



# KERALA STATE ELECTRICITY BOARD LIMITED

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

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CIN :U40100KL2011SGC027424

## Abstract

Manufacture and Supply of PSC poles to Electrical Circles Kottayam and Alappuzha by M/s. Venad Structural, Kottayam - Additional Purchase Order – short closing of contract – releasing of Bank Guarantee –Sanctioned – Orders issued.

### **Corporate Office (Supply Chain Management)**

B.O. [FTD]] No. 367/2020 (PSB.5/2004 – 05/Venad) Dated, Thiruvananthapuram 01.06.2020

- Read:-
- 1) Purchase Order No. TCM. 11/2005 – 06/350 dated 23.04.2005 of the Chief Engineer (TC&M) placed with M/s. Venad Structural Pongamthanam, Kottayam
  - 2) Additional Purchase Order No. TCM. 47/2010 – 11/1833 dated 05.07.2010 to the original P.O. No. TCM. 11/2005 – 06/350 dated 23.04.2005.
  - 3) B.O. (FB) No. 520/2011 (PC/Gen/Addl.P.O/Claim/2010 – 11) dated 16.02.2011.
  - 4) Note No. PSB. 5/2004 – 05/Venad/490 dated 12.05.2020 of the Chief Engineer (SCM) (Agenda No. 33/5/20).

## ORDER

Purchase Order read as 1<sup>st</sup> above was placed with M/s. Venad Structural, Pongamthanam, Kottayam for the manufacture and supply of 7m, 8m and 9m PSC Poles to the Electrical Circles, Kottayam and Alappuzha as detailed below.

Name of Electrical Circle	Size of pole	Quantity (Nos.)	Basic price of pole at pole casting yard (Rs.)	Transporting charges including loading, unloading, stacking (Rs.)	Monthly target (Nos.)	Duration of supply
Kottayam	7m	15000	654	60	250	7/2005 to 6/2010
	8m	30000	860	70	500	
	9m	10000	1360	100	170	8/2005 to 7/2010
Alappuzha	7m	90000	654	60	1500	7/2005 to 6/2010
	8m	45000	860	70	750	
	9m	39000	1360	120	650	8/2005 to 7/2010

The date of completion of the supply of 7m and 8m PSC poles was 30/06/2010 and that of 9m poles was 31/07/2010 as per the Purchase Order. On expiry of the period of contract, the details of poles supplied by the firm was as follows.

Sl.No	Name of Circle	Ordered Quantity			Actual Supply		
		7m	8m	9m	7m	8m	9m
1	Kottayam	15000	30000	10000	18671	22532	10454
2	Alappuzha	90000	45000	39000	58367	30360	23870

Penalty was already recovered for the short supplied poles at 5% of the value of the poles as per the terms of the contract. But Additional Purchase Order read as 2<sup>nd</sup> above was placed with the firm for the manufacture and supply of 7m, 8m and 9m PSC poles to the Electrical Circles at Kottayam and Alappuzha as detailed below, on expiry of the period of contract.

Name of Electrical Circle	Size of pole	Quantity (Nos.)	Basic price of pole at casting yard (Rs.)	Transporting charges including loading, unloading, stacking (Rs.)	Monthly target (Nos.)	Duration of supply
Kottayam	7m	3750	654	60	0	7/2010 to 9/2011
	8m	7500	860	70	400	7/2010 to 9/2011
	9m	2500	1360	100	170	8/2010 to 10/2011
Alappuzha	7m	22500	654	60	1750	7/2010 to 9/2011
	8m	11250	860	70	850	7/2010 to 9/2011
	9m	9750	1360	120	650	8/2010 to 10/2011

In the meantime, the Chief Engineer (Distribution-South), Chief Engineer (Distribution - Central) and Chief Engineer (Distribution - North) had invited tenders for the manufacture and supply of 7m, 8m and 9m PSC poles to the Electrical Circles in the Southern, Central and Northern regions respectively.

