



## KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

Registered Office : Vydyuthi Bhavanam, Pattom, Thiruvananthapuram -695004

CIN:U40100KL2011SGC027424

Web site: [www.kseb.in](http://www.kseb.in)

Tel:+914712448720 , Fax:+914712514316

Email: [dgkseb@kseb.in](mailto:dgkseb@kseb.in)

### Abstract

Sengulam Augmentation Scheme (85Mu) - Construction of a Concrete gravity weir across Western Kallar , Intake arrangements , Diversion Tunnel , Exit Channel and Access Roads - Contract with Dr. Sasi Eloor UNIDEC Joint Venture - Reimbursement of increase in tax liability due to introduction of GST - Sanctioned - Orders issued.

### CORPORATE OFFICE (SBU-G/C)

B.O(FTD) No.731 /2019 (DGC/AEE IV/SAS/2014) Thiruvananthapuram, Dated 03.10.2019

- Read :
1. Agreement No.6/CECC/2009-10 dated 15.07.2009
  2. G.O. (Ms) No.2/2019/POWER dated 12.03.2019
  3. B.O(FTD) No.251/2019 (DGC/AEE IV/SAS/2014) dated 16.03.2019
  4. B.O(DB) No.357 / 2019 (DGC/AEE IV/SAS/2014) dated 03.05.2019
  5. Note No.CECCS/SAS/Tunnel/2018/782 dated 29.8.2019 and No.833 dated 16.09.2019 of the Chief Engineer(Civil Construction -South)
  6. Note No. DGC/AEEIV/SAS/2014 dated 23.09.2019 of the Director (Generation- Civil) (Agenda - 35/9/19)

### ORDER

Sengulam Augmentation Scheme envisages diversion of water from Western Kallar to the existing reservoir at Sengulam by constructing a concrete weir just upstream of Kallar Bridge along Alwaye - Munnar Road. Water is proposed to be diverted through a 3.5m 'D' shaped diversion tunnel of 6.7 Km length (with two Adits) taking off from upstream of the weir, to the Sengulam reservoir for augmenting the power generation at Sengulam Power House by 85 Mu.

Contract for the execution of Sengulam Augmentation Scheme was awarded to Dr. Sasi Eloor-UNIDEC Joint Venture at their agreed PAC of ₹ 41,65,66,956/-. Contract agreement in this regard was executed on 15.07.2009. Official dates of commencement and completion of the work as per agreement were 09.07.2009 and 08.01.2013 respectively. The contractor has commenced the works actually on 06.07.2009 and the overall progress achieved so far is 68.97 %.

Due to various reasons such as delay in handing over of land required for construction, labour problems , subsurface geological surprises, and public protests , the project construction works got delayed than what was envisaged in the contract .The tunneling works of the scheme could not be progressed as planned due to heavy loose falls and the tunneling works were in stand still from 06.01.2016 . KSEBL had engaged M/s. NHPC as a consultant to resolve the technical snag in driving the tunnel of the Scheme and M/s. NHPC had undertaken the study and report furnished on 30.05.2017. Based on the study report of M/s. NHPC, a proposal for completing the stalled tunneling works of the scheme, using specialized tunneling methods/support measures etc suggested by M/s. NHPC , by way

of execution of certain excess quantity / extra items with the existing contract was finalized by KSEBL and proposals taken up with the Government .

The Government as per G.O. read as 2<sup>nd</sup> paper above has accorded Revised Administrative Sanction to the work of Sengulam Augmentation Scheme(85MU) for an amount of ₹ 81.30 Crore on condition that Revised Technical Sanction for the work shall be issued by the competent authority before executing the supplementary agreement. Accordingly KSEBL as per B.O. read as 3<sup>rd</sup> paper above has accorded Revised Administrative Sanction for the work of Sengulam Augmentation Scheme(85MU) amounting to ₹81.30 Core and accorded sanction for extending the time of completion of the contract up to 36 months from the date of issue of order for the execution of new extra items based on the recommendations of M/s NHPC , without imposing penalty and liquidated damages . KSEBL had earlier extended the time of completion of the project on two occasions initially up to 31.05.2015 and then up to 31.12.2017 .The time of completion of the work now stands extended up to 17.03 2022.

