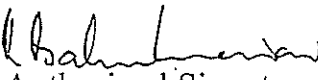
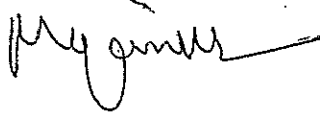


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Date: 31.1.2011

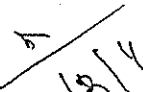
Sub: Minutes of the 32<sup>nd</sup> meeting of the Board held on  
29<sup>th</sup> January, 2011  
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The draft minutes of the 32<sup>nd</sup> meeting of the Board of  
Directors of the Company held on 29.1.2011 is placed opposite  
for kind perusal and approval.

  
Authorized Signatory

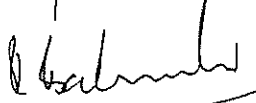
~~MD)~~ 

~~Chairperson)~~

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1/3/11

cs)

Fair copy pl. app.  
for Govt signature

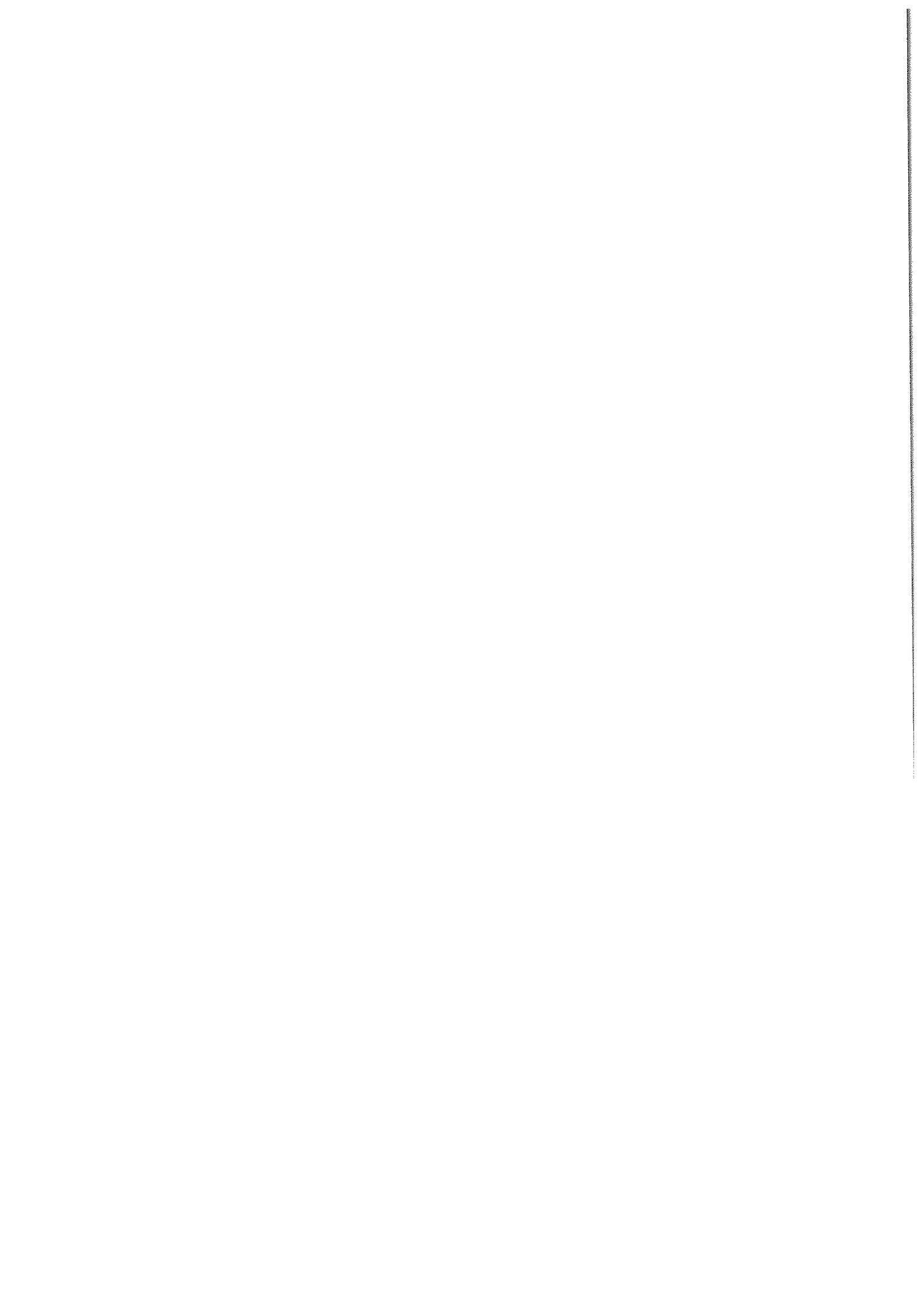


~~Chairperson)~~

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2/3/11

SHAMIMA BANU  
Additional Chief Secretary to Government  
Energy Department

cs)





**MINUTES OF THE 32<sup>nd</sup> BOARD OF DIRECTORS MEETING OF CESC, HELD ON SATURDAY THE 29<sup>TH</sup> JANUARY 2011 AT 03.00 PM AT THE REGD. OFFICE AT NO. 927, LJ AVENUE COMMERCIAL COMPLEX, NEW KANTHARAJ URS ROAD, SARASWATHIPURAM, MYSORE-570 009**

**Members Present:**

Shriyuths / Smt

1. M Shamim Banu, IAS : Chairperson
2. M Govindappa : Managing Director
3. S.Sumanth : Director
4. PK Garg : Director
5. V Yashavanth : Director
6. Parvathy Keshavachar : Director
7. M Nagaraju : Director

**By invitation:**

1. A Devaprasad : Financial Adviser
2. M Shanthi : Chief Engineer, O&M, Mysore
3. S Ramesh : Controller, Internal Audit
4. G Chandranayar : SEE/Procurement
5. BN Vijendra : SEE/Projects

**In attendance**

1. R Balasubramanian : Authorized signatory

*Leave of absence granted to Shriyuth BS Ramprasad, L Ravi, & C Shamarao, Directors*

