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Representational image. The project was divided into two phases and was supposed to get completed by 2016.  
Photo: Mint

## Maharashtra power firm, Korean JV partner at loggerheads over breach of contract

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Maulik Vyas

Korea South-East Power and Jinbhuvish Power Generation are at loggerheads over a JV to set up a 600 MW coal-based thermal power project in Maharashtra

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**Mumbai:** Nearly four years after inking a joint venture agreement to set up a 600 MW coal-based thermal power project in Maharashtra, Korean state-owned company Korea South-East Power Co. (KOSEP) and its local partner Jinbhuvish Power Generation Pvt. Ltd (JPGPL) are at loggerheads over investment, said two people familiar with the development.

The JV partners have now approached the Singapore International Arbitration Centre (SIAC) over the dispute.

According to the first person, who didn't want to be named, quoted above, KOSEP, a subsidiary of Korea Power Generation, is seeking back around \$7.5 million it invested from the Indian company, alleging it failed to kick-start the project. Jibhuvish Power, meanwhile, has filed a counterclaim in the arbitration tribunal, seeking a compensation of around \$600 million (over Rs3,800 crore).

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“The Korean company had agreed to invest around \$230 million (about Rs1,500 crore) for around 40% in the joint venture along with the technical support to the project,” said the person mentioned above. “However, they invested only \$7.5 million and failed to invest adequate amount due to which the local company had to bear the total project cost of around \$600 million.”

According to the company’s website, JPGPL is its flagship company and its coal-based thermal power project is currently under construction in Yavatmal district of Maharashtra. The project was divided into two phases and was supposed to get completed by 2016, but it got delayed due to the differences between the JV partners.

“To settle the dispute through arbitration, the KOSEP has appointed Sean Yu Chou, partner of Singapore-based law firm Wong Partnership while the Indian company has appointed the Australian arbitrator Michael Pryles as its nominee in the dispute,” said the person, who is privy to the dispute. “The chair of the arbitration is yet to get appointed.”

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Nagpur-based Jinbhuvish Group, promoted by brothers Manish and Nilesh Mehta, has business interests in the field of power and infrastructure, sugar mills, co-generation of power and distillery.

“The company had acquired all the adequate clearances and approvals and has already started to work towards the project but the company had to suffer greater financial loss because of Korean company’s inability to bring more funds as per the promise,” said the person. “Meanwhile, the Korean company alleges breach of contract to start the project as per schedule.”

Prateek Bagaria, founder of law firm Singularity Legal, who is representing JPGPL, and Tejas Karia, partner at law firm Shardul Amarchand Mangaldas, who is representing KOSEP, were not available for comment.

Email queries to KOSEP and JPGPL, as well as arbitrators appointed by the companies Sean Yu Chou and Michael Pryles did not elicit any response.

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