONDENT

(BY SRI.A.CHANDRA CHUD.,ADVOCATE)

THIS COMAP/COMMMERCIAL CROSS OBJECTION FILED UNDER ORDER.XLI RULE 22 OF THE CPC, PRAYING TO SET ASIDE THE JUDGMENT AND DECREE DATED.15.10.2024 PASSED IN COM.O.S.NO.1322/2023 BY THE LXXXI/ADDITIONAL CITY CIVIL AND SESSIONS JUDGE, BENGALURU, (CCH-85) AND GRANT 18 PERCENT P.A. INTEREST AMOUNTING TO RS.4,66,05,510/-.

THIS COMAP AND COMAP CROSS OBJECTION HAVING BEEN HEARD AND RESERVED FOR JUDGMENT ON 16.09.2026 AND COMING ON FOR PRONOUNCEMENT THIS DAY, ***HON'BLE MR. JUSTICE H.SHANTHI BHUSHAN*** DELIVERED THE FOLLOWING:

CORAM: HON'BLE MR. JUSTICE D K SINGH
AND
HON'BLE MR. JUSTICE H.SHANTHI BHUSHAN

CAV JUDGMENT

(PER: HON'BLE MR. JUSTICE H. SHANTHI BHUSHAN)

The present appeal arises out of an EPC contract entered into between the parties for execution of the works in accordance with the tender documents, drawings, specifications and designs approved by the Department. The plaintiff asserts that, in the course of execution of the contract, certain works were carried out pursuant to the oral directions of the officials of the Department and that such works were beyond the scope of the original contract, entitling the plaintiff to additional payment. The defendant disputes the said claim and contends that the works in question formed part of the contractual scope and were required to be executed in terms of the approved drawings and designs. The contract further contains specific stipulations governing deviations and variations from the contracted work and the circumstances in which any additional liability could arise upon the Department. On a consideration of the contractual terms, the pleadings, the evidence of PW-1 and DW-1 and the findings recorded by the Commercial Court, we are of the considered view that the findings under challenge are not sustainable in law and on facts. The judgment and decree passed by the Commercial Court, therefore, call for interference and the appeal deserves to be allowed.

These appeal and cross-objections are filed impugning the judgment and decree dated 15.10.2024 passed in Commercial O.S.No.1322/2023 by the LXXXIV Additional City Civil & Sessions Judge (CCH-85) (Commercial Court), Bengaluru, (‘**Commercial Court**’ for brevity).

2. For the sake of convenience, the parties are hereinafter referred to by their ranking before the Commercial Court.

Plaintiff’s Case:

3. The Plaintiff, M/s RVR Projects Private Limited, states that it was awarded by the Department of Space, represented by the Defendant, the Engineering, Procurement and Construction (EPC) contract for the work of Integrated Titanium Alloy Tank Production Facility (ITPF) for LPSC (B) at Tumakuru, Karnataka, comprising planning, design, supply, fabrication, erection and commissioning of a pre-engineered steel building, including civil, PH, electrical, AC and allied works, under Letter of Intent No. CMG/ISRO-HQ/C/300/ITPF/LPSC(B)/TUMKUR/20/650 dated 10.01.2019. The Plaintiff contends that the scope of the contract included the detailed engineering and execution of the entire facility and

its internal and external services in accordance with the approved designs and drawings. The tender documents specified a footprint of approximately 167 meters in length and 68 mtrs. in width, including the main facility with a carpet area of 6514 sq.mtrs. and 747 sq.mtrs. of mezzanine floor, besides a separate utility area of 274 sq.mtrs. According to the Plaintiff, although design and detailing formed part of its scope, the same was to be carried out within the parameters and drawings furnished by the Defendant.

4. The Plaintiff further pleads that, while executing the awarded work, it was required to carry out certain extra and additional works which, according to it, were beyond the quantities and scope contemplated in the tender, but payment for such works was not made. The Plaintiff accordingly raised its claims by letter dated 09.01.2021. It was the case of the Plaintiff that the Defendant accepted some of the extra items but rejected several other quantities, and that the statement of accepted and rejected extra items demonstrated that the rejected quantities had been disallowed without proper basis. Aggrieved thereby, the Plaintiff invoked Clause 25 of the Agreement relating to dispute resolution and addressed representations dated 31.12.2021, 11.04.2022 and 13.05.2022

to the concerned authorities. The Defendant thereafter, by communications dated 08.08.2022 and 04.10.2022, rejected the claims for compensation towards the extra works. The Plaintiff then issued notice dated 04.10.2022, followed by a corrigendum dated 06.10.2022, expressing its intention to approach the Civil Court in respect of its claims.