**Item No.32/1: Confirmation of minutes of 31<sup>st</sup> Board of Directors Meeting held on 24.09.2010**

31/1.01 The Board confirmed the minutes of the 31<sup>st</sup> meeting held on 27<sup>th</sup> November, 2010 as circulated with the following addition:

*Item No.31/17: Obtaining condonation of delay from Company Law Board, in filing Form 8*

*The Board was apprised that the Company has borrowed Rs. Thirty five crores from Canara Bank, Kuvempunagar Branch, Mysore for carrying out*



*its day-to-day affairs. The Bank has delayed filing of the statutory returns within the stipulated time of 30 days, as such the Ministry of Corporate Affairs has advised to obtain the approval of Company Law Board in the matter. The Board noted the circumstances and necessity of obtaining the approval of Company Law Board in the matter and thereafter*

*Resolved that Shri M Govindappa, Managing Director be and is hereby authorised to sign petition and affidavit on behalf of the Company for condoning the delay in filing the particulars of Creation of Charge in favour of Canara Bank, Kuvempunagar Branch, Mysore - 570023*

*Resolved further that Mr.I.B.Harikrishna, Company Secretary in Whole-Time Practice be and is hereby authorised severally to file the requisite Petition with the Company Law Board, Southern Region Bench, Chennai for condonation of delay in filing the particulars of Creation of Charge in the favour of ofCanara Bank, Kuvempunagar Branch, Mysore - 570023.*

*Resolved further that Mr.I.B.Harikrishna be authorised to appear before the Bench Officer or such other Officer of the Company Law Board and to act for every purpose on behalf of the Company connected with the said Petition and to do such things as may be required in this regard.*