Later, as per the requests of the firms, M/s. Pooja Industries, M/s. Imperial Trading Company and M/s. Venad Structurals, as per B.O. read as 3<sup>rd</sup> above Board had decided to accord sanction to M/s. Imperial Trading Company, M/s. Venad Structurals and M/s. Pooja Industries to

supply 50% from the monthly target fixed for the additional Purchase Orders placed with them by the Chief Engineer (TC&M) and 50%, from the monthly target fixed for the new Purchase Orders to be placed by the Chief Engineer (Distribution- South)/Chief Engineer (Distribution-Central) in every month, as the case may be subject to certain conditions.

While implementing the Board Order dated 16.02.2011, the monthly target had to be revised to 50% and hence the date of completion of supply of PSC poles of M/s. Pooja Industries, M/s. Venad Structurals and M/s. Imperial Trading Company against the above Purchase Orders was extended to a further period. The revised supply schedule as per the Board Order read 3 above was not applicable for the supply of poles by M/s. Venad Structurals to Electrical Circle, Kottayam as the firm had no Purchase Order to Electrical Circle Kottayam placed by Chief Engineer (Distribution-South). Hence the period of completion of supply of poles to Electrical Circle, Kottayam was the same as in the Purchase Order. ie 9/2011 for 8m poles and 10/2011 for 9m poles. The supply of additional quantity of 3750 Nos. of 7m poles was completed by the contractor within the original contract period itself. The revised supply schedule for M/s.Venad Structurals was as detailed below.

Name of Electrical Circle	Size of pole	Ordered quantity	Revised Monthly target	Original Date of completion	Extended Date of completion
Kottayam	7m	3750	-	-	
	8m	7500	400	9/2011	9/2011
	9m	2500	170	10/2011	10/2011
Alappuzha	7m	22500	875	9/2011	3/2012
	8m	11250	425	9/2011	3/2012
	9m	9750	325	10/2011	5/2012

M/s. Venad Structurals, as per letter dated 28.9.2011 had informed that due to non allocation of poles from the Electrical Circle, Kottayam, they were not able to supply the full quantity of 8m poles.

In response to the letter from M/s.Venad Structurals, the Chief Engineer (SCM) as per letter dated 13.10.2011 had given directions to the firm, to continue the supply of poles so as to

complete the ordered quantity as per the Additional Purchase Order placed with them, as the price of poles as per this Purchase Order is less when compared with the price of poles as per Purchase Order placed by Chief Engineer (Distribution-South)/Chief Engineer (Distribution-Central).

Details of poles supplied as per additional P.O. No. TCM.47/2010-11/1833 dated 05.07.2010 by the firm was as shown below:

Name of Electrical Circle	Size of pole	Ordered quantity	Supplied quantity	Balance to be supplied	Last date of supply - (Supplied within the original contract period)
Kottayam	7m	3750	3750	-	
	8m	7500	7500	-	8/2012
	9m	2500	2510	-	10/2011
Alappuzha	7m	22500	22505	-	02/2012
	8m	11250	11415	-	3/2012
	9m	9750	8789	961	2/2013

The Deputy Chief Engineer, Electrical Circle, Alappuzha as per letter dated 13.6.2012 had reported that the ordered quantity of 9m poles was not completed by the contractor within the scheduled period of 5/2012. The firm was directed by the Chief Engineer (SCM) as per letter dated 16.5.2012, to supply balance quantity of poles so as to complete the ordered quantity.

M/s Venad Structurals, as per their letters dated 17.04.2013, 06.06.2013 and 17.07.2013 had informed that as per the additional Purchase Order, 961 Nos of 9m poles are pending for supply and since allocation was not issued, they were not able to complete the supply within the time limit. From 2/2013 onwards no allocations were given and the yard has been closed from 3/2013 as no allocations/ requirements of poles from the Board. They had requested to close the said Purchase Order and to release the Security Deposit at the earliest. The Bank Guarantees submitted by M/s.Venad Structurals towards Security Deposit for the Original P.O. No.TCM.11/2005-06/350 dated 23/04/2005 were already released to the firm. The balance Bank Guarantee amounting to Rs.25,79,125/- remaining with KSEBL is valid upto 15/10/2020.

