



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated Under the Companies Act, 1956)

Registered Office: Vidyuthi Bhavanam, Pattom,

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Abstract

Manufacture and Supply of 8m/200kg PSC poles for the Electrical Circles under Southern, Central, Northern and North Malabar Regions for a period of 2 years - P.O. issued - Inadequate capacity of M/s.Pinarayi Industrial Co Operative Society LTD., Kannur - Revised Purchase Order issued - Ratification - Sanctioned - Orders issued.

Corporate Office (Supply Chain Management)

B.O.(DB)No.196/2023(CE/SCM/XC/AE3/PSC Poles/8m/2021-22) dated 13/04/2023.

- Read:-1) e-Tender No. KSEB/SCM/eP-09/2021-22 dated 23/03/2022
- 2) Proceedings of the Purchase Committee meeting held on 27/06/2022 (Agenda item No. 03/22-23) and 28/06/2022
 - 3) B.O.(DB)No.571/2022(CE/SCM/XC/AE3/PSC Poles/8m/2021-22) dated 02/07/2022
 - 4) P.O. No.SCM.44/2022-23/3523 dated 02/07/2022 issued to M/s. Pinarayi Industrial Co Operative Society LTD., Kannur
 - 5) Proceedings of the Purchase Sub Committee meeting vide No.CE/SCM/XC/AE3 /PSC Poles/8m/2021-22/5056 dated 12/10/2022
 - 6) Letter No.PICOS/KSEB/006/2022 dated 31/10/2022 from M/s. Pinarayi Industrial Co Operative Society LTD., Kannur
 - 7) Note No.CE/SCM/XC/AE3/PSC Poles/8m/2021-22 dated 28/02/2023 of the Chief Engineer (SCM) submitted to the Full Time Directors (Agenda 13/3/23)
 - 8) B.O.(FTD) No.117/2023(CE/SCM/XC/AE3/PSC Poles/8m/2021-22) dated 08.03.2023.
 - 9) Note No. CE/SCM/XC/AE3/PSC Poles/8m/2021-22/8782 dated 21/03/2023 of the Chairman and Managing Director
 - 10) Proceedings of the 70th meeting of Board of Directors held on 25/03/2023 under Agenda Item No.23-03/2023

ORDER

The two part e-tender read as 1st above was invited for the Manufacture and Supply of 7,00,000 nos of 8m/200kg PSC poles for the Electrical Circles under Southern, Central, Northern and North Malabar Regions for a period of 2 years with a Probable Amount of Contract of Rs.212Crores (Rupees Two Hundred and Twelve Crore only)(including GST). Purchase Orders were issued on 02/07/2022 to 10 Nos L1 bidders for supplying 6,73,856 Nos of 8m/200kg PSC poles out of the tendered quantity of 7,00,000 poles as per the proceedings of the Purchase Committee meeting read as 2nd above and as per the B.O. read as 3rd above.

Though two of the suppliers, viz. M/s. Pinarayi Industrial Co Operative Society LTD., Kannur and M/s. The Imperial Trading Company(TN), Kanyakumari do not possess sufficient infrastructure facilities and capability to meet their eligible entitlements in its entirety in line with KSEBL's expectations and demand, they have not cautioned at first place their inability to meet

the quoted quantity, during the tender stage. Despite the inadequacy factor of the above suppliers was before hand, KSEBL however was constrained to allocate their entire quoted quantity to these 2 suppliers to avert probable future litigation when KSEBL is reeling under severe pole shortage crisis.

The Purchase Order read as 4th above was subsequently issued to M/s. Pinarayi Industrial Co Operative Society LTD., Kannur (PICOS) for the Manufacture and supply of 8m/200kg PSC poles to Electrical Circle, Kozhikode, Vadakara, Kannur and Sreekandapuram and the pertinent details are given below.

Sl. No.	Name of Electrical Circle	P.O. quantity (Nos)	Monthly target (Nos)
1	Kozhikode	29,750	1,240
2	Vadakara	21,700	904
3	Kannur	26,425	1,101
4	Sreekandapuram	64,750	2,698
	Total	1,42,625	5,943

As per the Purchase Order, the supply of 8m PSC poles shall commence in 16/08/2022 and the delivery to be completed by 15/08/2024. Since it is noticed that the required numbers of poles are not forthcoming from M/s. PICOS despite the ongoing future expansion from the above supplier as per the P.O. and as directed by the Director(D,IT &SCM), a review meeting was conducted with M/s.PICOS including M/s.Imperial Trading Co. and M/s. Raphael & Company, Thrissur on 02/08/2022.

