



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

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Abstract

Land leased to KSEB Ltd at Willingdon Island – Termination of lease deed and handing over of land – Sanctioned – Orders issued

CORPORATE OFFICE (SBU-D)

B.O.(FTD) No.404/2020 (D(D&IT)/D/AEC/Land/308/2013) Dated, Thiruvananthapuram, 15/06/2020

- Read: 1. B.O.(FTD) No.1516/2016 (D(D&S)/D/AEC/Land/308/2013) dated 02/06/2016
2. Letter No. CE(DC)/Civil/72/IBWI/2017-18/3642 dated 12/02/2018 of the Chief Engineer (Distribution Central), Ernakulam
3. Note No. D(D&IT)/D/AEC/Land/308/2013 dated 08/03/2018 of Director (Distribution & IT) to the Director (Finance)
4. Letter Nos. CE(DC)/Civil/72/IBWI/2018-19/1166, 2693 & 4328 dated 29/06/2018, 07/11/2018 & 14/02/2019 of the Chief Engineer (Distribution Central), Ernakulam
5. Note No. D(D&IT)/D/AEC/Land/308/2013 dated 15/03/2019 of Director (Distribution & IT) to the Full Time Directors
6. Letter No. D(D&IT)/D/AEC/Land/308/2013 dated 19/03/2019 of the Director (Distribution & IT) to the Chief Engineer (Distribution Central), Ernakulam
7. Letter Nos. CE(DC)/Civil/72/IBWI/2019-20/2366 & 3524 dated 16/09/2019 & 29/11/2019 of the Chief Engineer (Distribution Central), Ernakulam
8. Letter No. D(D&IT)/D/AEC/Land/308/2013 dated 13/12/2019 of the Director (Distribution & IT) to the Chief Engineer (Distribution Central), Ernakulam
9. Letter No. CE(DC)/Civil/72/IBWI/2019-20/4668 dated 22/02/2020 of the Chief Engineer (Distribution Central), Ernakulam
10. Note No. D(D&IT)/D/AEC/Land/308/2013 dated 02/06/2020 of the Director (Distribution, IT & HRM) to the Full Time Directors (Agenda Item No. 5/6/20)

ORDER

Erstwhile KSEB had constructed an Inspection Bungalow in the 42.27 cents of land allotted on lease by the Cochin Port Trust at Willingdon Island, during 1970. The Liaison office functioned there was abolished as per Board Order dated 30/08/2008. The land originally having an extent of 42.27 cents was reduced to 17.23 cents as the Port Trust authorities had taken back 25.04 cents of land and the lease agreement was renewed for 17.23 cents upto 31/12/2012.

As per B.O. read as 1st above, sanction was accorded

1. to remit an amount of ₹2,63,748/- to Cochin Port Trust as differential amount in Security Deposit and execute the lease deed for the period from 21/05/2005 to 31/12/2012.

2. to remit an amount of ₹4,14,180/- to Cochin Port Trust as lease rent for the period from 01/04/2014 to 31/03/2016 including arrears and penal interest.
3. to authorise the Chief Engineer, Distribution (Ernakulam Region) to execute the lease agreement deed for a period of 30 years on behalf of KSEB Ltd and also to make the half yearly lease rent payments to Cochin Port Trust on receipt of bill during the currency of lease period.

The Chief Engineer (Distribution Central), Ernakulam as per letter read as 2nd above reported that lease deed upto 31/12/2012 had been executed and lease rent amount of ₹4,14,180/- for the period from 01/04/2014 to 31/03/2016 including arrears and penal interest sanctioned had been paid on 16/06/2016. The Cochin Port Trust again raised arrear bill on penal interest on late payment for the bills raised for the period from 01/04/2014 to 30/09/2016 amounting to ₹65,144/-. The matter was taken up with the Director (Finance) as per note read as 3rd above. The Director (Finance) after considering the note enquired whether this facilities are needed in future since the Cochin Port Trust are raising bills for penal interest at exorbitant rates.

The Chief Engineer (Distribution Central), Ernakulam as per letter read 4 above dated 29/06/2018 reported that most activities of Cochin Port Trust has been shifted to Vallarpadam Terminal and the visitors using Inspection Bungalow is less due to unfavourable location of the same. It is also opined that the surrendering the land seems to be better than maintaining the Inspection Bungalow by spending about ₹5 lakh per annum with negligible returns and requested to consider the proposal to stop the functioning of Inspection Bungalow at Willingdon Island and requested orders to review the decision for executing the lease agreement for a period of 30 years.

