

MINUTES OF THE 27th MEETING OF THE BOARD OF DIRECTORS OF CESC LIMITED HELD ON 19th JANUARY 2010 AT DSM CONFERENCE HALL, BESCOM, KR CIRCLE, BANGALORE.

Members Present:

Shriyuths/Smt

- | | | |
|-------------------------|---|--------------------|
| 1. K Jairaj | : | Chairman |
| 2. AN Ramesha | : | Managing Director |
| 3. R Veeranna Setty | : | Director-Technical |
| 4. Parvathy Keshavachar | : | Director |
| 5. C Shama Rao | : | Director |
| 6. L Ravi | : | Director |
| 7. M Nagaraju | : | Director |

By invitation:

- | | | |
|------------------------|---|--------------------------------|
| 1. Devaprasad | : | Financial Adviser |
| 2. Gopalkrishna DS | : | Controller - Internal Audit |
| 3. Syed Nafiz Hussaini | : | General Manager (Admn. & Tech) |
| 4. S Nagesh | : | SE (Projects) |

In attendance

- | | | |
|--------------------|---|----------------------|
| R. Balasubramanian | : | Authorized signatory |
|--------------------|---|----------------------|

Leave of absence was granted to Shriyuths Alok Mohan, S Sumanth and SC Kalasad, Directors

Item No. 27/1: Confirmation of minutes of 26th Board meetings held on 18.12.2009

27/01.01 The Board confirmed the minutes of the 26th meeting as circulated.

Item No. 27/2: Follow up on the minutes of 26th meeting of the Board held on 18.12.09

27/02.01 Noted

Item No.27/03: Requisition for additional budget of Rs.37.32 crores to Nirantara Jyothi works under phase-1

27/03.01 The Board was informed that the budget provision was limited to Rs.100 crores for NJY works. Considering the funds requirement of Phase I, the financial implications of tenders for procurement of materials and the requirement of Partial turnkey tenders.

27/03.02 The Board felt that one approach could be to restrict the tenders for materials and PTK works to the available budget and funds by prioritizing the areas for implementation. Another approach would be to request GoK for necessary funds and based on the amount to be released to take up these works. The Board felt based on the response of GoK, action could be initiated accordingly to finalize the tenders.

Item No.27/04: Running 11 KV independent feeders for bifurcation of agricultural and non agricultural loads in K.R.Pet, Nagamangala and Pandavapura Taluks of Mandya district in CESC under Niranthara Jyothi Scheme on Partial Turnkey Basis &

Item No.27/05: Running 11 KV independent feeders for bifurcation of agricultural and non agricultural loads in T N Pura Taluk of Mysore district in CESC under NJY on Partial Turnkey Basis &

Item No.27/06: Running 11 KV independent feeders for bifurcation of agricultural and non agricultural loads in Chamarajanagar, H.D.Kote, Hunsur, Kollegal Taluks of Chamarajanagar district and Mysore district in CESC under Niranthara Jyothi Scheme on Partial Turnkey Basis &

Item No.27/07: Running 11 KV independent feeders for bifurcation of agricultural and non agricultural loads in Arasikere and H.N.Pura Taluk of Hassan district in CESC under Niranthara Jyothi Scheme on Partial Turnkey Basis

27/1-07.01 At the outset the Chairman observed that the detailed concept paper on NJY works is yet to be circulated to the Board. He desired that Shri Balaram of BESCOM who is coordinating the NJY works should immediately circulate the requisite details so that MD/CESC can bring up the concept paper before the next meeting of the Board. He stated that concept paper should provide the background for the NJY scheme, the outcome of pilot project at Kolar and Malavalli, the need for extending the scheme through the company, the financial implications etc. This should be considered and adopted by the Board.

27/1-07.02 The Board considered the proposals for award partial turnkey works under the NJY programme in CESC jurisdiction. The Board noted/observed the following:

- a) The tenders have been called in lots size of Rs.3 to 6 crores to enable wider participation;
- b) There are 17 lots covering four circles. One lot for which no response has been received is proposed to be taken up departmentally;
- c) On perusal of all the proposals, the rates quoted are abnormal and should have been negotiated;
- d) As a principle, single tenders should have been rejected unless the response has come after re-tendering and extension of time;
- e) There is a need to institute tighter controls especially in relation to payment against materials and tying up the departmental procurement action with execution by the turn key contractors;
- f) It is appropriate that negotiations are carried out by the Purchase Committee and thereafter proposals brought to the Board;

- g) Managing Director shall examine the scrupulous adherence to audit observations and consideration of offers only if they are in conformity with the PQR stipulated and the KTPP Act;
- h) Purchase Committee should carryout negotiations without considering the finalization of tenders in other ESCOMS. The excess over estimate should be minimized;
- i) Managing Director shall do detailed material planning so as to ensure that the number of works to be taken up under NJY can be limited to the available budget provision of Rs.81 crores. The works should include the material and turn key portion and only such of the feeders that can be accommodated within the available funds can be considered;
- j) In order to increase the borrowing capacity, additional equity proposals should be proposed to Government. Only if as and when equity is made available by GoK, further works under NJY scheme can be taken up for execution;

27/1-07.03 The Board noted the observations of the Internal Audit in respect of processing and evaluation of tender proposals. The Board felt that Internal Audit shall point out specific instances of non compliance or partial compliance to KTPP Act. Managing Director shall also note that proposals coming through Purchase Committee to the Board should ensure that the audit observations especially in relation to conformity to KTPP Act and PQR are properly addressed as the Board would not like to a party to potential disputes in the matter.

27/1-07.04 The Managing Director may after taking into account all the above aspects formulate suitable proposals for the consideration of the Board in its next meeting along with the outcome of the negotiations by the Purchase Committee

(K Jairaj)
Chairman