

MINUTES OF THE 15th MEETING OF THE BOARD OF DIRECTORS OF CESC HELD ON MONDAY, THE 17th SEPTEMBER, 2007 AT 05.00 PM AT THE BOARD ROOM, KPTCL, CAUVERY BHAVAN, BANGALORE -560009

Present:

Shriyuths:

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| 1. Bharat Lal | .. | Chairman |
| 2. Vijayanarasimha | .. | Managing Director |
| 3. Smt. Aditi Raja | .. | Director |
| 4. VM Chandre gowda | .. | Director |
| 5. Vishvanath Hiremath | .. | Director |
| 6. BN Sathyaprema Kumar | .. | Director |
| 7. Smt. Parvathi Keshavachar | .. | Director |

In attendance:

R Balasubramanian .. Authorised Signatory

Leave of absence was granted to Smt. M Imkongla Jamir and S Pratap Kumar, Directors

Item No.15/1: Confirmation of Minutes of the 14th Meeting held on 04.08.2007

15/1.01 The Board confirmed the minutes of the 14th meeting held on 04.08.2007 with the following modification:

Add the following para at the end of the minutes

The Board noted the requirements under online filing for compliance to company law and approved the filing of documents under the digital signature of any of the directors of the company

Item No.15/2: Action taken on the Minutes of the 13th meeting of the Board of Directors of CESC held on 30/6/07

15/2.01 The Board noted the action taken on the minutes of the 13th meeting held on 30.6.07. It desired that the Sub-committee to finalise the matters entrusted to it in respect of items No. 13/7 and 13/8. The Board noted that in respect of 14th meeting of the Board, the draft annual accounts has been furnished to the Statutory Auditors and Accountant General and audit is under progress.

Item No.15/3: Procurement of 2000 Kms, Weasel ACSR Conductor to Mysore circle on rate contract for one year

15/3.01 The Board was informed that tenders have been called for procurement of 2000 Kms. of Weasel ACSR Conductor to Mysore circle on rate contract for one year at an estimated cost of Rs. 360.00 lakhs. The Board was further informed of the tender process, the scope of works, the basis for assumption of quantity, the budget provision, the specification, the pre qualification criteria prescribed, price variation formula provided, the commercial terms, the extent of participation etc.

15/3.02 The Board noted that 13 firms had submitted the offers while 4 firms had not submitted the offers within the stipulated time. Of the 13 firms, 12 firms have been found to be responsive and M/s. Rajasthan Transformers and Switchgears, Jaipur, was found to be non responsive for not having supplied the minimum stipulated tender quantity. The Board also noted that M/s Smitha Conductors Pvt. Ltd., Silvassa an outside State firm was L1 at Rs. 17522.56 per Kms i.e. 11.05% less than the CESC SR 07 and 0.74% less than the updated CESC procurement rate. M/s. Uni power Transmission Pvt. Limited, Mysore a state SSI unit is L-2 at Rs. 17622.79, per Km i.e. 10.54% less than the SR 2007 and 0.17% less over updated CESC procurement rate. It was also noted that six State firms fall with the price band of 15% limit. But M/s. Uni power Transmission Pvt. Limited, Mysore, is L1 among the State SSI firms.

15/3.03 The Board was also informed that the Purchase Committee in its meeting held on 09.08.2007 had examined the proposal and noted that the price was comparable and that orders could be placed for 75% and 25% of the tender quantity on the local L1 firm and the L1 firm respectively as per the State policy governing the allocation/award to firms located within/outside the State.

15/3.04 The Board concurred with the recommendation of the Purchase Committee and observed that the L1 rate in respect of item No. 15/4, is Rs. 1739.29 per Km and therefore the price could be negotiated to this rate and thereafter orders placed on the L1 firms. The Board after discussion

Resolved that the Managing Director be and is hereby authorized to appoint a committee to negotiate with the L1 firms for reducing the Unit FORD price to Rs. 17390.29 per Km and place orders on the following L1 firms for supply of weasel conductor for the quantity as indicated below :

Sl. No	Name of the firm	Qty in nos.
1	Uni power transmission Pvt. Ltd., Mysore	1500
2	Smitha conductors Pvt. Ltd., Silvassa	500

Item No.15/4: Procurement of 2000 Kms, Weasel ACSR Conductor to Mandya circle on rate contract for one year

15/4.01 The Board was informed that tenders have been called for procurement of 2000 Kms. Weasel ACSR Conductor to Mysore circle on rate contract for one year at an estimated cost of Rs. 360.00 lakhs. The Board was further informed of the tender process, the scope of works, the basis for assumption of quantity, the budget provision, the specification, the pre qualification criteria prescribed, price variation formula provided, the commercial terms, the extent of participation etc.,

