



MINUTES OF THE 33rd MEETING OF THE BOARD OF DIRECTORS OF CESC LIMITED HELD ON 8th APRIL 2011 AT 11:00 AM AT CONFERENCE HALL, CESC CORPORATE OFFICE, MYSORE

Members Present:

Shriyuths / Smt

1. M Shamim Banu, IAS : Chairperson
2. M.Govindappa : Managing Director
3. V Yashavanth : Director
4. C Shama Rao : Director
5. L Ravi : Director
6. M Nagaraju : Director

By invitation:

1. A Devaprasad : Financial Adviser
2. M.Shanthi : Chief Engineer
3. S Ramesh : Controller, Internal Audit
4. G Chandra Nayar : SEE, Procurement
5. B N Vijendra : SEE, Projects
6. PR Kusha : I/C General Manager

In attendance.

1. R Balasubramanian : Authorized signatory

Leave of absence was granted to Shri BS Ramprasad, Sri Sumanth, & Sri PK Garg Directors

Item No. 33/1: Confirmation of minutes of the 32nd Board meeting held on 29.01.2011

32/1.01 The Board confirmed minutes of the 32nd Board meeting held on 29th January 2011 as circulated with the following additions:

32/14.01 Financial Advisor apprised the Board of the extent of authorized share capital, paid up capital as on date and further release of equity by Govt., under Special Development Project for 2009-10 in respect of backward Taluks as per 'Dr. Nanjundappa Report'.



32/14.02 The Board took on record the Notification No. EN 95/PSR 2008 dated 1.09.09 approving the release of ₹8 crores towards equity and

Resolved that (i) the proposal to issue 80,00,000 Nos. of Equity Shares of ₹ 10 each totaling to ₹ 8,00,00,000 to the Govt., of Karnataka, be & is hereby approved;

(ii) Further, the Managing Director be and is hereby authorized to issue the relevant Share Certificates under the signature of Managing Director, Director Tech., & Authorized Signatory duly remitting the necessary stamp duty;

(iii) Further MD is also authorized to file necessary statutory returns with the Registrar of Companies and Ministry of Corporate Affairs, Govt., of India under the Digital Signature of MD and or / other Directors to comply with the statutory requirements

Item No. 33/2: Action taken report on minutes of the 32nd Board meeting held on 29.01.2011

33/2.01 While on the subject Chairperson observed that consumer representatives had raised the issue of vigilance acting independent of the Managing Director in the ESCOMS in the consultative meeting of KERC. In view of the express provision providing for incorporation of load limiter at the time of servicing of domestic installations and the KERC guidelines regarding the same, actions of the vigilance wing imposing back billing charges for higher connected load in spite of there being load limiter in the installation would be untenable. Chairperson suggested that technical staff should be taken by the vigilance to check whether load limiters are tampered with before raising such back billing. She also observed the need for ensuring universal electrification by covering all un-electrified hamlets. Managing Director informed that the survey is over in all the remaining hamlets and estimates are under preparation for providing the infrastructure. There are some areas in Kollegal which are inaccessible and are located in the forest area. Chairperson suggested that in such cases alternatives like solar roof top etc. could be thought off to ensure the objective of providing electricity to all. She also



informed that in respect of the dispute with GAM-K, Shri Yogendra Tripathi, Managing Director/KPCL has been appointed as Arbitrator.

33/2.02 After discussions, the Board took on record the action taken report on the minutes of the 32nd meeting held on 29.01.2011.

Item No. 33/03 : Cessation and Appointment of Directors

33/03.01 The Board noted that Smt. Parvathy Keshavachar, Joint Secretary, GoK, Energy Department and Director CESC had retired from service on attaining superannuation on 28.2.2011.

33/03.02 The Board placed on record its appreciation of the services rendered by her during her tenure as Director and desired the Managing Director to convey these sentiments to her.

