

GAIL's Rs 357 crore claim against Deepak Fertiliser rejected in arbitration

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Deepak Fertilisers and Petrochemicals Corporation Ltd today said that an arbitration tribunal has rejected GAIL's claim of Rs 357 crore against the company for supply of domestic natural gas.

In a filing to the BSE, Deepak Fertilisers informed that GAIL had claimed Rs 357 crore in respect of supply of domestic natural gas for the period July 2006 to May 2014, "alleging usage for manufacture of product other than urea".

"The final award in this arbitration proceedings is received now and the entire claim of 357 crore by Gail is rejected for wants of merit, besides being time barred," the filing said.

Deepak Fertilisers said that as per two contracts entered into 2006 and 2010 between the two companies, the purchase of gas was contractually and clearly intended, supplied and utilised for industrial applications.

The fertiliser firm said that the Department of Fertilisers had the full knowledge that as per the industrial license, utilisation of gas since the company's inception was for its integrated NPK fertiliser complex.

"The company was never engaged in the manufacture of urea despite which the dispute was referred to arbitration. Accepting the company's stand, the arbitration tribunal had earlier rejected the claim under 2006 contract amounting to Rs 244 crore," Deepak Fertilisers said.



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