



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)
Registered Office: Vydyuthi Bhavanam, Pattom,
Thiruvananthapuram – 695 004
CIN: U40100KL2011SGC027424
Website: www.kseb.in
Phone: (O) +91 471 2514522
Email: dgekseb@kseb.in

ABSTRACT

Execution of E&M works of Bhoothathankettu (3X8MW) Small Hydro Electric Project -
Third party pre - shipment inspection - Sanctioned - Orders issued.

Corporate Office (SBU-GE)

BO (FTD)No.662/2022(513/AE3/2022)

Thiruvananthapuram, Dated: 26.07.2022

Read: 1. B.O. (DB) No.3384/ 2014 (D(SCM&GE)/G @/BTNK/2020-21) dated 24.12.2014.
2. Agreement No. CE (PED)/05/2014-15 dt.18.03.2015 with (M/s SSEB-
ZHAOYANG Consortium).
3. B.O. (FTD)No.700/2020(513/AE3/2013/CE(PED) dated 19.11.2020.
4. B.O. (FTD)No.789/2020(513/AE3/2013/CE(PED) dated 30.12.2020.
5. MoM dated 28.12.2021.
6. B.O. (FTD) No.293/2022(513/AE3/2013/CE(PED)) dated 07.04.2022.
7. B.O. (DB) No.458/2022 (513/AE3/2022) dated 28.05.2022
8. Note No.513/AE3/2022 (10)/119 dated 21.07.2022 submitted to the Full Time
Directors by the Deputy Chief Engineer with Full Powers of Chief Engineer (PED)
[Agenda item No. 93/7/22].

ORDER

The Deputy Chief Engineer with Full Powers of Chief Engineer (PED) reported that the Contract for the Execution of Electro-Mechanical works of Bhoothathankettu SHEP (3X8MW) had been awarded to M/s. Sree Saravana Engineering Bhavani Pvt. Ltd, Tamilnadu - Hunan Zhaoyang Generating Equipment Co. Ltd, China. Consortium (M/s SSEB- ZHAOYANG Consortium) for a contract amount of ₹81,80,01,000/- (Supply- ₹80.59 Crore, Service - ₹1.21 Crore) and the Agreement was executed by the Chief Engineer (Projects Electrical Designs) read as 2nd above. The main electromechanical items were to be supplied by Hunan Zhaoyang Generating Equipment Co. Ltd, China in three consignments, out of which the supply of two consignments has been completed. Online testing of 3rd foreign consignment was conducted at their works at China and was witnessed by KSEBL officials online. The conditional MDCC was issued on 08.01.2021 as per the B.O.read as 4th above.

M/s SSEB requested financial support for importing third consignment from China and informed that delays due to handing over of land and various factors including the floods during 2018 and 2019, outbreak of Covid and also due to the increase in dollar rate, their financial stability has been affected and they are not able to mobilise any amount from their supporting financial agencies and requested unconditional support from KSEBL to pay the whole amount for the third consignment. Considering that the work had come to standstill, it was proposed in the meeting held by Chairman & Managing Director, KSEBL on 28.12.2021 that KSEBL will make the payment for third consignment to M/s

import of third consignment from China. Accordingly the B.O. read as 6th above was issued. The decision was ratified by of the Board of Directors vide B.O. read as 7th above.

Accordingly the Tripartite agreement was executed among KSEBL, M/s SSEB, and M/s Hunan Zhaoyang Generating Equipment Co. Ltd, China on 27.04.2022 and the same was attested by the Consular General of India, Guangzhou, China on 25.06.2022. In the meeting held on 27.06.2022, with the contractor, it was decided that the representative of KSEBL in China will inspect the despatch and materials in the premises, while packing and before shipping. As per the revised payment condition, payment for the first Letter of Credit shall be released after the submission of all necessary documents (Bill of Lading, Invoice, Packing List, Test Certificate, Certificate of Origin, Insurance Documents etc) by M/s Hunan Zhaoyang Generating Equipment Co. Ltd, China, to the Bank as per LC draft instead of the original payment condition of payment after receiving the materials of 3rd consignment at site. Due to Covid restrictions, it was not possible for KSEBL officials to conduct pre-despatch verification.