5. The Plaintiff states that the claims notified to the Defendant comprised*, inter alia*, additional excavation, refilling, removal of excess soil, PCC, centering, M25 concrete, solid concrete blocks, TMT steel, waterproof plastering, structural steel work, enamel painting, items covered under E1-25 to E1-30 of the Bill of Quantities, additional mezzanine floor work, excess 100 mm puff panels and refund of alleged un-contractual recoveries. The aggregate of the claims notified was stated to be Rs.4,36,25,162.93, with the Plaintiff relying upon the Bill of Quantities and other contractual documents in support of the individual claims. In particular, the Plaintiff pleaded that the earth-work items were captured in the Bill of Quantities under the "E" series, such as E-01, E-02 and E-03, and that the additional work arose during actual execution of the project. On the basis of these averments, the Plaintiff ultimately sought recovery of Rs.6,92,87,649.54, comprising

compensation for extra works and refund of the deductions/recoveries which, according to it, were not authorised under the contract.

Defence of the Defendant:

6. The Defendant, in its written statement, disputes the maintainability of the suit as framed and contends that the claim for Rs.6,92,87,649.54 is contrary to the terms of the contract. It is stated that the Defendant had invited the EPC tender on 15.10.2018 from pre-qualified contractors for the Integrated Titanium Alloy Tank Production Facility for LPSC(B) at Tumakuru, and that the Plaintiff participated in the tender and quoted for the entire project as a single item. The scope covered planning, design, supply, fabrication, erection and commissioning of the pre-engineered steel building, including civil, PH, electrical, AC, mechanical and allied works, based on the architectural scheme and specifications finalised by the Department of Space. The Defendant therefore contends that, having accepted the tender and quoted a composite price for the entire work, the Plaintiff cannot subsequently split up the work into different heads and seek additional amounts contrary to the contractual terms.

7. The Defendant further contends that the site was handed over to the Plaintiff on 21.01.2019, after finalisation of the tender, with the existing site conditions being within the Plaintiff's knowledge. According to the Defendant, the Plaintiff was thereafter required to execute the work in accordance with the tender drawings and approved designs and the Defendant had already settled the bills falling within the scope of the contract, while amounts claimed for works outside the contractual scope were also paid wherever found admissible. The Defendant particularly relies upon Clause 12 of the General Conditions of Contract, which required the contractor to follow the drawings and designs approved by the Department and provided that variations arising from design or site conditions, except specific additions ordered by the Department, were to be executed without extra cost where covered by the contract. It is therefore the specific defence that the alleged additional mezzanine floor and the consequential claims for excavation, refilling, PCC, centering and shuttering, reinforcement steel, concrete and structural steel cannot be treated as extra items, since the work was executed pursuant to the approved design and the quoted contract price.

8. Insofar as the individual claims are concerned, the Defendant disputes that the Plaintiff executed any work beyond the approved scope. With regard to the cable trench, it is contended that the external trench, including the partition walls, was already contemplated in the tender drawings and that, although the width of the cable trench was increased from 1.50 metres, the Plaintiff had been suitably compensated for the additional earthwork, PCC and RCC slab. The claim towards internal partition walls, solid concrete block masonry and waterproof plastering is accordingly denied as an extra work. Likewise, the claims relating to centering/shuttering and M-25 ready-mix concrete are stated to be consequential to the alleged additional mezzanine floor, which itself is disputed by the Defendant. The consistent stand of the Defendant is that the construction was carried out in accordance with the approved drawings and designs forming part of the EPC tender and that the Plaintiff, having participated in the tender with full knowledge of those conditions and having quoted its price accordingly, cannot subsequently claim additional payment for works which were already comprehended within the contractual scope and sought for dismissal of the suit.