Sanction was also accorded for granting price variation , with an anticipated financial commitment not exceeding ₹3.327 Cr,as per DRIP formula, for the scheme as per GO (MS) No.7/2016/PD dated 04.03.2016 and B.O(DB) No1640/2016 (DGC/AEEVI/GGCP /2014) dated 06.06.2016. Further, KSEBL as per B.O. read as 4<sup>th</sup> paper above has accorded sanction for disbursing the entire amount of the price variation, amounting to ₹ 1,15,83,888/- to the contractor, arrived as per DRIP formula,for works executed beyond the original completion period i.e. from January 2013 to July 2016, to ensure cash flow to the contractor for timely completion of the works.

The Chief Engineer (Civil Construction - South) as per note read as 5<sup>th</sup> paper above has reported that based on Revised Administrative Sanction issued by the Government and KSEBL, the contractor has executed Supplemental Agreement for the balance works including specialized tunneling works, as per the study report of M/s. NHPC, on 22.04.2019 and the contractor as per letter dated 17.06.2019 has requested to give additional new tax (GST) of 18% to the works. It is pointed out that as per the original agreement, "the price accepted is inclusive of all taxes and duties. No extra payment shall be effected. Statutory recoveries will be made towards Income Tax, Construction Worker Welfare Fund, Work Contract Tax etc. as per the prevailing rates from time to time from the contract bills". Later on, the Government had introduced Service Tax with effect from 01.07.2012. As this tax was not applicable at the time of quoting the rate, KSEBL decided to bear the statutory variations in taxes and duties during the scheduled period of contract. The existing rate of GST for the construction works is 18%. For newly introduced specialized works GST @ 18% has to be paid. Also, for the balance works of original agreed items, it is presumed that the contractor has included 3% WCT in his quote, which is to be withdrawn to arrive at the basic price for allowing GST @ 18%. The remarks of the Financial Adviser was also sought on the matter. As the statutory variation in taxes and duties are to be borne by the Board,the Chief Engineer (Civil Construction - South) has recommended to reimburse the GST to the contractor.

Having considered the matter,as per note read as 6<sup>th</sup> paper above, the Full Time Directors of KSEBL, in the meeting held on 27.09.2019,Resolved to accord sanction for the following :

1. For the reimbursement of financial implication on account of GST,for the newly proposed specialized works of Sengulam Augmentation Scheme (85Mu) subject to the condition that the contractor shall produce the statutory invoice under GST Act and the details of input credit availed and furnishing of an undertaking regarding Anti-Profiteering clause under GST Act/ Rules .

2. For the reimbursement of financial implication on account of GST, for the balance works of original agreed items of Sengulam Augmentation Scheme (85Mu) after deducting WCT at applicable rate prevailed during Pre GST period, subject to the condition that the contractor shall produce the statutory invoice under GST Act and the details of input credit availed and furnishing of an undertaking regarding Anti-Profitteering clause under GST Act / Rules.

Orders are issued accordingly.

BY ORDER OF THE FULL TIME DIRECTORS  
Sd/-  
LEKHA. G  
COMPANY SECRETARY IN CHARGE

To:

The Chief Engineer (Civil Construction-South), VidyuthiBhavanam, Thiruvananthapuram

Copy to:-

The Chief Internal Auditor/ Financial Adviser

The Chief Engineer (IT)

The RCAO/The RAO

The TA to Chairman&MD/Director (GC)/ Director (D,IT&HRM)

Director (T,S.O&Safety) /Director (GE&SCM)

The PA to Director (Finance) / Company Secretary

The Legal Liaison Officer, KSE Board Ltd, Kochi

Library/ FC Supt/Stock File

Forwarded/By Order



Assistant Executive Engineer