It was reported that the physical verification of materials of 3rd consignment, Pre-shipment inspection (Appearance, Quantity, Packing) at the factory premises of M/s Hunan Zhaoyang Generating Equipment Co. Ltd, Hunan Province, China and at the seaport is desirable. The Deputy Chief Engineer(PED) with full powers of Chief Engineer informed that the pre-shipment inspection offer was collected from the inspection agency M/s China Certification & Inspection (Group) Co.Ltd, (Address-Sanyuan Building,No.18, XibaheDongli, Chaoyang District, Beijing.P.R.China (P.C:100028). The rock bottom rate offered by the inspection agency is USD400/Man/day. M/s Hunan Zhaoyang Generating Equipment Co.Ltd, China informed that the packing of 3rd consignment is expected to be carried out by them between 25th July to 10th August 2022 and the equipment is expected to be transported to Seaport around 15th August 2022. Based on the offer of M/s China Certification & Inspection (Group) Co.,Ltd, China, the total expense for conducting pre-despatch verification is estimated to be USD400 X 15 DAYS = USD6000 (approximately Rs.4,80,000/- (Rupees Four Lakh Eighty thousand only) plus bank charges for foreign exchange (considering inspection for 15 man days). As the estimated amount for pre-shipment verification by third party agency in china is a small amount compared to the cost of consignment, it was recommended that the pre-shipment verification, inspection (Appearance, Quantity & Package) by a third party agency in China during packing and loading in ship is desirable. The payment for the pre-shipment inspection shall be released at the rock bottom rate, USD400/Man/day after submission of the report and invoice (based on actual days needed for inspection). As the payment is in US Dollar involving foreign exchange, it was recommended to entrust the Financial Adviser, KSEBL to make payment towards the pre-shipment inspection charges.

The matter was placed before the Full Time Directors as per the Note read as 8th above.

Having considered the matter in detail the Full Time Directors in the meeting held on 22.07.2022. Resolved to accord sanction to conduct the third party pre-shipment

Generating Equipment Co. Ltd, Hunan Province, China.

Further resolved to accord sanction for pre-shipment inspection, by the third party agency M/s. China Certification & Inspection (Group) Co. Ltd, China for 15 days at the rate of USD 400/Man/Day considering that there could be variation in number of days for pre-shipment inspection. The bank charges will be extra.

Further resolved to authorize the Deputy Chief Engineer (PED) with full powers of Chief Engineer to issue work order to M/s. China Certification & Inspection (Group) Co. Ltd, China for inspection for 7 days by waiving security deposit and agreement with the condition that payment will be made for actual number of days taken for inspection at their quoted rock bottom rate of USD 400/Man/day.

Further resolved to authorize the Financial Adviser, KSEBL to make the payment in foreign exchange including bank charges to M/s. China Certification & Inspection (Group) Co. Ltd. China towards pre-shipment inspection of 3rd and final foreign consignment from China.

Orders are issued accordingly.

**By Order of the
Full Time Directors**

sd/-
LEKHA G

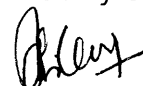
Company Secretary

To:

1. The Deputy Chief Engineer with Full Powers of Chief Engineer (PED).
2. The Financial Advisor

Copy to: The Chief Internal Auditor/ Company Secretary/ Chief Engineer (IT, CR & CAPs)
The TA to CMD/D(GE)/ D(GC)/D(T&SO,P&S)/D(D&SCM)/ D(REES,S,S&W)
The PA to the D (F, IT&HRM)
The CA to Secretary (Administraion)
The RCAO/The RAO
Stock File

Forwarded / By Order



Assistant Executive Engineer