Item No 33/04: Capital Budget for the year 2011-12

33/04.01 Managing Director explained the salient features of the proposed capital budget for 2011-12, the details of works to be carried out under various schemes, extent of spill over works of the previous year and the new works totaling to ₹484.50 crores. He further explained that one of the budget of ₹484.50 crores proposed, an amount of ₹210 crores is for NJY works, ₹ 35 crores for R-APDRP, ₹25 crores for RGGVY works and the balance amount of ₹214 crores would be utilized for other capital works. He further explained that an additional budget of ₹200 crores would be required for regularization of unauthorized IP sets as per GoK order No. EN09 ESR 2011 dated 11.3.2011. Of this, half the amount would be borne by CESC while the other half will come from the consumer and GoK. This provision will be proposed as and when the details of the scheme are firmed up. He also sought approval to carve out the store budget from the above capital budget.

33/04.02 The Board discussed at length the allocation of capital budget for various works and concurred with the same. It further noted that additional provision is to be made towards regularization of unauthorized IP sets as per GO when the scheme is firmed up for implementation. Having regard to the spill over works and the



proposed new works, the Board felt that the budget of ₹484.50 crores excluding provision for providing infrastructure for unauthorized IP sets was in order. Accordingly, the Board

Resolved that the capital budget of ₹ 484.50 crores for the financial 2011-12 as brought out in the agenda note be and is hereby approved. Further, the Managing Director be and is hereby authorized to take further action to operationalize the budget including formulation of store budget and to take all other necessary steps in the matter

Item No.33/05: Allotment of shares for the Equity released by GOK towards financing of Niranthara Jyothi project

33/05.01 The Board was informed of the extent of authorized share capital, paid up capital, additional equity inclusion by GoK and the need to allot shares to the extent of equity contribution.

33/05.02 The Board noted that GoK has provided a sum of ₹25 crores as equity to finance NJY works vide GO No. EN 13 PSR 2010 dated 22.12.2010. Further, a sum of ₹44.57 crores vide GO No. EN 13 PSR 2010 dated 30.03.2011.

33/05.03 The Board after discussions took on record the above notifications approving the release of a total of ₹ 69.57 crores towards equity and

Resolved to issue 6,95,70,000 Nos. of Equity Shares of ₹10/- each (totaling ₹69.57 crores) is to be issued to GOK and also to remit required fee to ROC as per statutory requirements

Item No. 33/6: Construction of CESC Corporate Office Building at Kesere Colony (Rajendranagar) in Mysore

Bid Enquiry No. : CESC/CEE/EE(C)/MYS/F-3/10-11/ CYS-39 dated 05.10.2010

33/06.01 Managing Director apprised the Board regarding invitation of tenders through e-mode for construction of CESC Corporate office Building at Kesere Colony (Rajendra Nagar) in Mysore on total turnkey basis, QR conditions of the tender, extent of participation of bidders, scope of work, extent of construction of building of basement



plus three floors by adopting green building concept, completion schedule, opening of techno-commercial & price bids, evaluation of tenders, observations of the Internal Audit & replies to the audit, recommendations of Purchase Committee and budget provision

33/06.02 The Board noted the process of tenders as per KTPP Act, participation of five firms in the tender viz. M/s KBR Infratech Ltd. - Bangalore, M/s HV Krishna - HN Pura, and M/s K Ramachandra Raju - Bangalore, M/s S Shiva kumara swamy - Mysore & M/s RNR Constructions - Bangalore and their meeting the Qualifying requirements of the tender and their quoted prices.

33/06.03 The Board noted the L1 firm quoted price of ₹4,93,77,479.35 of M/s K Ramachandra Raju, PWD Contractor, Bangalore on FIRM price basis, price negotiation held with the firm, final price of ₹4,92,29,346.91 offered by the firm after negotiation and the reasonableness of the prices which is 3.72% excess over the amount put to tender.

33/06.04 The Chairperson directed to adopt green building concepts for construction of the building and directed for obtaining GRIHA rating.

