Subject: Claim for Compensation Arising from Employer-Attributable Delays and Disruptions – Prolongation Costs from 1 September 2023 to 30 June 2025

Dear Sir/Madam,

We refer to our previous correspondence, including our Extension of Time (EOT) claim submitted vide letter no. 2134 dated 7 July 2025, and our letter dated [insert date] regarding the Supplementary Agreement executed on 12 March 2024. By this letter, we formally submit our claim for compensation under the Contract for additional costs and losses incurred due to delays and disruptions attributable to the Employer, from the Contract’s inception through 30 June 2025.

As detailed in our EOT submission, the principal causes of delay include:

• Failure to provide timely access to the Site and Right of Way (ROW) as required under Clause [e.g., 2.1] of the Concession Agreement and Clause [e.g., 4.7] of the Contract.

• Delays in tree removal and utility relocation.

• Repeated piecemeal changes to the Scope of Works, including introduction of unforeseen major structures.

• Delays in approving Change of Scope Works under Clause [e.g., 13.1].

These events, which are Employer risks under the Contract, have been substantiated with contemporaneous records in our EOT claim. At the original completion date (August 2023), approximately 58% of the Main Carriageway (MCW) and 46% of the Service Road (SR) remained unavailable. Even by 31 January 2025, 25% of the MCW was still not handed over. Execution in available sections was further hindered by utility and design delays.

Pursuant to Clauses [e.g., 8.4 (EOT), 8.5 (Prolongation Costs), and 20.1 (Claims)] of the Contract, we are entitled to compensation for all direct and foreseeable consequences of these delays. The attached Draft Note on Prolongation Cost Claim Evaluation provides a breakdown of heads and computations, totaling INR 451.47 crores for the period 1 September 2023 to 30 June 2025. This excludes any ongoing costs post-June 2025, which we reserve the right to claim separately.

The original 22-month Contract has now extended beyond 46 months, with completion potentially requiring at least 12 additional months if remaining hindrances are removed. These unforeseen delays have strained our cash flow, necessitating external financing despite our mitigation efforts (e.g., partial resource redeployment where feasible).

To maintain project progress and avoid further disruptions, we request interim relief of INR 250 crores under Clause [e.g., 14.8 (Advance Payment)] or as an on-account payment, representing approximately 55% of the claimed amount (e.g., INR 150 crores for plant/equipment and labor retention, INR 100 crores for overheads and financing). This can be adjusted against the final determined sum following review and discussion.

We invite prompt discussions to resolve this claim amicably and request your response within [e.g., 14 days]. We reserve all rights under the Contract, including to update this claim with further evidence or costs.

Yours faithfully,

[Authorized Signatory]

[Name and Designation]

[Contractor]

Enclosures: Draft Note on Prolongation Cost Claim Evaluation (with Appendices A-G)

cc: ARTL HQ, Ahmedabad; Office Copy.

Improved Draft Note on Prolongation Cost Claim Evaluation

[Contractor’s Letterhead]

Prolongation Cost Claim Evaluation

Period: 1 September 2023 to 30 June 2025 (22 Months)

Date: 29 August 2025

A. Executive Summary

The Contract Price was predicated on timely Employer performance, including Site handover and Scope finalization within the 22-month schedule ending August 2023. Under Clauses [e.g., 1.1 (Definitions), 2.1 (Site Access), and 8.4 (EOT)], the Employer warranted fulfillment of these obligations. The Contractor mobilized resources accordingly, exceeding planned deployment to accelerate where possible.

However, Employer-attributable delays (detailed in our EOT claim vide letter no. 2134 dated 7 July 2025) extended the project beyond 46 months, with critical path impacts from Site unavailability, utility delays, and Scope changes. These events caused prolongation, necessitating resource retention despite mitigation (e.g., redeploying non-essential equipment).

This claim, pursuant to Clause [e.g., 8.5], quantifies additional costs for the period 1 September 2023 to 30 June 2025, totaling INR 451.47 crores. Ongoing costs will be claimed separately. Causation is linked via delay analysis in Appendix H (newly added for critical path). All figures are supported by audited records, invoices, and payroll data.

B. Breakdown of Additional Costs

1. Additional Cost of Plant and Equipment (INR 150 crores)

Retention of owned and hired assets for 22 months. Owned: Depreciation (10% p.a.), maintenance (5% p.a.), insurance (2% p.a.) on book value of INR [e.g., 500 crores]. Hired: Monthly rentals averaging INR [e.g., 5 crores]. Total based on deployment logs; see Appendix A for schedule.

2. Additional Cost of Labor (INR 80 crores)

Retention of skilled workforce (e.g., 500 workers) due to scarce availability and uncertain Site release. Costs include wages, allowances, and welfare at average INR [e.g., 3 crores/month]. Mitigation: Reduced non-skilled headcount by 20%. Evaluation in Appendix B.

3. Increase in Cost of Materials (INR 50 crores)

Escalation in earth and aggregates due to delayed procurement and increased quantities (from [e.g., 1 million metric tons] to [e.g., 1.5 million metric tons]). Regional shortages exacerbated by local resistance; Employer assistance was insufficient. Priced at market rates +10% inflation; see Appendix C.

4. Additional Indirect Costs and Overheads (INR 70 crores)

Site setup (utilities, security, vehicles) and pro-rata Head Office overheads (5% of Contract Price). Extended by 22 months; detailed in Appendix D.

5. Additional Financing Costs (INR 60 crores)

Interest on delayed cash flows (indirect costs, overheads, profit) at [e.g., 12% p.a., bank rate]. Calculated on average outstanding INR [e.g., 300 crores]; Appendix E.

6. Loss of Profit Opportunity (INR 30 crores)

Resources tied up prevented bidding on [e.g., two similar projects]; claimed at 8% margin using Hudson Formula. Market evidence in Appendix F.

7. Other Costs (INR 11.47 crores)

Re-sequencing, administrative efforts; verified invoices in Appendix G.

C. Conclusion

Total Claim: INR 451.47 crores. We request prompt payment and are open to verification/discussion. Rights reserved for updates.

[Authorized Signatory]

cc: As per cover letter.