*Resolved further that he be authorised to receive the Order of the Bench Officer, Company Law Board, Southern Region Bench, Chennai.*

*Resolved further that Mr.I.B.Harikrishna, Company Secretary in Whole-Time Practice, be and is also hereby authorised to appear before the Registrar of Companies, Karnataka, Bangalore for making necessary corrections/alterations and to such other deeds or acts as may be necessary in this regard and to receive/file any document on behalf of the Company.*

### **Item No.32/2: Appointment and cessation of Directors**

32/2.01 The Board took on record the GoK Notification No. EN 98 samanvaya 2010 dated 13.12.2010 has appointed Shri V Yashavanth as Director on the Board of the Company vice Shri Shivayogi C Kalsad transferred.

32/2.02 The Board welcomed the newly appointed Director and placed on record the services rendered by Shri Shivayogi C Kalsad.



**Item No.32/3: Action taken report on the minutes of 31<sup>st</sup> Board meeting held on 27.11.2010**

32/3.01 The Board noted the action taken on the minutes of the 31<sup>st</sup> meeting held on 27.11.2010.

**Item No.32/4: Performance review of the Company for FY-11**

32/4.01 The Managing Director explained the performance of the company for the current financial year as at the end of 31.12.2010 *vis-à-vis* the status for the corresponding period in the previous year in respect of 26 parameters. He also apprised the Board of the progress of vigilance and enforcement works. He further explained that there has been an increase in input energy by 154 MUs and increase in meter sales by 133 MUs. There has been improvement in the loss levels of urban feeders while the rural feeders need to be tackled. The transformer failures have been attended to promptly and only 123 numbers remain to be replaced as at the end of 31.12.2010. Progress in respect of HT and LT lines was hampered on account of shortage of poles in view of large-scale supplied to NJY works. There has been good progress in respect of energisation of Ganga Kalyan and drinking water supply installations. In respect RGGVY, energisation of BPL holders in Kodagu district only is remaining.

32/4.02 The Board noted the significant progress and improvement in various parameters including loss reduction, collection efficiency and replacement of transformers. It also noted the increased level of vigilance activities. It was apprised to the Board that KERC has brought to the notice of CESC management about the overzealous drive of vigilance officials in respect of LT-2 installations with regard to connected load. It was observed that vigilance personnel are targeting domestic households which may have large number of electrical gadgets/appliances. However, since current limiters are used for such meters, the extent of over load would not arise. There is also a KERC direction against insisting on higher connected load where the installation is metered with current limiter facility. The Board desired the Managing Director to look into the vigilance drive against LT-2 consumers and to avoid harassment. The Board after



detailed discussions took on record the performance of company for the period April 2010 to December 2010.

**Item No. 32/5: Category wise Demand, Collection & Balance for the FY-2011 (Up to Dec-2010).**

32/5.01 The Managing Director apprised the Board of the extent of demand, collection and closing balance for the current financial year upto end of December 2010.

32/5.02 The Board noted that collection efficiencies have generally improved in all categories. However, efforts may be made to pursue and realize the arrears in respect of soft categories wherever feasible. The Board thereafter took on record the demand, collection and closing balance for the financial year up to end of December 2010.

**Item No.32/6: Input Energy & Sales for FY-11, comparison of the previous year for the same period**

32/6.01 The Managing Director briefed the Board about the month wise input in energy in terms of MUs and the corresponding energy sales in comparison to the corresponding period in the previous year.

32/6.02 The Board noted that sales have increased from July onwards which would indicate the rising trend in consumption. The Board desired to know the trend in rise of consumption and to provide suitable data to Government regarding the requirements of power in the coming months to facilitate better planning of power purchase from various sources.

**Item No. 32/07 : Half Yearly Accounts of CESC for the Financial Year 2010-11**

32/7.01 The Board was apprised of the half yearly unaudited accounts of the company for the period April 2010 to September 2010 in terms of income and expenditure and balance sheet items.



