



**KERALA STATE ELECTRICITY BOARD Ltd**

(Incorporated under the Companies Act, 1956)

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**ABSTRACT**

Supply of 2 nos of 18MVA Generator Transformer for Panniyar HEP and 3 nos of 35 MVA Generator Transformers for Kakkayam HEP by TELK Angamaly - Price variation and Time Extension - Sanctioned - Orders issued.

**Corporate Office (SBU -G/E)**

B.O. (FTD) No.363/2024 (DGE/G3/AEE2/TELK/2024-25)  
Thiruvananthapuram.

Dated:14-08-2024

- Read :
1. Work Order No. 14/2019-20 dated 16.12.2019 of the Chief Engineer (Generation & PED).
  2. Work Order No.06/2020-21 dated 18.06.2020 of the Chief Engineer (Generation & PED).
  3. Letter. No MK/T-3091/1193 dated 08.06.2023 of M/s TELK.
  4. Letter no MK/T-3116/1311 dated 06.10.2023 of M/s TELK.
  5. Remarks No. E 10068/ 104/2023-24/30.12.2023 dated 19.01.2024 of the Financial Adviser.
  6. Letter No CEG/AEE IV/Panniyar GT/2023-24/1286 dated 20.02.2024 of the CEG
  7. Letter No CEG/AEE VIII/Kakkayam RMU/2024-25/52 dated 18.04.2024 of the CEGEN.
  8. Note No DGE/G3/AEE2/TELK/2024-25 of the Director (G-E,RSS&W) to the Full Time Directors (Agenda No:39/07/2024).
  9. Minutes of the meeting of Full Timed Directors held on 27.07.2024 as per Resolution No.FTD/6/2024/39.

**ORDER**

The work order for the design, Engineering Manufacture, Supply, Erection, Testing and Commissioning of 2 nos 18MVA, 11/110 KV 3Ph Generator Transformers at Panniyar HEP was placed with M/s TELK,as per Work Order read as 2<sup>nd</sup> above. As per the Work Order, drawings should be submitted for approval within 30 days of issuance of the work order. M/s TELK submitted 1<sup>st</sup> set of drawing only on 16.03.2022 and the final drawing approval was issued on 26.09.2022. Though the scheduled date of delivery was 08.04.2021 for unit-1 and 08.05.2021 for unit-2, M/s TELK supplied 1<sup>st</sup> transformer on 28.03.2023 and the 2<sup>nd</sup> on 29.03.2023.

Subsequently, M/s TELK, has claimed the price variation as on the actual date of delivery. But, as per WO, if the supply is made within the scheduled delivery period, the updated price as per IEEMA formula based on the actual delivery date or scheduled delivery date

whichever is lower will be paid. If supply is made after the scheduled delivery period, the price applicable will be the lowest of 1) Basic price as per purchase Order. 2) Updated price as per IEEMA Price Variation as on scheduled date of Delivery. 3) Updated price as per IEEMA Price Variation as on actual date of delivery.-whichever is lowest.

M/s TELK also requested time extension up to April 2023 claiming that the delay occurred out of Force Majeure situation prevailed in the country due to Covid-19 pandemic. Considering the request the delay in submitting 1<sup>st</sup> set of drawings from 18.07.2020 till 15.08.2020 has been considered under Force Majeure Clause allowed as per the Office Memorandum No.F18/4/2020-PPD dated 13.05.2020 of the Ministry of Finance, issued in connection with COVID Pandemic spread. But, still there is delay of 19 months for drawing submission. The work was completed in all respects on 19.07.2023 and time extension is requested upto 19.07.2023.

Similarly, the work order read as 1<sup>st</sup> above for the Design, Engineering, Manufacture, Supply, Erection, Testing and Commissioning of 3 Nos. 35 MVA,11/110kV 3Ph Generator Transformer at Kuttiadi Hydro Electric project of KSEBL was issued to M/s TELK on 16.12.2019. As per the Work order, the period of completion of contract for supply of transformers shall be 10 months from the date of approval of drawings and the drawings has to be furnished within one month from the date of work order for approval. But, considering the request of M/s TELK, the delivery period was extended from 10 months to 14 months from the date of drawing approval without imposing LD and without any additional financial commitment to the KSEBL.

But, M/s TELK submitted the drawing on 25.06.2022 and Manufacturing clearance was issued on 20.12.2022. MDCC for 1<sup>st</sup> transformer was issued on 31.03.2023 and that of 2<sup>nd</sup> and 3<sup>rd</sup> transformers was issued on 05.04.2023 and they had supplied 1<sup>st</sup> transformer on 31.03.2023 & the 2<sup>nd</sup> and 3<sup>rd</sup> on 05.04.2023. But, the contractor failed to supply the transformer during the extended period also. Also, there is an inordinate delay on the part of the contractor in submitting the drawing.

From the above, it is clear that the supply of transformers were not in accordance with the time lines stipulated in the WO. Subsequently, M/s TELK, as per letter read as 3<sup>rd</sup> has claimed the price variation as on the actual date of delivery. Against the basic price of Rs.1,90,00,000/- the price variation amount claimed by M/s TELK is Rs.1,13,05,465/- for the 1<sup>st</sup> GT and Rs.1,13,53,960/- for the 2<sup>nd</sup> and 3<sup>rd</sup> GT.

As per WO if the supply is made within the scheduled delivery period, the updated price as per IEEMA formula based on the actual delivery date or scheduled delivery date whichever is lower will be paid. But, the extension order is silent about the price variation applicable in case the supply is made after the extended scheduled delivery period. As the actual delivery is done after the extended scheduled delivery period, the contractor is not eligible to get the price variation.

In this matter the Financial Adviser as per note read as 5<sup>th</sup> above suggested that the firm is not eligible for price variation, mentioning the expected audit objections.

The matter was placed in Full Time Directors as per note read as 8<sup>th</sup> above. Having considered the matter in detail, the Full Time Directors in its meeting held on 27.07.2024.

- a. Resolved to decline the price variation requested by M/s TELK against the supply of 2 nos of 18MVA Generator Transformer for Panniyar HEP and 3 nos of 35MVA Generator Transformer for Kakkayam.
- b. Further resolved to allow Time Extension up to 19.07.2023 to M/s TELK against the Work Order No.06/2020-21 dated 18.06.2020 for the procurement of Generator Transformers at Panniyar Hydro Electric Project as requested by the Chief Engineer (Generation) without imposing penalty/ liquidated damages and without any additional financial commitment to KSEBL.
- c. Further resolved to allow Time Extension up to 05.04.2023 against Work Order No.14/2019-20 dated 16.12.2019 for the procurement of Generator Transformer at Kuttiady Hydro Electric Project as requested by the Chief Engineer (Generation) without imposing penalty/ liquidated damages and without any additional financial commitment to KSEBL.

Orders are issued accordingly.

By Order of the Full Time Directors

Signed by

Lekha Geetha

LEKHA G

COMPANY SECRETARY Date: 14-08-2024 12:40:53

To:

The Chief Engineer (Generation), Moolamattom.

Copy to:

The Company Secretary / Chief Engineer (IT,CR&CAPS) for publishing in the website /  
Financial Advisor / Chief Engineer (Commercial & Tariff) / LA&DEO /

Chief Internal Auditor / Chief Vigilance Officer

The Chief Personnel Officer / Public Relations 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 Executive Engineer