



## KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated Under the Companies Act, 1956 (No.1/1956))

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CIN :U40100KL2011SGC027424

### ABSTRACT

Disposal of selected scrap items through E-auction – Appointment of M/s.MSTC Limited as a service provider for conducting E-auction – Renewal of Selling Agency Agreement – Sanctioned - Orders issued.

### Corporate Office (Supply Chain Management)

B.O.(FTD) No.283/2020 (SCM/XM/E-Auction/2019-20) dated, Thiruvananthapuram 21/04/2020

- Read:-
- 1) B.O.(FTD)No.306/2019(SCM/XM/E-auction/2018-19) dated 8/04/2019.
  - 2) Letter No.MSTC/TVM/SAA/KSEB-PATTOM/19-20/1686 dated 07/02/2020 of M/s.MSTC Limited, Thiruvananthapuram.
  - 3) E-mail dated 25/02/2020 of M/s.MSTC Limited, Thiruvananthapuram.
  - 4) Letter No.SCM/XM/E-auction/2019-20/9300 dated 11/03/2020 of the Chief Engineer (SCM) addressed to M/s.MSTC Limited, Thiruvananthapuram.
  - 5) Letter No.MSTC/TVM/SAA/KSEB-PATTOM/19-20/1802 dated 19/03/2020 of M/s.MSTC Limited, Thiruvananthapuram.
  - 6) Letter No.SCM/XM/E-auction 48/2019-20/9598 dated 27/03/2020 of the Chief Engineer (SCM) addressed to M/s.MSTC Limited, Thiruvananthapuram.
  - 7) Note No.SCM/XM/E-Auction/2019-20/29 dated 07/04/2020 of the Chief Engineer(SCM) submitted to Full Time Directors( Agenda item No.21/4/2020)

### ORDER

The disposal of major portion of scrap items in KSEB Ltd is being carried out by E-auction through the web portal of M/s.MSTC Limited, a Government of India Enterprise.

The Board had appointed M/s.MSTC Limited (A Public Sector Enterprises under the Ministry of Steel, Government of India) as a service provider by paying them service charge of 2.5% plus service tax on realized value and authorized Chief Engineer (SCM) to sign the Selling Agency Agreement and integrity pact for one year with M/s.MSTC Limited. Accordingly the Selling Agency Agreement was executed on 31/03/2012 with M/s.MSTC Limited, Bangalore as a service provider for a period of one year from 01/04/2012 to 31/03/2013.

The service of M/s.MSTC Ltd for conducting E-auction was extended in the subsequent financial years on yearly basis by renewing the Selling Agency Agreement. The prevailing service

charge payable to M/s.MSTC Limited is 3% plus GST (18%) on realized value of scrap. The Selling Agency Agreement executed with M/s.MSTC Ltd for the financial year 2019-20 expired on 31/03/2020.

M/s.MSTC Limited as per papers read as 2<sup>nd</sup> and 3<sup>rd</sup> above had intimated their willingness to renew the Selling Agency Agreement and requested to renew the agreement and keep the validity of the agreement open ended with service charge as the prevailing rate (3%+18% GST ) on the sale value. The new renewed agreement shall be subject to termination with clear three calendar months notice in writing from either side.

M/s MSTC Limited was addressed vide letter read as 4<sup>th</sup> above to reduce the prevailing service charge considering increased volume of sale through E-auction and long term association of M/s MSTC Ltd with KSEB Ltd.

M/s.MSTC Limited as per letter read as 5<sup>th</sup> above has intimated that considering the long standing and excellent working relation between KSEBL & MSTC Ltd, they are pleased to provide e- auction services to KSEBL at a service charge of 2.5%. The new agreement shall be executed with revised service charge of 2.5%+18% GST and the agreement shall have open ended clause in terms of validity of the agreement along with integrity pact.

The Chief Engineer(SCM) as per note read as 7<sup>th</sup> above informed that E-auction at KSEB Ltd is a centralized method of scrap disposal in which selected scrap items of all regions were being disposed off through the web portal of M/s.MSTC Limited. E-auction is conducted for the disposal of selected scrap items with higher sale value such as Scrap Aluminium Conductors (ACSR, AAAC & AAC), Scrap Copper & Copper Power Cables, unserviceable Copper wound Distribution Transformers and Copper winding scrap, unserviceable Aluminium wound Distribution Transformers and Aluminium winding scrap, Scrap Power Transformer and iron scrap.

It is suggested that e-auction may be continued in KSEBL by appointing M/s.MSTC Limited as a service provider on long term basis with open ended clause in selling agency agreement. The Selling Agency Agreement with M/s.MSTC Limited may be executed with the terms and conditions furnished by M/s MSTC Ltd as per e-mail read as 3<sup>rd</sup> above with the service charge as 2.5% plus GST (18%) on realized value of scrap.

The Chief Engineer (SCM) also reported that a country wide lockdown has been declared by the Government of India for 21 days from 25.03.2020 due to the outbreak of Pandemic COVID-19. Hence it was necessitated that the process of E-auction of scrap items may be kept in abeyance until further instructions invoking 'Force Majeure' clause. A message in this line was communicated to M/s MSTC Ltd as per letter read as 6<sup>th</sup> paper above to extend the validity of successful bids including STA lots.

The Chief Engineer (SCM) has placed the matter before the Full Time Directors of KSEB Limited for a decision.

Having considered the recommendation of the Chief Engineer (SCM) as per the note read as 7<sup>th</sup> above, the Full Time Directors in the meeting held on 16/04/2020 resolved to accord sanction to renew the Selling Agency Agreement with M/s.MSTC Limited, Thiruvananthapuram accepting the open ended clause, subject to termination of renewed agreement with clear three calendar months notice in writing from either side along with the terms and conditions furnished by M/s MSTC Ltd and to authorise the Chief Engineer (SCM) to execute selling agency agreement with the firm appointing them as a service provider on long term basis from the FY 2020-21 onwards for disposal of approved items of scrap by paying them service charge of 2.5% plus GST (18%) on realised value of scrap and dispose off approved items of scrap through E-auction from the office of the Chief Engineer (SCM).

It is further resolved to ratify the action taken by the Chief Engineer (SCM) to keep in abeyance the E-auction process with M/s MSTC Ltd, invoking the 'Force Majeure' clause due to the countrywide lockdown declared by the Government of India for 21 days from 25.03.2020 due to the outbreak of Pandemic COVID-19.

Orders are issued accordingly.

**BY ORDER OF THE FULL TIME DIRECTORS**

Sd/-

**Lekha.G**

**Company Secretary in charge**

To

The Chief Engineer (SCM)