The Deputy Chief Engineer, Electrical Circle, Kottayam as per letter dated 25/09/2014 and the Deputy Chief Engineer, Electrical Circle, Alappuzha as per letter dated 27/01/2015 have reported that no liabilities are outstanding against M/s.Venad Structural towards the supply of PSC poles to their Circles as per the Additional P.O. No.47/2010-11/1833 dated 05/07/2010 to the Original P.O. No.TCM.11/2005-06/350 dated 23/04/2005.

The Chief Engineer (SCM) has recommended to short close the contract with M/s.Venad Structural for the additional Purchase Order No. TCM.47/2010-11/1833 dated 05.07.2010 to the original Purchase Order No.TCM.11/2005-06/350 dated 23.4.2005 with the quantity supplied by the firm, as the Deputy Chief Engineer, Electrical Circle, Kottayam and the Deputy Chief Engineer, Electrical Circle, Alappuzha have reported that no liabilities are outstanding against the firm as far as this additional Purchase Order is concerned and also to release the Bank Guarantee amounting to Rs.25,79,125/- (Rupees Twenty Five Lakh Seventy Nine Thousand One Hundred Twenty Five only) submitted as Security Deposit towards this additional Purchase Order.

The matter was placed in the Full Time Directors meeting held on 15.05.2020 and the Full Time Directors meeting as per paper read 4<sup>th</sup> above resolved to short close the contract with M/s. Venad Structural for the additional Purchase Order No. TCM. 47/2010-11/1833 dated 05.07.2010 to the original Purchase Order No. TCM.11/2005-06/350 dated 23.04.2005 with the quantity supplied by the firm as the Deputy Chief Engineer, Electrical Circle, Kottayam and Deputy Chief Engineer, Electrical Circle, Alappuzha have reported that no liabilities are outstanding against the firm as far as this additional Purchase Order is concerned.

Also resolved to release the Bank Guarantee amounting to Rs. 25,79,125/- (Rupees Twenty Five Lakh Seventy Nine Thousand One Hundred Twenty Five only) submitted by M/s. Venad Structural as Security Deposit towards the additional Purchase Order No. TCM. 47/2010-11/1833 dated 05.07.2010 to the original Purchase Order No. TCM.11/2005-06/350 dated 23.04.2005.

Further resolved that the above decision is subject to the condition that the difference in price between the Purchase Orders issued by the Chief Engineer (TC & M) dated 05.07.2010 and the Chief Engineer ( Distribution – Central) dated 27.12.2010, if any, for 961 Nos. 9m PSC Poles, shall be recovered from the firm M/s. Venad Structural, Pongamthanam, Kottayam.

Orders are issued accordingly

**BY ORDER OF THE FULL TIME DIRECTORS**

Sd/-

**Company Secretary in charge**

To

The Chief Engineer (SCM)

Copy to:-

- ◆ The Legal Advisor & Disciplinary Enquiry Officer.
- ◆ The Chief Engineer (Distribution) South/Central.
- ◆ The Deputy Chief Engineer, Electrical circle, Kottayam/Alappuzha.
- ◆ The Deputy Chief Engineer (IT), KSEB Limited.
- ◆ TA to Chairman & Managing Director/ Director (Distribution IT&HRM)/  
Director (G-E &SCM)/ Director (Transmission, System Operation CP, S & REES)/  
Director (Generation-Civil).
- ◆ PA to Director (Finance)/Senior C.A. to Secretary(Administration)/  
Company Secretary in charge
- ◆ The Library, KSEB Limited/Stock file.

**Forwarded/ By Order**



**Assistant Engineer**