33/06.05 The Board, after detailed deliberations

Resolved that the proposal to award contract of the tender works of construction of CESC Corporate Office Building at Kesare Colony (Rajendranagar) in Mysore to L1 bidder Sri K Ramachandra Raju, PWD Contractor, Bangalore at the negotiated all inclusive Firm price of ₹4,92,29,346.91 on total turnkey basis be and is hereby approved

Item No. 33/7: Carrying out Niranthara Jyothy Project Works (under phase-1) at Kollegala Taluk Lot-2 in Chamarajanagar District on partial turnkey basis

Enquiry No.: CESC/SEE/EEE/AEE-2/Proj/NJY/10-11/044 dtd 01.12.2010

33/07.01 The Managing Director apprised the Board regarding the tenders invited in e-mode on partial turnkey basis for construction of



11 Nos. of new independent 11 KV NJ feeders and bifurcation of agricultural loads from the existing rural feeders in Kollegala taluk Lot-2 of O&M Circle, Mysore.

33/07.02 Managing Director informed the Board about the amount put tender as per the rates provided in the typical cost data sheet of SR 2010-11 for turnkey contract works, scope of contractor's supply materials, completion period & penalty, the salient features of partial turnkey tenders, process of tenders as per K TPP act, participation of two bidders, M/s Padmashree Electricals - Sagar and M/s Nanjundeshwara Electricals - Pandavapura, opening of techno commercial & price bid, recommendations of the Tender scrutiny committee, observations of Internal Audit & replies to the audit observations, rates quoted by the firms and recommendations of Purchase Committee.

33/07.03 Managing Director explained that the Kollegal area being hilly & terrain, the execution of works in this area is very difficult. Further, though tenders were invited more than four times there was no response. Now two firms have participated for Kollegal Lot-2 and their negotiated rates are reasonable.

33/07.04 The Board noted the tender process carried out in line with K TPP Act and that the negotiated price of L1 firm M/s Padmashree Electricals - Sagar all inclusive price of ₹350 lakhs which is 18.06% excess over the amount put to tender. The Board observed that unlike the previous NJY tenders for which estimates were based on SR 2009 which included 60% towards employee cost, the present tender is based on SR 2010-11 which has no such component. In the previous lot of NJY tenders, works have been awarded with tender premium of 14.42%. If the present tender is recast as per previous tenders, the tender discount would be 7.01% after negotiations.

33/07.05 After detailed discussions, the Board felt that having regard to the rates at which the works have already been awarded for NJ works in CESC, the same could be considered competitive and reasonable.

33/07.06 The Board, after detailed deliberations



Resolved that the proposal to award contract of the tender works of construction of 11 Nos. of 11 KV NJ feeders in Kollegala taluk Lot-2 of O&M circle Mysore, to M/s Padmashree Electricals, Sagar at all inclusive negotiated Firm price of ₹350 lakhs on partial turnkey basis be and is hereby approved

Item No.33/8: Procurement of 25KVA & 63 KVA Distribution Transformers for NJ Phase -1 works from M/s Kavika, Bangalore

33/08.01 Managing Director apprised the Board the requirement of 25 KVA & 63 KVA distribution transformers for Phase-1 NJY works, KTPP exemption for procurement of transformers directly from M/s KAVIKA, Bangalore, rates fixed by MD KPTCL for procurement of transformers from KAVIKA by all ESCOMS during the meeting held on 18.4.09 for NJ works, Purchase orders already placed on M/s KAVIA for procurement of 50% of the requirement of the project and the present proposal for procurement of balance quantity of 25 KVA & 63 KVA distribution transformers, offer of M/s KAVIKA Ltd. with base rates of 01.04.09 updated to January-2011, terms of payment, verification of proposal by Internal Audit, recommendation of Purchase Committee and budget provision.

