



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

Registered Office: Vidyuthi Bhavanam, Pattom, Thiruvananthapuram – 695 004

CIN: U40100KL2011SGC027424 Web: www.kseb.in

Phone : +91 471-2448720

Email : dgkseb@kseb.in

ABSTRACT

Sengulam Augmentation Scheme (85 Mu) - 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 - Price escalation with freezing indices - Contractor's Request to release full amount - Sanctioned - Orders issued.

CORPORATE OFFICE(SBU-G/C)

B.O.(DB) No. 150/2024 (DGC/AEE IV/SAS/2014) Thiruvananthapuram

Dated:11-04-2024

- Read :
1. Agreement No. 06/CECC/2009-10 dated 15.07.2009.
 2. G.O. (Ms) No. 7/ 2016/ PD dated 04.03.2016.
 3. B.O. (DB) No. 1640/2016 (DGC/ AEE VI/ GGCP/ 2014) dated 06.06.2016.
 4. Letter no. 104/B2/17/PD dated 24.08.2018 from Power Department.
 5. G.O. (Ms) No. 2/ 2019/ POWER dated 12.03.2019.
 6. B.O. (FTD) No. 251/2019(DGC/AEE IV/SAS/2014) dated 16.03.2019.
 7. B.O. (DB) No. 357/2019 (DGC/AEE IV/SAS/2014) dated 03.05.2019.
 8. B.O. (DB) No. 342/2022 (No.DGC/AEE IV/SAS/2014) dated 21.04.2022.
 9. Letter no. B2/98/2022-Power dated 12.04.2023.
 10. Office order (DGC) No.1390/2023(No.DGC/AEE IV/SAS/2014) dated 21.09.2023.
 11. Letter No. 403/SA/2023 dated 03.10.2023 of the Contractor.
 12. Note No. CECCS/SAS/Tunnel/2018/2848 dated 29.12.2023 of the Chief Engineer (Civil - Construction) South, Thiruvananthapuram.
 13. Note no.DGC/AEE IV/SAS/2014 dated 12.02.2024 of the Director to the Full Time Directors.
 14. Note no.DGC/AEE IV/SAS/2014 dated 11.03.2024 of the Chairman and Managing Director to the Board of Directors.
 15. Proceedings of the adjourned 76th meeting of the Board of Directors held on 20.03.2024 (Agenda 26-03/2024).

ORDER

Sengulam Augmentation Scheme envisages diversion of water from Western Kallar river to the existing reservoir at Sengulam by constructing a concrete weir just upstream of Kallar bridge along Aluva-Munnar Road. Water is proposed to be diverted through 3.50m '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 (Presently M/s. Anchor Structural Engineers & Contractors - M/s.UNIDEC Foundations (P) Ltd Joint Venture), at their agreed PAC of ₹41,65,66,956/- i.e., 9% above the estimate rate and agreement 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 and actual commencement of work on 06.07.2009.

From the very beginning itself progress could not be attained as planned due to various reasons. By pointing out the delay occurred in handing over of required land, delay occurred due to presence of weak zones along ADIT-I, tunnel route, etc. the contractor demanded for revision of rates as per market rates/ price adjustment on cost variation as the tender schedule was based on 2008 price level. In this regard, KSEB Ltd sought concurrence from the Government of Kerala. Government as per G.O read as 2nd above had accorded sanction for granting price escalation by adopting DRIP formula, with a financial commitment limited to ₹3,32,71,683/- for this project.

Subsequently, KSEB Ltd accorded sanction as per B.O read as 3rd above for the implementation of the G.O. with the conditions:

- a) the contractor shall execute a supplemental agreement
- b) 50% of the escalation be paid along with monthly bills and balance 50% will be released after completion of the works (this will not apply for completed projects).
- c) contractor should complete the project as per the revised schedule
- d) the contractor shall accept the proposal and will not go for litigation

KSEB Ltd sought permission from the Government to execute tunneling works suggested by NHPC through the then current contractor, approval for the rates arrived for execution of extra items suggested by NHPC, sanction for extra items and excess quantities and time extension for completion of the project. The Government as per letter read as 4th and G.O read as 5th above accorded sanction for these and issued revised Administrative Sanction.

Accordingly, KSEB Ltd as per B.O read as 6th above accorded sanction for disbursing 50% of the amount of price escalation arrived at ₹1,15,83,888/- for the works executed beyond the original completion period i.e., between January 2013 to July 2016. Later, considering the contractor's appeal stating financial constrain and his need for huge investment on purchase of machinery for the specialised tunneling works, KSEB Ltd has accorded sanction as per B.O read as above to disburse complete amount of escalation.