32/7.02 The Board noted that half yearly accounts show a loss of Rs.38.52 crores mainly on account of purchase of high cost power. The Board noted that other items are under control. Under the circumstances, the Board felt that there has to be judicious supply of power during the rest of the financial year so as to reduce the losses while ensuring reasonable power supply to all categories of consumers in both rural and urban areas. The Board thereafter took on record the half yearly accounts as placed before the meeting.

**Item No. 32/8: Progress of Capital Works**

32/8.01 The Managing Director explained the progress of Gangakalyan works, drinking water supply works, status of Gangakalyan applications pending, progress of DTC metering works, NJY, RGGVY, R-APDRP, HVDLS pilot project, SCADA and civil engineering works.

32/8.02 The Board observed that effort be made to implement the pending Gangakalyan applications and drinking water schemes early.

32/8.03 Managing Director informed that NJY works have taken off and the funds have been tied up for phase-I with Canara Bank, Mysore. Regarding RGVY works, balance works are under progress in Chamrajnagar and Kodagu districts which would also be completed early. As regards R-APDRP works, the activities are yet to take off in full swing. Some problem has been experienced in carrying out GIS field survey. The HVDS pilot project has registered good progress. As regards R-APDRP Part-B works, the metering tenders are to be finalized.

32/8.04 The Chairperson observed the following:

- a) *Need to insist on energy efficient pumps in GoI schemes in terms of the Government directives to consumers to go in for energy efficient appliances, installations, fixtures and devices. Suitable order should be got issued from the Social Welfare Department to install energy efficient pumps for ganga Kalyana and IP sets henceforth;*
- b) *In respect of RGGVY, the remaining hamlets should be got electrified by pursuing and obtaining the necessary forest*



*clearances. In the areas where RGGVY could not be implemented due to certain restrictions of REC, such hamlets may be electrified under capex works;*

- c) In respect of GIS, the office can support survey to be carried out by the agency. However, there should be greater focus on software development for the timely implementation of the TRM scheme in the notified RAPDRP towns/cities;*
- d) Attention to greater safety in terms of provision of necessary safety equipment and adequate training to new and existing linemen, refresher courses may be held continuously for even existing linemen. Management may also check regarding the procurement and use of safety equipment, while on works;*
- e) Efforts may be made to start the INTRA ABT system at the earliest as is being insisted upon by KERC*

32/8.05 The Board after detailed discussions took on record the progress of capital works.

**Item No.32/9: 'Cost to serve model of CESC' for FY-2009 - approval for submission to Hon'ble KERC**

32/9.01 The Board was informed that in compliance to KERC directive, the study of the cost of service to each category of consumers has been carried out by CESC through a consultant and the report is placed before the Board for its consideration, the salient features of the report were also apprised to the Board. The Board noted the findings of the agency in terms of cost of supply of power to various categories of consumers. While on the subject, the Board observed that it would be necessary to ensure that all Government buildings belonging to various departments should adopt energy efficient lighting, meter readers may be asked to find out the extent of use of CFL in the Government buildings so that suitable directions could be issued to them in terms of the relevant GO.

32/9.02 The Board noted that the studies require more analyses and also analysis may have to be made about the findings in respect of all ESCOMS and the premises upon which the consultants have arrived





on their findings, and cannot be accepted without examining all these aspects.

**Item No.32/10: Annual performance review application filing before KERC for FY 11 and tariff revision for FY-12**

32/10.01 The Managing Director apprised the Board of the requirement of filing performance review application filing before KERC, the release of MYT order and tariff order by the Commission, the allowance of 20 paise per unit of average cost of supply against the total deficit of 43 paise per unit by the Commission, the order of the Commission to treat the balance as Regulatory asset to be recovered in the remaining control period, the need to file review application for FY-11 along with tariff revision for FY-12, incorporating the regulatory asset and the advice of the Board in the matter.

