



## KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

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### ABSTRACT

Execution of RMU works of Kuttiyadi (3x25MW) HEP awarded to M/s. BHEL - Request for Time Extension for the period of contract - Sanctioned - Orders issued.

### SBU-GE

BO (FTD)No.459/2023(DIRGE-AEE4/2022/479)

Thiruvananthapuram,Dated: 21.10.2023

- Read: 1. Work Order No. 03/2019-2020 dated 10.12.2019 of CE (GEN&PED).  
2. Office Memorandum No. F18/4/2020-PPD-GoI- dated 19.02.2020 & 13.05.2020.  
3. BHEL letter KTDY/HBG/KSEB/013 dated 03.12.2020.  
4. BHEL Letter Ref. KUTYDI/HBG-KSEB/023 dated 03.06.2021.  
5. BHEL Letter Ref. KUTYDI/HBG-KSEB/039 dated 13.04.2023.  
6. BHEL Letter Ref. KUTYDI/HBG-KSEB/040 dated 28.04.2023.  
7. BHEL Letter Ref. KUTYDI/HBG-KSEB/041 dated 26.05.2023.  
8. Minutes of meeting convened by CMD, KSEBL dated 19.07.2023.  
9. Note No. DIRGE-AEE4/2022/479 (3) dated 02.08.2023 to FTD.  
10. BHEL Letter Ref. KUTYDI/HBG-KSEB/044 dated 26.07.2023.  
11. Note No. AEE2/CEPED//2022/EF/KTDY/RMU: Time Ext. Note to Board. (1) dated 22.08.2023 of the Deputy Chief Engineer (PED) with FPO CE.  
12. Note No. DIRGE-AEE4/2022/479 (4) dated 01.09.2023 of the Director(Gen-Electrical) to the Full Time Directors (Agenda No 20-10/2023).  
13. Remarks of the Financial Advisor No. FA-AT-ST1/2023/61 dated 02.10.2023.

### ORDER

The contract for the RMU works of Kuttiyadi HEP (3x25 MW) was awarded to M/s. BHEL as per the Work Order read as 1<sup>st</sup> above. As per the contract, the zero date of commencement of the work was from 27.12.2019 and the original completion period of the project was 26.03.2023 (39 Months). Subsequent to award of the contract, eruption of the Covid-19 pandemic had severely affected the initial phase of the project related activities at site due to the travel restrictions imposed by various Government agencies. M/s BHEL had informed that their on-going operations in the years 2020, 2021 & 2022 were badly affected due to the Covid-19 pandemic and invoked "Force Majeure" condition in line with Clause No. 5.3.7 (3) of Volume 2 of the contract document. M/s BHEL had requested for time extension initially for a period of six months as per the letter read as 3<sup>d</sup> above. The Ministry of Finance, Government of India as per the Office Memorandum read as 2<sup>d</sup> above clarified that the disruption of supply chains due to the spread of corona virus shall be considered as a case of natural calamity and Force Majeure clause may be invoked whenever considered appropriate.

M/s BHEL as per the letter read as 4<sup>th</sup> above has further informed that the spread of second wave of Covid-19 pandemic had aggravated the situation and this had impacted their operations including their manpower & suppliers / vendors badly. BHEL requested for extension of time up to 30-06-2025 for completion of the project without levying LD as per their submissions read as 5<sup>th</sup> and 7<sup>th</sup> above.

M/s. BHEL has claimed that all efforts for procurement of raw material was made and other Bought Out Items (BOI) required for manufacture of the equipment identified for the project. However, due to the worldwide impact of Covid-19, there was disruption in supply of major raw materials including imported materials like CRGO steel, various grades of steel plates, insulation, etc. BHEL engineers had reached project site in February / March 2020 to gather inputs & dimensions required for design & engineering activities. Store construction & other related activities at site commenced in November 2022 and BHEL was able to complete these activities by end of December 2022. Supplies for the project have also commenced from various BHEL units, and presently, manufacturing & inspection of all major equipment for first unit & common systems are progressing well. Major items such as all the three shafts, rotor poles, HMC panels, C&R panels, cooling system etc. have already reached the site.

As per the revised schedule from M/s. BHEL, the first Machine shall be commissioned in 9 months. This is a reasonable time required for such a large erection & commissioning work of Hydro Generators. It is expected that the RMU activities for the subsequent units (#2 & #1 Machines) shall be completed much faster than the first unit as many common systems are getting erected and commissioned along with the renovation of the first unit. Also, manufacturing activities of most of the components have been completed along with the first unit, which will further reduce the time required for commissioning of the subsequent machines undergoing renovation.

As the manufactured systems are being despatched by BHEL in full swing, making available the fund for the payment against their invoices for the supply part is very much essential for their cash flow. Since the original time line for completion of the project is over, the contract needs to be kept live for which this time extension is a necessity. Subsequently, as per the decision of review meeting chaired by CMD on 19.07.2023, M/s. BHEL has submitted a revised schedule as per the letter read as 10<sup>th</sup> above. The time line for completion of the entire work as per the scope of work awarded to them is on 31.10.2025. Also, as per the revised schedule, the first Machine shall be handed over to BHEL on 1st October 2023. The RMU work for this machine as per the same is expected to be completed by 30.06.2024. Further to the submission of FTD note in this regard read as 9<sup>th</sup> above and as per the decision on it, BHEL was asked to explore the possibility of optimising the time frame submitted by them. They informed that the latest schedule submission by BHEL had considered optimum time line and hence any further shortening of the schedule will not be realistic.

Considering the above points and the Force Majeure condition of the Covid-19 pandemic and its nationwide impact, for the satisfactory and successful completion of the

Kuttiyadi RMU project, in line with the latest project schedule submitted by BHEL, the Deputy Chief Engineer (PED) with FPO Chief Engineer as per the Note read as 1<sup>st</sup> above has recommend to extend the time line for completion of the contract of RMU Works of Kuttiyadi HEP till 31.10.2025 to M/s. BHEL without imposing liquidated damages on the contractor and without any additional financial commitment to KSEBL. The matter was placed before the Full Time Directors as per the note read as 12<sup>th</sup> above.

The Financial Advisor as per the note read as 13<sup>th</sup> above has remarked to ensure that the contractor adhere with the micro schedule furnished by them. If there is any further delay in completion, penal provision as per agreement terms may be applied.

Having considered the matter in detail, the Full Time Directors through circulation, has resolved to accord sanction for the time extension for the execution of RMU Works of Kuttiyadi HEP to M/s. BHEL till 31.10.2025 with date of completion of three Machines as: 1<sup>st</sup> Unit on 30.06.2024, 2<sup>nd</sup> Unit on 28.02.2025 & 3<sup>rd</sup> Unit on 31.10.2025 without levying LD and without any additional financial commitment to both sides.

Orders are issued accordingly.

**By Order of the  
Full Time Directors**

*Sd/-*

**LEKHA G  
Company Secretary**

To:

The Deputy Chief Engineer (PED) with full powers of Chief Engineer.

Copy to: The Chief Engineer (IT, CR&CAPS)/ Financial Advisor/ LA&DEO/ Chief Internal Auditor/ Company Secretary  
The TA to the Chairman & Managing Director / Director (Generation-Civil) / Director (Distribution, Safety, SCM & IT) / Director (Transmission, SO & Planning)/ Director (Generation - Electrical, REES, SOURA, Sports & Welfare)  
The PA to the Director (Finance & HRM)  
The Sr.CA to the Secretary (Administration)  
The RCAO/ RAO  
Stock File.

Forwarded / By Order

*[Signature]*

Assistant Executive Engineer