Issues framed by Commercial Court:

9. Upon consideration of the pleadings of the parties and the rival contentions arising therefrom, the Commercial Court framed the following issues for its consideration:

> *"1. Whether the plaintiff proves that execution of extra work due to the entries in the size of the Cable trench, as pleaded?*
>
> *2. Whether the plaintiff proves that execution of additional work due to execution of extra Mezzanine floor area and above 747 sq.mtrs., as pleaded?*
>
> *3. Whether the plaintiff further proves that execution of extra work covered by specification of item of work under EI-25 to EI-28 and EI-30 of bill of quantities - BOQ, as pleaded?*
>
> *4. Whether the defendant proves that it has compensated for the execution of the work external trench by the plaintiff?*
>
> *5. Whether the defendant further proves that the work executed by the plaintiff is as per the design mentioned in the tender?*
>
> *6. Whether the plaintiff is entitled for the relief sought?*
>
> *7. What decree or order?*

Evidence of the parties to the *lis*:

10. In order to substantiate its case, the plaintiff examined its authorised signatory as PW-1. PW-1 deposed in support of the plaint averments and produced documents which came to be marked as Ex.P-1 to Ex.P-12. 45, The defendant, in

support of its defence, examined its authorised person/signatory R. Bharathraj as DW-1. He deposed with regard to the contract, tender conditions, approved designs and the defence of the defendant, and the documents relied upon by the defendant were marked as Ex.D-1 to Ex.D-38.

Discussion, Findings and Conclusion:

11. The controversy in the suit arises out of the EPC contract awarded to the plaintiff for the Integrated Titanium Alloy Tank Production Facility at Tumakuru, pursuant to the tender dated 15.10.2018, Letter of Intent/Agreement dated 10.01.2019 and agreement dated 18.01.2019. The site was handed over on 21.01.2019. The plaintiff contended that, during execution, certain additional works were carried out at the instance of the defendant, for which payment was not made. The plaintiff relied upon the correspondence dated 31.12.2021, 11.04.2022, 13.05.2022, the defendant's reply dated 08.08.2022, and the notice dated 04.10.2022 followed by corrigendum dated 06.10.2022. Though PW-1 admitted that there was no specific provision for extra work or separate payment and that some claims had been rejected while some

were accepted and paid, the Court found that the evidence as a whole established execution of the additional works.

12. In respect of the cable trench, the defendant relied upon the tender drawings and contended that the plaintiff had already been compensated for the increased width and that the remaining works formed part of the original scope. The Court, however, found no sufficient material to establish payment of the amounts claimed for the additional work. The same approach was adopted in respect of the mezzanine floor, where the defendant relied upon Clause 12 of the GCC and contended that the work was covered by the tender design. On appreciation of the evidence, the Court accepted that additional mezzanine work beyond 747 sq. metres had been executed. The Court also found that the plaintiff had established the works covered under E1-25 to E1-28 and E1-30 of the BOQ. Accordingly, Issue Nos.1 to 3 were answered in the affirmative.

13. As regards Issue Nos.4 and 5, though the defendant relied upon Ex.D1 to Ex.D38, including the tender drawings, cable trench and mezzanine details, and contended that the plaintiff had already been compensated and that the work was within the original design, the defendant failed to

produce sufficient material to establish the same. The oral evidence of DW-1, without supporting records, was not found sufficient. Accordingly, Issue Nos.4 and 5 were answered in the negative. On Issue No.6, the Court held the plaintiff entitled to Rs.6,92,87,650/-, though the interest claimed was not granted as sought.

14. Thus, the Commercial Court held that the plaintiff had established execution of the additional works relating to the cable trench, mezzanine floor beyond 747 sq. metres and E1-25 to E1-28 and E1-30, while the defendant failed to establish either payment for such work or that the entire work was covered by the original tender design without additional liability. Accordingly, by judgment dated 15.10.2024, the suit was decreed with costs, directing the defendant to pay Rs.6,92,87,650/- within three months from the date of judgment.

Grounds in appeal:

15. The appellant/defendant contends that the Commercial Court failed to appreciate Clause 12 of the General Conditions of Contract and the specific defence that the works claimed by the plaintiff were incidental to the EPC contract and

were required to be executed in accordance with the tender drawings and approved designs. It is specifically urged that the plaintiff had not obtained any prior written permission for the alleged extra works and that the tender itself contemplated the mezzanine floor and cable-trench works. The appellant further contends that the Court failed to properly consider the defence that the increase in the cable-trench width had already been compensated under the relevant items, whereas the alleged additional masonry, plastering, structural steel and painting works were not extra works.

16. The defendant further assails the finding that the plaintiff had proved the extra mezzanine work and the consequential items. According to the appellant, PW-1 admitted in cross-examination that there was no specific document evidencing the alleged extra work, and nevertheless the Commercial Court accepted the claims without insisting upon proof of the execution and measurement of each additional item. It is also contended that the Court erred in drawing an adverse inference against the defendant without specifically putting the defendant to notice regarding production of such documents. On these grounds, the appellant contends that the findings on the cable trench, mezzanine floor and the

consequential BOQ items, and consequently the decree for Rs.6,92,87,650/-, are unsustainable.