32/10.02 The Board noted the statutory requirements and advised the Managing Director to be in a state of readiness to file the tariff petition as and when required to be filed. Necessary applications may be prepared and kept ready for approval of the Board as and when considered appropriate. Subject to the above, the Board **authorized the Superintending Engineer (Ele) (Commercial) to file the application and to sign the affidavits, vakalath related to regulatory matters dealt at KERC/CERC/ATE/Apex courts of the State and Central.**

**Item No.32/11: Adoption of order of appointing House orderlies to the functional members of the Board of CESC**

32/11.01 The Board was apprised of the Order No. KEB /B4/4547/76-77 dated 25.06.1977 for appointment House orderlies by the eligible officers of the Board, the salient features of the orders, the proposal to extend this facility to the functional Directors of CESC in lieu of monthly allowances being drawn as already availed by MD/BESCOM by adopting KPTCL orders.



32/11.02 The Board after discussions felt that the facility envisaged in the KPTCL orders dated 25.6.1977, 5.11.1990 and 23.7.1992 could also be adopted by the CESC. Accordingly, the Board

**Resolved the proposals (1) to adopt the order of KEB / KPTCL for appointment of house orderlies to the functional Director of CESC in lieu of house orderlies attendant allowance;**

**(2) to absorb the eligible house orderlies in terms of the above said orders of KEB / KPTCL**

**be and are hereby approved**

**Item No.32/12: Settlement of dues to M/sGrameena Abhivrudhi Mandali, Kirugavalu, Mandya District**

32/12.01 The Board was apprised of the salient features of the arrangement entered into with M/s Grameena Abhivrudhi Mandali, Kirugavalu, Mandya District for carrying out decentralised electricity distribution ;management in Kirugavalu section, the poor performance of the agency, the termination of the contract by CESC and taking over the management with effect from 1.3.2008, the arbitration petition filed by GAMK in the matter of settlement of dues, the order of the arbitrator to arrive at a mutually acceptable settlement, the outcome of the discussions held with the agency, the decision of the Board for examination of the proposal by the Audit Committee, the recommendation of the Audit Committee to get the working sheets verified by the Internal Audit to its correctness, the decision of the Board to place the matter before the arbitrator, the letter of acceptance of GAM-K of the mutually agreed settlement in terms of the meeting held on 15.4.2009.

32/11.02 The Board observed that there is inadequate documentation on the performance of the agency and justification for reducing the penalty to 10%. While admittedly, the agency has carried out the O&M of the section, it is not clear as to whether the agency has performed satisfactorily in terms of the regular O&M activities apart



from the revenue aspects. It was felt that considering the gaps in the information furnished, it would be appropriate to have the matter settled through arbitration. However, the agreement provides for the Principal Secretary (Energy) to be the arbitrator. Since ACS (Energy) is also Chairperson of the company, it would not be appropriate for the Chairperson to act as arbitrator in terms of the agreement. It was informed that at the time of execution of the agreement, Principal Secretary (Energy) was not the Chairman of CESC and that MD/KPTCL was the Chairman of CESC and hence Principal Secretary (Energy) was an independent authority. The Board felt that under the circumstances, the Government may be requested to indicate an alternative arbitrator in the form of officers of the rank of Principal Secretary to look into the matter. Accordingly, the Board

**Resolved that the GoK be apprised of the above position and suitable replacement sought in place of ACS (Energy) as arbitrator in the matter of dispute between CESC and GAMK in respect of services provided by them for the pilot project relating to decentralised management of electricity distribution in Kairugavalu section during FY 05-06, FY 06-07 and FY 07-08**

**Item No.32/13: Revised Remuneration to the Micro Feeder Franchisees**

32/13.01 The subject was deferred.

  
**(M Shamim Banu)**  
**Chairperson**

**Chamundeshwari Electricity Supply Corporation Limited**