33/08.02 The Board noted the proposed procurement of 1301 Nos. of 25 KVA & 669 Nos. of 63 KVA transformers at the present cost of ₹552.61 Lakhs and ₹478.88 Lakhs respectively for completion of Phase-1 NJY works.

33/08.03 The Board after detailed deliberations

Resolved that the proposal to procure 1301 Nos. of 25 KVA & 669 Nos. of 63 KVA transformers directly from M/s KAVIKA Ltd Bangalore at all inclusive unit Ford price of ₹42475.68 & ₹71582.07 respectively for NJY works, on variable Ex-works price calculated as per IEEMA circular with base rate of ₹35500/- for 25 KVA & ₹60000/- for 63 KVA Transformer reckoned as on 1.4.2009 be and is hereby approved



**Item No.33/9: Procurement of 63 KVA 11KV/433Volts BEE label
3-Star rated Distribution Transformers from M/s
Kavika, Bangalore**

33/09.01 Managing Director apprised the Board about the requirement of 350 Nos. of 63 KVA Energy efficient BEE label 3-star rated distribution transformers for the CAPEX works assessed for the year 2011-12, the nil store stock position, the procurement of 3 star rated BEE label transformers directly from M/s KAVIKA Ltd. Bangalore, exemption of KTPP act to buy transformers directly from M/s KAVIKA, rates offered by M/s KAVIKA Ltd., terms of payment, observation of Internal Audit & compliance, recommendations of the Tender Scrutiny Committee, the budget provision and recommendation of Purchase Committee.

33/09.02 The Board noted the proposed procurement of 350 Nos. of 63 KVA 3 star BEE label transformers directly from M/s KAVIKA Ltd Bangalore, the unit FORD price of ₹ 90013.45 offered by M/s KAVIKA for 63 KVA 3-star BEE label transformer on variable Ex-works price calculated as per IEEMA circular with base rate reckoned as on 1.10. 2010, the reasonableness of the quoted rates with respect to the SR 2010-11, delivery schedule & penalty for delayed delivery and the total procurement cost of Rs.315 lakhs,

33/09.03 The Board, after detailed deliberations

Resolved that the proposal to procure 350 Nos. of 63 KVA 3 star rated BEE Label distribution transformers directly from M/s KAVIKA Ltd., Bangalore at unit Ford price of ₹90013.45 on variable Ex-works price calculated as per IEEMA circular with base rate reckoned as on 1.10.2010 be and is hereby approved

**Item No.33/10: Procurement of 100 KVA 11KV/433Volts BEE
label 3-Star rated Distribution Transformers
from M/s Kavika, Bangalore**

33/10.01 Managing Director apprised the Board about the requirement of 200 Nos. of 100 KVA Energy efficient BEE label 3-star rated distribution transformers for the CAPEX works assessed for the year



2011-12, the nil store stock position, the procurement of 3 star rated BEE label transformers directly from M/s KAVIKA Ltd. Bangalore, exemption of KTPP act to buy transformers directly from M/s KAVIKA, rates offered by M/s KAVIKA Ltd., terms of payment, observation of Internal Audit & compliance, recommendations of the Tender Scrutiny Committee, the budget provision and recommendations of the Purchase Committee.

33/10.02 The Board noted the proposed procurement of 200 Nos. of 100 KVA 3 star BEE label transformers directly from M/s KAVIKA Ltd Bangalore, the unit FORD price of ₹ 120977.40 offered by M/s KAVIKA for 100 KVA 3-star BEE label transformer on variable Ex-works price calculated as per IEEMA circular with base rate reckoned as on 1.10. 2010, the reasonableness of the quoted rates with respect to the SR 2010-11, delivery schedule & penalty for delayed delivery and the total procurement cost of ₹242 lakhs.