15/4.02 The Board noted that 11 firms had submitted the offers while 3 firms had not submitted the offers within the stipulated time. All the 11 were found to be responsive and M/s. Bhuvana Enterprises, Chennai, an outside State firm was L1 with FORD price at Rs. 17390.29 per Km i.e. 11.72% less than the CESC SR 07 and 1.48% less than the updated CESC procurement rate. M/s. Ranisha Conductor Company, Bangalore, a state SSI unit is L-2 at Rs. 17569.04, per Km i.e. 10.82% less than the SR 2007 and 0.47% less over updated CESC procurement rate. It was also noted that six State SSI firms fall with the price band of 15% limit. M/s. Ranisha Conductor Company, Bangalore, is L1 among the State SSI firms.

15/4.03 The Board was also informed that the Purchase Committee in its meeting held on 09.08.2007 had examined the

proposal and noted that the price was comparable and that orders could be placed for 75% and 25% of the tender quantity of local L1 firm and the L1 firm respectively as per the State policy governing the allocation/award to firms located within/outside the State.

15/4.04 The Board concurred with the recommendation of the Purchase Committee and observed that orders be placed on the L1 firms. The Board after discussion

Resolved that the Managing Director be and is hereby authorized and place orders for the following quantity on the L1 firms for supply of weasel conductor at the Unit FORD price of Rs. 17390.29 per Km :

Sl. No	Name of the firm	Qty in nos.
1	M/s. Ranisha Conductor Company, Bangalore	1500
2	M/s. Bhuvana Enterprises, Chennai,	500

Item No.15/5: Procurement of 2000 Kms, Weasel ACSR Conductor to Hassan circle on rate contract for one year

15/501 The Board was informed that tenders have been called for procurement of 2000 Kms. of Weasel ACSR Conductor to Mysore circle on rate contract for one year at an estimated cost of Rs. 360.00 lakhs. The Board was further informed of the tender process, the scope of works, the basis for assumption of quantity, the budget provision, the specification, the pre qualification criteria prescribed, price variation formula provided, the commercial terms, the extent of participation etc.,

15/5.02 The Board noted that 10 firms had submitted the offers while 4 firms had not submitted the offers within the stipulated time. All the 10 firms were found to be responsive. M/s. Ranisha Conductor Company, Bangalore, a state SSI unit is L-1 at Rs. 17569.04, per Km i.e. 10.82% less than the SR 2007 and 0.47% less over updated CESC procurement rate.

15/5.03 The Board was also informed that the Purchase Committee in its meeting held on 09.08.2007 had examined the proposal and noted that the price was comparable and that orders could be placed for the tender quantity on the L1 firm who is a local firm.

15/5.04 The Board concurred with the recommendation of the Purchase Committee and observed that the L1 rate in respect of item No. 15/4, the L1 rate is Rs. 1739.29 per Km and therefore the price could be negotiated to this rate and thereafter orders placed on the L1 firm viz. M/s. Ranisha Conductor Company, Bangalore,. The Board after discussion

Resolved that the Managing Director be and is hereby authorized to appoint a committee to negotiate with M/s. Ranisha Conductor Company, Bangalore, L1 firm for reducing the Unit FORD price to Rs. 17390.29 per Km and place orders on them for supply of 2000 kms. of weasel conductor

Item No. 15/6: Obtaining House keeping and other man power service to Corporate Office and Zonal Office, Mysore from outside agency

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Item No.15/7: Obtaining Security and other man power service to Mysore Works/Mysore/Mandya Circle from outside agency

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Item No.15/8: Obtaining Security and other man power service to Hassan Circle from outside agency

15/6/7/8.01 The Board was apprised of the arrangement made to avail the services through outsourcing for the Corporate office and zonal office through tender. The Board was apprised of the tender process, the extent of participation and the offers received.

15/6/7/8.02 The Board noted that these proposals were administrative in nature and within the competence of the Managing Director. Hence, the Board desired the Managing Director to take suitable action in the matter.

Item No. 15/9: Enhancement of authorized Share capital

15/9.01 The Board was informed that the authorized share capital was presently Rs. 15.00 crores and was required to be increased to Rs. 150.00 crores in line with other ESCOMS. Though GoK has released certain moneys to be adjusted towards the equity capital, this could be done only after enhancing the authorized capital by way of altering the Memorandum of Association in the ensuing General Body.

15/9.02 The Board noted the above and

Resolved that the proposal to amend the capital clause of the Memorandum of Association for increasing the authorized share capital from the present Rs. 15.00 crores to Rs. 150.00 crores consisting of 1500 lakh shares of Rs. 10.00 each be placed before the Second Annual General Meeting for the approval of the share holders.