17. We have heard Sri.A.Chandrachud, learned counsel appearing for the appellant/defendant and Sri.Bapat Sampath Vinayaka Rao, learned counsel appearing for the respondent/plaintiff and perused the pleadings, the entire material placed on record and the order passed by the Commercial Court.

18. The question that arises for consideration in this appeal is,

> *Whether the order passed by the Commercial Court calls for interference by this Court?*

Reasons for interference & Conclusion:

19. The principal question which, in my view, has not been properly appreciated by the Commercial Court is the effect of Clause 12 of the General Conditions of Contract. The clause required the contractor to follow the drawings and designs approved by the Department and contemplated that any variation in the drawings on account of design, site condition or other reasons, except specific additions ordered by

the Department, had to be specifically approved by the Department before execution. It further provided that such variations, unless specifically ordered, were to be executed at no extra cost and that the cost would be deemed to have been included in the contract price. This was not a mere procedural clause. It governed the manner in which the contractor was required to proceed when the work claimed subsequently as "extra" was outside the tender drawings or specifications. The plaintiff had admittedly entered into the EPC contract after being furnished with the tender drawings and other technical documents and after having an opportunity to examine the same. Therefore, having quoted its price on that basis, the plaintiff could not, after completion of the work, convert an item forming part of the contract or a variation not preceded by the stipulated approval into an independent claim for payment. The evidence on record does not disclose any written instruction of the Engineer obtained by the plaintiff before execution of the particular works now claimed as additional.

20. The finding of the Commercial Court regarding the mezzanine floor also requires interference. The tender document admittedly provided for a mezzanine floor of 747 sq.mtrs. DW-1 admitted that the plaintiff had executed

1202.73 sq.mtrs., but the mere difference between the tender quantity and the quantity ultimately executed cannot, by itself, establish a legally payable extra item. The plaintiff was required to establish when the alleged variation was ordered, by whom it was ordered, the terms on which it was ordered and, more importantly, that it was approved in the manner contemplated by Clause 12. The plaintiff's own case was that the increase was pursuant to oral directions of the Department officials for accommodating AHU units. The Commercial Court noticed that the extra-item statements were issued only on 2nd, 3rd, 4th and 5th August 2021, whereas the plaintiff's own material placed completion of the work much earlier. Thus, the subsequent preparation or approval of extra-item statements could not substitute the contractual requirement of obtaining approval before execution of the alleged variation. The fact that DW-1 stated that works beyond the contractual parameters could constitute extra work has to be read along with the other part of his evidence that the work was to be executed within the approved drawings and parameters. An admission in cross-examination cannot be isolated from the contract and the surrounding evidence and treated as an admission of the plaintiff's entitlement to the amount claimed.

21. The same principle applies to the cable trench claims. Execution of the cable trench itself was part of the contracted work. The defence was specific that the tender drawings contemplated partition walls in the external trench and that the increase in width had already been taken into account and compensated in respect of earthwork, PCC and RCC slab. The further claims towards solid concrete block masonry, waterproof plastering, structural steel, chequered plate and painting were disputed as additional items. The plaintiff was therefore required to demonstrate, item by item, that these works were outside the tender scope and that they were executed pursuant to a departmental direction constituting a variation under the contract. The written statement specifically stated that the external trench and partition walls were shown in the tender drawings and that the quantities arising from the increased width had already been suitably compensated. In respect of E1-25 to E1-28 and E1-30 also, the Department's specific case was that the items had subsequently been redesigned as extra items and that the corresponding quantities and rate analysis had already been dealt with. The Commercial Court, however, proceeded substantially on the footing that because some extra works had

admittedly been carried out under the contract, the disputed works also stood established as extra works. That approach overlooks the distinction between extra work actually ordered and accepted by the Department and work which was already within the scope of the EPC contract.

