



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

Registered Office : Vidyuthi Bhavanam, Pattom, Thiruvananthapuram -695004

CIN:U40100KL2011SGC027424

Web site: www.kseb.in

Tel:+914712448720,Email: dgkseb@kseb.in

Abstract

Implementation of Poringalkuthu SHEP (1 x 24 MW) - Execution of Civil works- Contract with M/s GVR – GMW (J V) - Extension of time of completion - Sanctioned- Orders issued.

CORPORATE OFFICE (SBU-G/C)

B.O(DB) No.493/2020(DGC /AEEIV/PORGL/2014)Thiruvananthapuram, Dated 27.07.2020

Read : 1. Agreement No. 04/CECC/2011-12 dt. 19.09.2011

2. B.O (FTD) No.228/2015 (DGC/AEE IV/PORGL/2014) dated 29.01.2015

3. B.O(DB) No.3115 /2015(DGC/AEEIV/ PORGL /2014) dated 16.12.2015

4. B.O (DB) No. 263/2018 (DGC/AEE IV/PORGL/2014) dated 27.01.2018

5. B.O(FTD)No.1462/2018 (DGC/AEE IV/PORGL/2014) dated 07.06.2018

6. B.O(FTD) No.143/2019 (DGC/AEE IV/PORGL/2014) dated 19.02.2019

7. B.O(FTD) No.528/2019 (DGC/AEE IV/PORGL/2014) dated 09.07.2019

8. Note No.LA&DEO/R/60/2020/56dated 25.06.2020 of the Legal Adviser

9. Note of even Nos.CECI&CC/PHEP/1/2018 dated 28.02.2020;24.03.2020;

04.05.2020 and dated 26.06.2020 and Note No.CECI&CC/TA/GEN/2020 dated 30.05.2020 of the Chief Engineer (Civil – I & CC)

10.Note No. DGC/AEEIV/PORGL/2014 dated 13.07.2020 of the Chairman and Managing Director, KSEB Ltd.

11.Proceedings of the 54th Meeting of the Board of Directors held on 17.07.2020 Vide , Agenda item No. 09-07/2020

ORDER

The Civil works of Poringalkuthu Small Hydro Electric Project(24MW/45.02 Mu) was awarded to M/s GVR-GMW (JV), Chennai at their quoted amount of ₹ 91,60,92,040/- (Rupees Ninety one Crore Sixty Lakh Ninety two Thousand and Forty only) including all taxes and duties and the agreement for the work was executed on 19.09.2011,with the time of completion of the work as on 17.09.2014 (3 years).The work after obtaining final forest clearance from MoE&F on 17.03.2014, could be commenced in full swing only in April 2014 and is in progress. The civil works has attained a progress of 91.12 %.

KSEBL had examined the issue of initial delay in handing over of forest land,flood etc and as per B.Os read as 2nd, 4th,5th and 6th above, the time of completion of the civil works of the scheme was extended on four occasions, first up to 31.03.2017 and then to 31.05.2018 and to 31.12.2018 and up to 31.12.2019 .The Modification to the price variation clause provided in the contract in the cost of labour, cement, steel and POL was also sanctioned by KSEBL, by relaxing the end date fixed for index calculation, for the extended period of contract up to 31.12.2019, as per B.Os read as 3rd, 4th and 7th above .

The Chief Engineer(Civil Investigation and Construction Central) as per notes read as 9th paper above has reported that all the earnest efforts were made from the part of KSEBL to ensure smooth progress of the works and all genuine claims of the firm were considered favourably by KSEBL and several notices were issued to the contractor at different levels for accelerating the progress of work. But the contractor was not able to complete the work within the extended time of completion due to various reasons. M/s GVR-GMW (JV) as per their letter dated 31.12.2019 and 03.01.2020 has intimated that they were unable to complete the work within the extended time due to many reasons such as heavy losses and related issues occurred in the flood during 2018. Also, the lead partner of the JV being referred to NCLT and went into resolution, they were not able to manage the cash flow to the site as the lending Institutions were not ready to give them loans. The 11th Project Monitoring Committee meeting held at Poringalkuthu on 29.01.2020 observed that it would be advantageous for KSEBL to get the work executed through the same agency by granting extension of time of completion for saving time and cost overrun. The work was going on in full swing till 26th March 2020 targeting their commitment of completion by August 2020. But the work had to be stopped on 27.03.2020 in connection with the lockdown declared in the country, thereby losing a part of the good working season of 2020. The contractor has informed as per their letter dated 16.04.2020 that even after the withdrawal of lock down, considerable time would be required to procure the construction materials in bulk quantities and to mobilize and place in position the required project staff/skilled work force and has requested to grant extension of time of completion up to 31.03.2021.

