



# NCC

Ref.No.: NCCL/ Regulation 30/2021  
Date : 05-04-2021

The Listing Department  
National Stock Exchange of India Ltd  
Exchange Plaza, C-1, Block G  
Bandra – Kurla Complex  
Bandra (E)  
**MUMBAI - 400 051.**

The Corporate Relationship Dept.  
BSE Limited,  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Fort  
**M U M B A I – 400 001.**

**NSE: NCC**

**BSE: 500294**

**Dear Sir,**

**Sub: Disclosure pursuant to Regulation 30 of SEBI (LODR) Regulation read with the Circular dated 9th September, 2015.**

We invite your kind attention to the Advisory Letters dated.23.3.2021 under Reg 30 of SEBI (LODR) Reg, 2015. As advised, we are forwarding herewith the relevant disclosures pursuant to the said Reg 30 read with the SEBI Circular dated.9.9.2015 in relation to the disputes between NCC & Sembcorp Energy India Ltd ( SEIL )which are subjudice before the LD Arbitral Tribunal. As you would observe the Company has been regularly disclosing the information pertaining to the disputes between NCC and SEIL in the Annual Reports under the Notes to the Accounts, right from the FY 2017-18. We undertake to disclose in a timely manner the material developments and settlements if any reached between the parties in this regard. As advised we shall place the Advisory Letters of BSE & NSE before the Board of Directors at its forthcoming meeting and shall communicate their comments to the Exchanges.

We would request you to please take the same on record.

Thanking you,  
Yours faithfully

**For NCC Limited**

05-04-2021  
**M V Srinivasa Murthy**  
**Company Secretary & EVP (Legal)**  
**Encl: As above**



**NCC Limited**

(Formerly Nagarjuna Construction Company Limited)

CIN: L72200TG1990PLC011146

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**Disclosure pursuant to Regulation 30 of SEBI (LODR) Regulation read with the  
Circular dated 9<sup>th</sup> September, 2015**

**Project in brief:**

- Semcorp Energy India Limited (SEIL) (formerly Sembcorp Gayatri Power Limited (SGPL), formerly known as NCC Power Projects Limited) had initiated to setup a Pulverized coal fired thermal power plant consisting of 2x660MW Supercritical technology based Plant at village Painampuram & Sivampuram, in Muttukur Mandal, Nellore dist, Andhra Pradesh.
- For execution of the above project SEIL had entered into various Contracts with NCC Limited (NCCL), namely 1. Civil Construction and Erection Works Contract, 2. Supply (Ex-Works Indian factory) Contract, 3. Supply (C&F) Contract, 4. Onshore Services Contract and 5. Offshore Services Contract on 10.04.2011.
- SEIL and NCCL had also entered into a separate tripartite contract on 20.01.2012 namely Supply (FOB) Contract with CNTIC-TEPC Consortium, China, to Design, Engineering, procurement, fabrication and supply of Boiler, Turbine & Generator (BTG) equipment and its auxiliaries for both the units.
- Subsequently SEIL and NCCL entered into a Co-ordination Agreement dated 23.03.2014 for the purpose of coordinating the activities under the above Contracts.
- As per Supply (FOB) Contract, CNTIC-TEPC Consortium were to supply the BTG equipment for Unit#1 within 27 months starting from 5<sup>th</sup> March 2012 i.e. by 5<sup>th</sup> June 2014 and for Unit#2 within 29 months i.e. by 5<sup>th</sup> August 2014. In reality, the supply of BTG equipment and its auxiliaries had been delayed by the CNTIC Consortium by 726 days for Unit#1 and 879 days for Unit#2.
- Under the Contracts, SEIL had to undertake certain activities, without which the Project could not have been completed, viz. availability of Seawater Intake Pipeline by 15.09.2014, 400KV Transmission line by 15.09.2014, External Coal Handling Plant (ECHP) by 05.05.2015. In addition they were required to provide Design Coal of sufficient quantity for the purposes startup to testing and commissioning of the units. SEIL delayed in the performance of the above three obligations by more than



one year after the scheduled date and in so far as design coal was concerned, the same was not provided till date of demobilization from site by NCC on 30.11.2017.