22. There is another important aspect. The plaintiff's entitlement could not have been established merely by showing that a larger quantity of work was physically executed. Its burden was to establish the additional liability of the employer. In the cross-examination of PW-1, the question as to whether written instructions had been obtained from the Engineer before execution of the alleged additional works was specifically put. The plaintiff did not place before the Court a contemporaneous written instruction corresponding to the major disputed claims. The Commercial Court itself noticed this aspect, but proceeded to accept the explanation of oral instructions. In a commercial contract of this nature, involving an EPC project, technical drawings, measurements and substantial monetary claims, the absence of the very document which, under Clause 12, was required to authorise a variation assumes significance. The Department's subsequent extra-item statements cannot automatically establish that every quantity

mentioned therein was an additional liability. The Court was required to first identify the contractual scope, then the particular deviation, then the departmental order or approval and thereafter the measurement and value of the work. That exercise has not been satisfactorily undertaken in respect of the disputed claims.

23. The evidence of DW-1 regarding extra work has also to be understood in its proper context. DW-1 admitted that certain extra works had been carried out and that the Department had paid for certain such works; he also stated that supplementary work orders had been issued in respect of some of them and that joint measurements were taken. This evidence does not amount to an admission that all the works forming the subject matter of the suit were extra works or that the plaintiff was entitled to the amounts claimed. On the contrary, the very distinction made by DW-1 between works beyond the scope of the tender and works covered by the tender supports the defence. The plaintiff had been paid for extra items which the Department accepted. The disputed claims, therefore, had to be separately proved. The Commercial Court, while relying upon the admissions of DW-1 that the plaintiff had executed some extra work, did not sufficiently

examine whether the particular items for which the decree was ultimately granted were outside the agreed scope and had the requisite departmental sanction. The plaintiff's claim for the consequential items relating to excavation, refilling, PCC, centering, reinforcement, concrete and structural steel depended substantially upon its primary case of an additional mezzanine floor and enlarged cable trench. When the contractual basis for treating those principal works as additional is not established, the consequential claims also cannot independently survive.

24. For these reasons, the findings recorded by the Commercial Court on Issues Nos.1 to 3 and the consequential finding on entitlement cannot be sustained. The plaintiff was required to establish not merely execution of work but execution of work which was outside the contractual scope and undertaken pursuant to a departmental variation duly authorised in terms of Clause 12. The material on record does not establish such prior written approval in respect of the disputed mezzanine and cable-trench works. The fact that the Department subsequently issued certain extra-item statements, or that DW-1 admitted execution of some extra work, cannot

dispense with the contractual requirement or establish the entire claim made in the suit.

25. The judgment and decree passed by the Commercial Court, insofar as it decrees the suit in favour of the plaintiff and fastens liability upon the defendant to pay a sum of Rs.6,92,87,650/-, cannot be sustained and calls for interference.

26. The judgment and decree dated 15.10.2024 in Com.O.S. No.1322/2023, therefore, cannot be sustained. Hence, the appeal deserves to be allowed and the suit filed by the plaintiff for recovery of Rs.6,92,87,650/- deserves to be dismissed.

Commercial Appeal Cross Objection No.1/2026:

27. The plaintiff has preferred this Commercial Appeal Cross Objection seeking to interfere with the judgment and decree passed by the Commercial Court insofar as the claim relating to interest is concerned and has sought interest at the rate of 18% per annum.

28. In view of the appeal preferred by the defendant being allowed and the judgment and decree passed by the

Commercial Court being set aside, resulting in dismissal of the suit, the cross-appeal preferred by the plaintiff does not survive for consideration. Consequently, the question of awarding interest at the rate of 18% per annum also does not arise.

29. There is also another reason for not entertaining the cross-appeal, as the same has been presented with a delay of 316 days. The explanation offered by the plaintiff for the delay is not convincing and does not constitute sufficient cause for condoning such an inordinate delay. The delay, therefore, cannot be condoned. Consequently, on this ground also, the cross-appeal is liable to be dismissed. Accordingly, we pass the following;

ORDER

(i) Commercial Appeal No.45/2025 is ***allowed*** with cost;

(ii) The judgment and decree dated 15.10.2024 passed in Commercial O.S.No.1322/2023 by the LXXXIV Additional City Civil & Sessions Judge (CCH-85) is hereby set aside; consequently, the said suit filed by the plaintiff is dismissed;

(iii) Commercial Appeal Cross Objection No.1 of 2026 is ***dismissed*** both on the ground of merits and delay, as the plaintiff's claim for interest does not survive for consideration in view of the dismissal of the suit;

(iv) Parties shall bear their respective costs.

Sd/-
(D K SINGH)
JUDGE

Sd/-
(H.SHANTHI BHUSHAN)
JUDGE

KNM