In the Meeting, M/s. PICOS's commitment for the supply of 8m PSC poles for the 1st three months was as follows:-

August month supply	- 2,500Nos against monthly target of 5,943
September	- 3,000 Nos against monthly target of 5,943
October onwards	- 3,800 Nos against monthly target of 5,943

Also M/s. PICOS had requested to reduce their scheduled monthly target from 5,943 to 3,800 from November 2022 onwards till the end of the contract without incurring any additional financial liability on them. In the zoom meeting conducted by the CMD, KSEBL on 11/08/2022 with the PSC pole suppliers also, M/s. PICOS has reiterated their above request. It is therefore confirmed that M/s. PICOS are unable to meet their scheduled target of 5,943 poles/month. Thus shortage of poles identified as 8,529 No out of their 3 months scheduled target for 8m/200kg PSC poles till the end of October 2022 and an additional 45,003 No poles till the contract completion, thus a total of 53,532 poles in shortage for the next two years is anticipated in Kozhikode, Vadakara, Kannur and Sreekandapuram Electrical Circles together.

In order to meet the immediate requirement of deficient number of PSC poles to the above Electrical Circles, the Purchase Sub Committee meeting as per the Proceedings read as 5th above had authorized the Chief Engineer (SCM) to place Adhoc Purchase Order to M/s. Bajrang Power Industries LLP, Jaipur for supplying 8,529 No 8m/200kg PSC poles at L1 rate of respective Circles, by deducting respective quantity from the Purchase Order quantity issued to M/s. Pinarayi Industrial Co Operative Society Ltd. The above action was formalised in line with Clause 13.b. of the P.O. condition. Accordingly Ad-hoc P.O. was issued to M/s. Bajrang Power Industries LLP, Jaipur on 12/10/2022 for supplying 8,529 Nos 8m/200kg PSC poles to the above Electrical Circles within 2 months and they had completed the supply as per the schedule.

Further M/s. PICOS as per letter read as 6th above stated the reason (ie. under wrong notion) for quoting the enhanced quantity and requested to revise their Purchase Order by reducing their monthly target from 5,943 to 3,800 and to exempt them from penal obligation. Though they have not executed Agreement for the subject Purchase order and no payment was released to them so far, still they continue supplying the PSC pole and keep improving their performance.

The matter was placed before the Full Time Directors meeting held on 02/03/2023 discussed the agenda as per item No 13/3/23. Having considered the matter in detail, the Full Time Directors in its meeting held on 02/03/2023

- I. **RESOLVED** to accord sanction to issue a revised P.O. to M/s. Pinarayi Industrial Co-Operative Society Ltd., Kannur, for supplying a reduced quantity of 89,093 Nos of 8m/200kg PSC poles by reducing their scheduled monthly target from the commencement till the end of the contract as @2,500 poles in August 2022, @3,000 poles in September 2022 and thereafter @3,800 poles till the P.O. completion, (ie. up to 15/08/2024) without changing any other P.O. conditions except the relevant modifications affected due to change in P.O. quantity/monthly target and contract amount, as requested by M/s. PICOS and considering their manufacturing capacity.
- II. **FURTHER RESOLVED** to place the matter before the Board of Directors for ratification.

Accordingly the B.O. read as 8th above was issued in this regard and the matter was placed before the Board of Directors as per the note read as 9th above for ratification. Having examined the matter in detail, the Board of Directors in its meeting held on 25/03/2023 resolved to accord sanction to the following:

RESOLVED to ratify the decision of Full Time Directors as per the B.O.(FTD) No.117/2023(CE/SCM/XC/AE3/PSCPoles/8m/2021-22) dated 08.03.2023 to accord sanction to issue a revised P.O. to M/s. Pinarayi Industrial Co-Operative Society Ltd., Kannur, on 18/03/2023 amounting to ₹24,51,77,764/- (Original PO amount is ₹39,24,93,500/-) for supplying a reduced quantity of 89,093 Nos of 8m/200kg SC

poles (Original PO quantity is 1,42,625 poles) by reducing their scheduled monthly target from the commencement till the end of the contract as @2,500 poles in August 2022, @3,000 poles in September 2022 and thereafter @3,800 poles till the P.O. completion, (ie. up to 15/08/2024) without changing any other P.O. conditions except the relevant modifications affected due to change in P.O. quantity/monthly target and contract amount.

Orders are issued accordingly.

BY ORDER OF THE DIRECTOR BOARD

Sd/-

Lekha.G

Company Secretary in charge

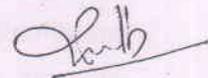
To

The Chief Engineer (SCM)

Copy to:-

1. The Legal Advisor & Disciplinary Enquiry Officer.
2. TA to Chairman & Managing Director / Director (Distribution, IT, SCM, REES & Soura)/ Director (Generation-Civil) / Director (Transmission, System Operation, Planning, Safety & Generation-Electrical)
3. PA to Director (Finance & HRM)
- ✓ 4. Senior C.A. to Secretary(Administration)/Company Secretary
5. The Library, KSEB Limited/Stock file.

Forwarded/ By Order



ASSISTANT ENGINEER