As per letter read 4 above dated 07/11/2018, the Chief Engineer (Distribution Central) reported that the Cochin Port Trust had requested for renewing the lease deed, as it was regularised only upto 2012. The annual lease deed amount payable for 17.23 cents of land is ₹1,85,535/-+GST with 2% yearly cumulative escalation. The Trust also requested to remit non-interest bearing refundable security deposit amounting to ₹3,71,070/-. As additional security amount is not mentioned in the B.O. read 1st above, the Chief Engineer (Distribution Central) requested necessary sanction for remitting the additional security amount to M/s Cochin Port Trust for executing lease agreement for the period of 30 years from 01/01/2013 to 31/12/2042. Sanction was also requested for disbursing an amount of ₹65,144/- as arrears including penal interest for late payments for the period from 01/04/2014 to 30/09/2016.

As per letter read as 6th above, the Chief Engineer (Distribution Central) was directed to vacate the Inspection Bungalow at Willingdon Island on top priority. The functioning of Inspection Bungalow has been stopped with effect from 11/04/2019 onwards.

The Chief Engineer (Distribution Central), Ernakulam reported that even though the functioning of Inspection Bungalow was stopped, the lease agreement has not been terminated and half yearly rent is being paid

The Chief Engineer (Distribution Central) was directed as per letter read as 8^h above to issue notice for termination of agreement with M/s Cochin Port Trust by remitting all rent arrears and after negotiations regarding the claim for compensation for the cost of building constructed by KSEB Ltd in the leased land. Also sanction was accorded for the payment of ₹65,144/- as penal interest for late payments for the period from 09/04/2014 to 30/09/2016 and for the payment of ₹1,11,660.08 as lease rent with interest for the period from 01/04/2019 to 30/09/2019.

The Chief Engineer (Distribution Central) requested M/s Cochin Port Trust to terminate the lease agreement and compensation for the building constructed by KSEB Ltd on reasons that the building can be utilised for any purpose after attending required maintenance works. But the Cochin Port Trust informed that as per clause 4(a) of the lease conditions, the letter dated 31/12/2019 of the Chief Engineer (Distribution Central) for termination of lease deed can be treated as 6 months notice prior to termination and the premises are to be handed over to them on or before 30/06/2020. Also it is informed that they does not require the building and requested to demolish the structures in the leased area and to surrender the land in its original condition on or before 30/06/2020 and to pay the lease rent upto the date of handing over.

The Chief Engineer (Distribution Central) reported that the building in the leased land is to be survey reported and demolished before 30/06/2020 and requested necessary directions in the matter. As per letter dated 05/02/2020 of the Cochin Port Trust, it is informed that at present dues amounting to ₹1,10,653/- is pending as penal interest for late payments of lease rent and the same have to be cleared and prior approval from Cochin Port Trust (CoPT) is to be obtained before demolishing structures. Also, the lease rent upto the date of handing over of the land in its original condition is to be paid.

The matter was placed before Full Time Directors as per note read as 10^h above.

Having considered the matter in detail, the Full Time Directors in the meeting held on 11/06/2020 resolved to accord sanction to survey report and demolish the building constructed at Willingdon Island so as to transfer the land in its original condition on or before 30/06/2020.

Further resolved to accord sanction to the Chief Engineer (Distribution Central), Ernakulam

1. To verify and clear the dues amounting to ₹1,10,653/- as penal interest for late payments of lease rent and to get prior approval from Cochin Port Trust (CoPT) before demolishing the structures.
2. To verify and pay the lease rent to Cochin Port Trust (CoPT) upto the date of handing over of land in original condition.

Orders are issued accordingly.

By Order of Full Time Directors,
Sd/-
Lekha G.
Company Secretary (In charge)

To:

The Chief Engineer (Distribution Central), Ernakulam

Copy to:

The Chief Engineer (IT&CR)

The Financial Adviser/The Chief Internal Auditor

The RCAO/The RAO/The LLO

The TA to Chairman & Managing Director

The TA to Director (Distribution, IT & HRM / Transmission & System Operation /
Generation-Electrical & SCM / Generation-Civil / Planning & Safety)

The PA to Director (Finance)/ Senior CA to Secretary (Administration)

The Fair Copy Superintendent/Library/Stock File

Forwarded/By Order



Assistant Engineer