The Chief Engineer has pointed out that the reasons stated by the contractor such as flood during August 2018, NCLT reference of the lead partner of the JV and finally the outbreak of COVID-19 and subsequent lock down in the entire country etc are beyond their control. As on date, the physical progress of the work is more than 91%. The existing contractor has all the establishments to continue with the balance 9% work. The contractor is facing severe financial crisis and payment for the work executed after 31.12.2019; payment towards price variation from 01/2019 to 12/2019 is pending for want of time extension. It is advantageous for KSEBL to complete the work through the present contractor by granting extension of time of completion of work up to 31.03.2021. The decision regarding penalty/liquidated damages as per the agreement provisions shall be taken later. If KSEBL goes for tendering the balance work, the new contractor will have to mobilize all the infrastructure facilities for this balance 9% work and correspondingly the quoted rate would be high. Also the estimate for the balance work will have to be prepared on the current DSR. Further time required in inviting tender and awarding the work and uncertainties of likely legal recourse by the present contractor will lead to non-utilization of 2021 monsoon season. The Chief Engineer has recommended to consider the request of the contractor, M/s. GVR-GMW (JV) for the extension of time of completion up to 31.03.2021 for completing the civil works entrusted by KSEBL with price variation for the period of extension upto 31.03.2021, in order to ensure cash flow to the contractor, for proceeding with the work.

The Legal opinion of the Legal Adviser & Disciplinary Enquiry Officer, KSEBL is obtained on the matter as per note read as 8th above.

The Full Time Directors of KSEBL in the meeting held on 02.07.2020 have discussed the matter of extension of the period of completion of the contract with M/s. GVR-GMW (JV), Chennai for the execution of civil works of Poringalkuthu SHEP (24 MW) upto 31.03.2021 with price variation and considering the recommendation of the Chief Engineer

(Civil Investigation and Construction Central) and legal opinion of the Legal Adviser & Disciplinary Enquiry Officer, approved for placing the matter before the Director Board for sanction.

Accordingly the matter was placed for the consideration of the Board of Directors, as per note read as 10th paper above. The Director(Generation-Civil) made a detailed presentation on the status of execution of civil works of Poringalkuthu SHEP and stated that the initial 2 ½ year delay in handing over the project site for want of forest clearance had completely derailed the contractor's programme and financials and also further delays and losses suffered by the contractor due to historic floods of August 2018, NCLT reference of the lead partner of JV etc had a cascading and adverse effect on the efforts of the contractor in completing the work. The Board of Directors in the meeting held on 17.07.2020 considered the proposal in detail and as per proceedings read as 11th paper above, Resolved to accord sanction for the extension of the period of completion of the contract with M/s. GVR-GMW (JV), Chennai for the execution of civil works of Poringalkuthu SHEP (24 MW) upto 31.03.2021 subject to the following conditions:

- I. The micro schedule and the milestone dates for the completion of balance civil works of Poringalkuthu SHEP(24MW) by 31.03.2021 shall be finalized by the Chief Engineer (Civil Investigation and Construction Central) and the work shall be closely monitored accordingly.
- II. Levy of Penalty/ Liquidated Damages for the delay attributable to the contractor will be decided during the course of execution of balance works or after completion of the works.
- III. Price variation shall be granted, from 01.01.2020 to 31.03.2021 by freezing the price index as on March 2017 and without any ceiling to ensure reasonable cash flow to the contractor for the completion of the works only if the contractor achieves the milestones as per the revised schedule.

Orders are issued accordingly.

BY ORDER OF THE DIRECTOR BOARD

Sd/-

LEKHA. G

COMPANY SECRETARY IN CHARGE

To:

The Chief Engineer(Civil Investigation and Construction Central) ,Vydyuthi Bhavanam,Tvm

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,&REES) /Director (GE&SCM)/Director (Plg & S)

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