33/10.03 The Board, after detailed deliberations

Resolved that the proposal to procure 200 Nos. of 100 KVA 3 star rated BEE Label distribution transformers directly from M/s KAVIKA Ltd., Bangalore at unit Ford price of ₹ 120977.40 on variable Ex-works price calculated as per IEEMA circular with base rate reckoned as on 1.10.2010 be and is hereby approved

Item No. 33/11: Procurement of 300 KL EHV grade new transil oil on rate contract basis for one year

Bid enquiry No : CESC/SEE (P)/C2-3613/10-11 dt.17.02.2011

33/11.01 Managing Director apprised the Board regarding tenders invited for procurement of 300 KL EHV Grade new transil oil, requirement of transil oil for carrying out the repair & reconditioning works of faulty distribution transformers & to top up of oil in Distribution transformers, the QR conditions, scope of supply, delivery period, tenders invited on variable price basis, terms of payment & penalty for delayed delivery, the budget provisions, observations of the Internal Audit & replies furnished to the audit, the recommendations of Tender Scrutiny Committee and Purchase Committee.



33/11.02 The Board noted the terms and conditions of the tender, participation of two firms M/s Apar Industries Ltd., Mumbai and M/s Raj Petro Specialities Pvt. Ltd, Chennai, responsiveness of both the firms, process of tender as per KTPP Act, the unit FORD price of ₹74670.18 quoted by L1 bidder M/s Apar Industries Ltd., comparison of L1 rates with SR2010-11 & purchase rates of other ESCOMs and reasonableness of quoted rates with respect to the increased trend of oil rates at the present market rates.

33/11.03 Managing Director informed the Board that prices are negotiated with L1 firm on 28.03.2011 and the firm was reluctant to reduce the rates in view of the increased trend of oil rates in the present market. However, the firm has finally agreed to give rebate of ₹ 100/-per KL on Ex-works price. He further informed that approval for procurement of additional 25% over and above the tendered quantity in view of the shortage envisaged by the vendors due to international market crisis.

33/11.04 The Board, after detailed deliberations

Resolved (a) that the proposal to place Purchase orders on M/s Apar Industries Limited, Mumbai for procurement of 300 KL EHV Grade new transil oil at the negotiated unit FORD price of ₹74555.76 on variable Ex-works price basis calculated as per IEEMA circular with base rate reckoned as on 01.02.2011 be and is hereby approved;

(b) Further, that the Managing Director be authorised to procure additional 25% over & above the tendered quantity on need basis

Item No.33/12: Revision of Remuneration to the Micro Feeder Franchisees

33/12.01 Managing Director apprised the Board of the scheme of Micro Feeder Franchisees (*earlier known as Gram Vidyuth Prathinidi*) for carrying out meter reading billing collection and other miscellaneous works as per MoU entered into during 2006, the representation of these MFFs for enhancement of remuneration, formulation of revised proposal to make it more equitable to reward



performing MFFs, the process of consultation and the finalization of the proposal with both incentives and dis-incentives and the financial implication involved.

33/12.02 The Board noted that there were issues in regard to arrangement of MFFs in the ESCOMs. However, as the present contractual arrangement is to be renewed from 1.4.2011, the proposal of the Managing Director incorporating both incentives and dis-incentives appear to be fair and equitable.

33/12.03 The Board, after discussions, concurred with the proposal and

Resolved that the proposal of the Managing Director to revise the remuneration to the MFFs in CESC with effect from 1.4.2011 and onwards be and is hereby approved. Further, the Managing Director is authorized to take necessary steps in the matter to implement the revised scheme of remuneration

Item No. 33/13: Blacklisting of M/s Hi-Tech Conductor Pvt. Ltd., Mysore

33/13.01 The Board noted the details of tender finalized with M/s Hi-Tech Conductor Pvt. Ltd., for supply of conductors and the action taken to black list the firm for non-performance and the appeal of the firm thereon.