Later also, due to technical snag happened while tunneling, time bound progress could not be achieved and the outburst of Covid19 pandemic affected the procurement of materials and machinery as well as labour part. Considering all the above, time extension for the completion of project was granted up to 31.03.2024 as per B.O read as 8th above. Then the contractor had requested for price escalation to the scheduled items and extra items executed from 2016 onward. They demanded escalation indices from time to time without freezing the indices for the entire period of completion of contract. The contractor further requested to withdraw the additional conditions insisted in the Board order dated 06.06.2016 in which specific conditions were laid down for calculating escalation on the basis of index for the month in which the original completion date falls.

The Chief Engineer has reported that due to heavy loose fall, work from Face IV stood idle from 06.01.2016 and could resume only after conducting studies by M/s. NHPC Ltd and thus lost more than 14 months. ADIT-I was abandoned and thus the works through Face II and III became impossible as charted. Tunnelling works through Face-I is held up due to heavy water jetting. The protocol enforced due to the outburst of Covid19 pandemic also seriously affected the procurement of construction materials and arrangements of labours for the work. The matter was discussed in PMC meeting and the Committee decided to take up the matter with Board with additional financial commitment on account of price escalation for having a decision.

As per the decision of Project Monitoring Committee, price escalation amount was worked out for the works executed during the period from 2nd Quarter of 2019 to 4th quarter of 2021 by freezing the indices on July 2016 and it comes to ₹77,58,828/-. The total amount of price escalation including the one already disbursed (₹1,15,83,888/-) becomes ₹1,93,42,716/-, which is well within the ceiling limit

of ₹3,32,71,683/- as per the G.O. read as 2nd above.

After getting remarks from the Financial Advisor, the Chief Engineer has requested sanction for payment towards price escalation calculated by freezing indices as on July 2016, amounting to ₹77,58,828/-. KSEB Ltd then requested legal scrutiny at Government level regarding the admissibility of payment of escalation to the contractor as per the G.O. read as 2nd above. The Government of Kerala as per letter read as 9th above accorded concurrence to allow price escalation to the contractor in line with the G.O. and B.O. read as 2nd and 3rd above.

Based on the concurrence given by the Government, the Chief Engineer's request and legal scrutiny, sanction has been accorded as per office order read as 10th above for disbursing 50% of the price variation arrived at ₹77,58,828/- to the contractor.

The contractor, as per letter read as 11th above addressed to the Chairman & Managing Director, has requested to disburse the complete amount of escalation arrived rather than 50% of the amount as he is facing shortage in funds for execution of works.

The Chief Engineer has reported that the work is still getting delayed and tunneling works are kept on hold due to geological surprises and the delay in execution is not attributable to the Contractor. During these days there has been significant hike in prices of construction materials, labour, transportation and other incidental items. The price variation amount is mainly intended to tie over the financial burdens due to hike in rates of the above items. It is also reported that disbursement of 50% of the amount will not serve the purpose and hence seems reasonable to disburse the entire amount of price variation ₹77,58,828/-.

When the matter was circulated among the Full Time Directors as per the note read as 13th above, it was decided to place the matter before the Board of Directors for sanction.

Accordingly the matter was placed before the Board of Directors as per note read as 14th above. The Board of Directors in the meeting held on 20.03.2024 considered the proposal and resolved to accord sanction for disbursing to the contractor, M/s.Anchor Structural Engineers & Contractors - M/s.UNIDEC Foundations (P) Ltd Joint Venture (Formerly Dr. Sasi Eloor - UNIDEC Joint Venture) the 100% amount of price escalation calculated for the works executed during the period from 2nd quarter of 2019 to 4th quarter of 2021 by freezing the indices on July 2016 amounting to ₹77,58,828/- for the work 'Sengulam Augmentation Scheme (85 Mu) - Construction of a concrete gravity weir across Western Kallar, Intake arrangements, Diversion Tunnel, Exit Channel, and access roads'.

Orders are issued accordingly.

By Order of the Director Board

Signed by

Lekha G

Date: 11-04-2024 18:37:52

LEKHA G

COMPANY SECRETARY

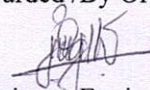
To

The Chief Engineer (Civil Construction) South, Vydyuthi Bhavanam, Thiruvananthapuram.

Copy to:

The Company Secretary / Chief Engineer (IT,CR&CAPS) / Financial Advisor / LA&DEO / Chief
Internal Auditor / Chief Vigilance Officer
The TA to the Chairman & Managing Director / Director (Generation-Civil) / Director
(Distribution, Safety, SCM & IT) / Director (Transmission, SO & Planning) / Director (Generation -
Electrical, REES, SOURA, Sports & Welfare)
The PA to the Director (Finance & HRM)
The Sr.CA to the Secretary (Administration)
The RCAO/ RAO
Stock File.

Forwarded /By Order


Assistant Engineer