Item No.15/10: Creation of New Arasikere works Division bifurcating from existing CR Patna Division

15/10.01 The Board was apprised of the composition of CR Patna Division, the need for bifurcation of the CR Patna Division, the action taken to form Arasikere Division from out of the CR Patna Division and the proposed manning of the Divisions.

15/10.02 The Board was also informed of the need to have EEs as Nodal Officers to monitor and review the progress of RGGVY works of Mysore, Mandya and Hassan Circles.

15/10.03 The Board after discussion authorized the Managing Director to take suitable action regarding the posting of Nodal Officers at the level of EE(Elecl) through internal arrangement and by up gradation as considered necessary.

Item No.15/11: Increase in per capita expenditure for meetings convened by officers and directors

15/11/01 The Board was apprised of the need to increase the ceiling limit of expenditure of refreshment charges.

15/11.02 The Board felt that the Managing Director can take suitable action in the matter.

Item No. 15/12: Providing Streetlights to the roads leading to temples atop Chamundi hills, providing decorative lightings to Shree Chamundeshwari temple and surrounding temples to merge with background of the hill and to enrich the beauty of the hill

15/12.01 The Board was informed of the decision taken in the meeting held on 02.10.2007 under the Chairmanship of Hon'ble Chief Minister regarding the provision of street lights for all roads leading to Chamundi hills and special illumination of important temples in the surrounding areas.

15/12.02 It was informed that GoK had agreed to meet the estimated cost of Rs. 2.00 crores for this project and accordingly tenders were notified in April 07. The tender process had to be extended five times in view of poor response. Finally, the techno commercial bids were opened on 02.07.2007. All the 12 bidders who had purchased the tender documents, only two firms had submitted their offers and both the firms were found to meet the stipulated technical and commercial conditions of the tender. The firms have also given technical demonstration in support of their proposals to the Tender Scrutiny Committee on 17.08.2007. On the recommendation of the Tender Scrutiny Committee the scope was expended to provide musical sound system at specified locations atop hill and sound and light system of Devikere and providing decorative lightings to Tripurasundari temple at Uttanahalli and the bidders were asked to give revised price bids. The price bids was opened on 28.08.2007 and the evaluated offer of L1 M/s Bajaj Electricals Mumbai at Rs. 8.288 crores as against L2 offer of Rs. 15.61 crores of M/s. Plug in services, Bangalore, and the estimated cost of Rs. 2.00 crores.

15/12.03 The Purchase Committee had examined the proposal and suggested certain mechanism to ensure quality and due performance since this was a lumpsum turn key works. Also, the need for

redundancy in the system has been highlighted as lighting could depend on the soft ware.

15/12.04 The Board noted that the basic decision has been taken by the GoK to support the proposal of providing street lights and decorative lighting. Hence, the GoK would have to be addressed to provide necessary grant covering the expenditure involved in the proposal. The Board also noted that M/s Plug in services, Bangalore has disputed non furnishing of quantity break up by the L1 firm. It observed that basically the lighting proposed is on turnkey basis and it was up to the bidders to design their own configuration for arriving at the desired illumination. As such, the offer of L1 could not be held to be non responsive only on the basis that break up of the bulbs have not been furnished. So long as the proposal of the L1 bidder meets with the requirement of the bid, it should be treated as responsive.

15/12.05 The Board noted that decorative lighting was a specialized art and science and it was very difficult to have comparison with other similar systems installed elsewhere. The main issue would be as to how the company could quantify the work involved and document the same. It may be necessary to have a Committee of experts to monitor the planning, design and implementation. The Board felt that a representative of the Irrigation Department from KRS, an expert at the level of Chief Engineer from Mysore Lamps and an expert from Archeological Survey of India, Mysore could be constituted for this purpose. Through this Committee, the agency's performance could be measured in tangible terms. This would also facilitate proper payment against progress.

15/12.02 Taking all the above factors in to account, the Board

Resolved that (i) the Managing Director be and is hereby authorized to negotiate with M/s Balaji Electricals Ltd., Mumbai and to place orders on the firm in respect of the work of providing streetlights to the roads leading to temples atop Chamundi hills, providing decorative lightings to Shree Chamundeshwari temple and surrounding temples to merge with background of the hill and to enrich the beauty of the hill.

Scope also should include sound & light show in the amount quoted by the firm.

- (ii) Further, the Managing Director is also authorized to constitute a Committee of experts from KPTCL, Mysore Lamps and ASI to over see the implementation of the works**
- (iii) MD should also take commitment from temple authorities for bill of electricity, advertisement right and also lease of land for sound and light show**
- (iv) MD should duly protect interest of CESC so as to ensure revenue realization from this work**

**Sd/-
(Bharat Lal)
Chairman**