



## KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

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### 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 - Orders issued.

BO (DB)No.914/2022(No.DGC/AEEIV/SAS/2014)

Thiruvananthapuram,Dated: 21.11.2022

- Read: 1.G.O. (Ms) No.2/2019/ POWER dated 12.03.2019.  
2.B.O. (FTD) No.251/2019 (DGC/AEE IV/SAS/2014) dated 16.03.2019.  
3. G.O. (Ms) No.7/2016/ PD dated 04.03.2016.  
4. B.O. (DB) No.1640/2016 [DGC/AEE V/GGCP/2014] dated 06.06.2016.  
5. B.O. (DB) No.357/2019 [DGC/AEE IV/SAS/2014] dated 03.05.2019.  
6. B.O. (FTD) No. 342/2022 (No. DGC/AEE IV/SAS/2014) dated 21.04.2022.  
7. Note No. CECCS/SAS/Tunnel/1001 dated 01.08.2022 of the Chief Engineer (Civil- Construction) South.  
8.Note No. FA/Tender V70/2022 dated 24.07.2022 of the Financial Advisor, KSEB Ltd.  
9. Note No. DGC/AEEIV/SAS/2014(13) dated 07.10.2022 of the Director (Generation-Civil) - Agenda 14/10/22.  
10. Note No. DGC/AEEIV/SAS/2014(Part 1) dated 27.10.2022 of the Chairman & Managing Director.  
11. Proceedings of the 68th meeting of the Board of Directors held on 02.11.2022 (Agenda 04-11/2022).

### ORDER

The 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, at their agreed PAC of ₹41,65,66,956/- i.e., 9% above the estimate rates. The Official dates of commencement and completion of the work as per the agreement were 09.07.2009 and 08.01.2013 respectively and actual commencement of work on 06.07.2009. KSEBL has already extended the time of completion of the project on two occasions initially up to 31.05.2015 without any financial commitment on the part of KSEBL as per B.O. (FM) No.1092/2013 (GPC2/SA/14/2004 dated 17.05.2013 and then up to 31.12.2017 without any financial commitment to KSEBL as per B.O. (FTD) No.2493/2015 (DGC/AEE IV/SA/2014) dated 07.10.2015.

The tunneling works of the scheme could not be progressed as planned, due to heavy

loose falls. Measures taken could not contain the loose fall occurring and the tunneling works were in standstill from 06.01.2016. KSEBL has decided to engage 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 furnished the report on 30.05.2017. They recommended for using specialized tunneling measures/support measures etc. and also suggested for abandoning of Adit-1. This necessitated certain excess quantity/extra items to the existing agreement schedule and the proposal for completing the project with the existing contract was accepted by KSEBL and taken up with the Government of Kerala. The Government of Kerala, as per order read as 1<sup>st</sup> above had accorded Revised Administrative Sanction for an amount of ₹81.30 Crore. Accordingly KSEBL as per B.O. read as 2<sup>nd</sup> above has accorded Revised Administrative Sanction for the amount and to extend time of completion of the contract to a further period of 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. The date of completion of the contract thus became 17.03.2022.

Considering the delay occurred due to reasons such as 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 were based on 2008 price level. The Government of Kerala as per G.O. read as 3<sup>rd</sup> above had accorded sanction for granting price escalation by adopting DRIP formula, with a financial commitment limited to ₹3,32,71,683/- for the project and KSEBL as per B.O. read as 4<sup>th</sup> above has accorded sanction for the implementation of the said Government Order subject to certain conditions. Also KSEBL as per B.O. read as 5<sup>th</sup> above has accorded sanction for price escalation amounting ₹1,15,83,888/- towards the works executed beyond the original completion period i.e. between January 2013 to July 2016, on 27.05.2019 (from CC28 to CC49) and payment was effected along with CC 51 & part. It was reported that due to some technical snag happened while tunneling, time bound progress could not be achieved and also the outburst of Covid19 pandemic affected the procurement of materials and machinery as well as labour part. Considering the above, KSEBL as per B.O. read as 6<sup>th</sup> above has accorded sanction for time extension for the completion of the project up to 31.03.2024.

The Chief Engineer (Civil-Construction) South as per letter read as 7<sup>th</sup> above has reported that the work achieved overall physical progress of 75.85% and financial progress of 60.98% till date. 72 part bills were preferred and the total value of work done up to date is ₹48,91,63,994/- It is reported that the contractor Dr. Sasi Eloor, UNIDEC Joint Venture, vide their letter No. LR No. 347/SA/2019 dated 21.09.2020 had requested for price escalation to the scheduled items and extra items from 2016 onwards. They demanded escalation indices from time to time without freezing the indices for the entire period of completion of contract i.e. upto 17.03.2022. 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 tunneling works through Face I is held up due to technical snag of heavy water jetting at Ch.1830.10m. Steps for overcoming the issue is progressing coordinating with M/s NHPC Ltd. 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. It is reported that the XIII<sup>th</sup> PMC meeting had also recommended to take up the matter with the Board with additional financial

commitment on account of Price escalation for having a decision. The Chief Engineer has reported that escalation has been worked out for the works done during the period from CC 50 to CC 69 (2<sup>nd</sup> qtr of 2019 to 4<sup>th</sup> qtr of 2021) with freezing the indices on July 2016, the amount comes to ₹77,58,828/-. The remarks of Financial Advisor, KSEB Ltd. was obtained as per note read as 8<sup>th</sup> above.

The Chief Engineer (Civil-Construction) South has requested sanction to payment towards price escalation calculated by freezing indices as on July 2016, amounting to ₹77,58,828/- to the contractor.

The matter was placed as per note read as 9<sup>th</sup> above before the Full Time Directors meeting held on 10.10.2022 and it was decided for placing the matter before the Board of Directors for approval.

Accordingly the matter was placed before the Board of Directors as per note read as 10<sup>th</sup> above. It was pointed out that the contract has been going on from 2009 and was to be completed by 2013. After prolong 13 years, the contract is still not over and the project is yet to be commissioned. During this period series of extension and additional Administrative Sanction and escalation etc. were given. It is expressed that the Contractor has no right to ask for escalation and he should have completed the project long back. As previous Boards have given extensions, now the Contractor should complete the project without any financial liability to KSEBL.

After detailed discussion, the Board Resolved to instruct the contractor to complete the works based on already issued Board Orders because the Contractor has no legal reasons for asking escalation from the back date after executing supplementary agreement and agreeing for no future litigation regarding escalation.

Further resolved that, if the contractor does not agree to execute the work, in such scenario the legal scrutiny to be done at Government level regarding closure of contract at risk and cost. As per the decisions by the Government, appropriate actions shall be taken.

Orders are issued accordingly.

**By Order of the  
Director Board**

*SLG*

**LEKHA G  
Company Secretary**

To:

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

Copy to: The Chief Engineer (IT,CR&CAPS)/ Company Secretary/ Financial Advisor/  
LA&DEO  
The TA to the Chairman & Managing Director / Director (Generation-Civil)/  
Director (Generation-Electrical & HRM)/ Director (Distribution, IT & SCM)/  
Director (Transmission, SO, P & S)/ Director (REES, SOURA, Nilaavu Projects, S

& W).  
The PA to the Director (Finance).  
The RCAO/RAO  
The Sr.CA to the Secretary (Administration)  
Stock File.

Forwarded / By Order



Assistant Executive Engineer