33/13.02 The Board deferred the consideration of the subject as it sought more details on the issue including the response given by M/s Hi-Tech Conductor Pvt. Ltd. to notice issued, if any,

Item No. 33/14: Registration for participation in REC Market at IEX and PXIL

33/14.01 Managing Director apprised the Board of the need to comply with KERC regulations relating to procurement of power from renewable energy sources, the proposal of M/s PCKL to register the applications received from IEX and PXIL for trading of renewable energy certificates through energy exchange and the action taken to



give consent to PCKL to go ahead with the registration in the energy exchanges for facilitating procurement of Renewable Energy Certificates.

33/14.02 The Board, after discussions, noted the requirement of KERC regulations for procurement of power from renewable sources to an extent of 10% and 0.25% from Solar sources and the provision for fulfilling the shortfall by purchasing Renewable Energy Certificates. The Board took on record the action taken to give consent to PCKL to go ahead with registration of CESC with M/s IEX and PXIL to facilitate trading of RECs.

Item No.33/15: Authorizing KPTCL to sign zero date for the purpose of Indemnification Agreement with PGCIL in respect of Krishnapatnam UMPP

33/15.01 The Board was apprised of the need to authorize KPTCL to finalise the zero date for the purpose of indemnification agreement with PGCIL in respect of Krishnapatnam UMPP to the resolution of PCKL Board authorizing MD/KPTCL to sign the said agreement on behalf of ESCOMS and the action taken to issue the letter of authorization to KPTCL to act on behalf of CESC.

33/15.02 The Board noted the circumstances under which action has been taken to authorize KPTCL or its representatives to act on behalf of CESC in all matters relating to signing of indemnification agreement with PGCIL and took on record the same.

Item No. 33/16: Any other subject with permissions of the Chair

33/16.01 Authorised Signatory informed the Board about the disclosure of interest by the Directors for the financial year 2011-12.

33/16.02 The Board after discussions took on record the interest of the Directors in other bodies and corporate as placed before the meeting.

33/16.03 Managing Director apprised the Board of the draft notification proposed by him with regard to propagating the scheme



for regularization of IP sets as per GO. Chairperson suggested that the company can issue the notice at the appropriate time. She also suggested that the measures for energy conservation by way of efficient motors for pump sets etc could be highlighted by way of posters and hand bills near the Raitha Samparka Kendras, District Agricultural officers, DCC Bank and Bhoomi Kiosks. Managing Director agreed to do so accordingly.

Item No.33/17: Appointment of Cost Auditors for the FY 2011-12

33/17.01 The Board was informed of the requirement to appoint Cost auditors for the year 2011-12 to fulfill the stipulations of Section 233 B(2) of the Companies Act and the details of auditors appointed for the previous year.

33/17.02 The Board noted that Cost Auditors had been appointed for the previous year with the fee structure of Rs.50,000.00 plus service tax and out of pocket expenses at actuals. The Board felt that the Managing Director could be authorized to determine the remuneration payable to the Auditors and to take steps to appoint the auditors after due process. Accordingly, the Board

Resolved that pursuant to section 233B of the Companies Act, 1956 and subject to the approval of the Ministry of Company Affairs, Cost Audit Branch, Government of India, Managing Director be and is hereby authorized to appoint the Cost Auditors of the company to conduct audit of Power Generation by the company for the year ending on March 31, 2012 and also to fix the fee structure payable to the Cost Auditors;

Resolved further that the Authorised Signatory of the company be and is hereby authorised to submit the necessary application in Form 23C to the Ministry of Company Affairs, Cost Audit Branch, Government of India and to do all such other acts as may be necessary

Item No.33/18: Authorisation for filing of MCA Returns

33/18.01 The Board was informed about the statutory requirement relating to on-line filing of returns under the Companies Act as prescribed by the Ministry of Corporate Affairs, GoI.



33/18.01 The Board noted the need to authorize officers of the Company for the purpose of on-line filing of MCA Returns and

Resolved that the on line returns under the Companies Act to be filed with the Department of Corporate affairs, GoI be filed under the digital signature of the Managing Director and/or any of the Directors


(M Shamim Banu)
Chairperson