- As per Contracts the Unit#1 facility had to be achieved Provisional Acceptance by 10<sup>th</sup> November, 2015 and Unit#2 by 10<sup>th</sup> February 2016. The delays by CNTIC, coupled with SEIL's delays and certain Force majeure Conditions, resulted in the Project completion being delayed.
- However, SEIL took control over the Project and declared COD (Commercial Operation Date) of the units and started Unit#1 commercial operations from 17<sup>th</sup> November, 2016 and Unit#2 from 21<sup>st</sup> February, 2017.

**NCCL's Case:**

- As delay in achievement of Provisional Acceptance is not attributable to NCCL and it has claimed for extension of time (EOT) under the Contracts and Co-ordination Agreement. NCCL submitted its applications for extension of time (EOT) from time to time, the first application was submitted on 05.11.2015 and last one on 02.01.2017.
- As per Contracts, SEIL has to determine fair and reasonable EOT within 60 days from date of EOT application, but SEIL did not do so and denied EOT simply with bald allegations. Further, there is an express provision for day for day extension of time in the Coordination Agreement for delay in supply of BTG equipment and its auxiliaries by CNTIC-TEPC Consortium but SEIL has not granted extension of time.
- Unit # 1 was synchronized with grid on 26.05.2016 and SEIL been started commercial operations from 17.11.2016. Unit # 2 was synchronized with grid on 02.02.2017 and SEIL started commercial operations from 21.02.2017. SEIL has been thereafter continuously generating power and earning revenues. In these circumstances, and bearing in mind that SEIL had failed to provide an essential ingredient, namely design coal, Provisional Acceptance of Unit # 1 and Unit # 2 have been deemed to have been achieved.



- After declaration of Unit#2 COD in February 2017, SEIL stopped RA Bill payments, retained retention money and withheld payments due against additional works executed by NCCL.

### **Dispute Resolution**

- As the disputes / differences between SEIL & NCC could not be resolved amicably, NCCL referred the disputes to Arbitration as provided under the Contracts and Coordination Agreement .

### **Arbitration:**

- The Arbitral Tribunal was constituted on 30.06.2017 comprising Mr. Justice B.N. Srikrishna, former Supreme Court Judge, Presiding Arbitrator, Mr. Justice Cyriac Joseph, former Supreme Court Judge, Co- arbitrator and Mr. Justice T.S Thakur, former Chief Justice of India, Co-arbitrator In March 2019 Mr. Justice Cyriac Joseph, former Supreme Court Judge, resigned and Mr. Justice ShivarajV.Patil, former judge Supreme Court of India joined as Co-Arbitrator.
- NCCL submitted claim totaling to Rs.1,571.41 crores towards refund of retention money, refund of BGs amount, payment of pending bills, additional works done, cost incurred on prolongation of the project by the customer etc. Against which and only as a counter blast, SEIL raised frivolous and baseless counter claims amounting to Rs.1,071,46 crores.
- As per the procedural order of the Tribunal NCCL filed 3 witness affidavits and SEIL filed 5 witness affidavits.. NCCL had also filed 2 expert witness affidavits . The cross examination of NCCL's witnesses was completed in May 2019 and SEIL's witnesses cross examination was completed in Jan 2020. NCCL started oral arguments in Jan 2020 and continued in February 2020. The hearings fixed in the month of April, May & June 2020 had been cancelled due to lock down. NCCL started oral arguments through video conference (virtual hearings) in July 2020 and completed oral arguments on its claims in February 2021.



- SEIL are to commence oral arguments before the Arbitral Tribunal. The Arbitral Tribunal has fixed schedule for further hearings in the month of April, May, June, July, August, September, October and November 2021 for the conclusion of oral arguments by both NCCL and SEIL.
- There are no interim orders passed by the Ld Tribunal against either of the Parties to the Arbitration Proceedings .
- Based on the valuable documentary and oral evidence placed before the Ld Arbitration Tribunal the Company expects that the final outcome of the Arbitration will be in its favour and which is not likely to have a material impact on the financials of the Company.

