



MINUTES OF THE 55TH MEETING OF THE BOARD OF DIRECTORS OF CESC LIMITED HELD ON WEDNESDAY, THE 28TH JANUARY 2016 AT 11A.M. AT THE REGISTERED OFFICE OF THE CORPORATION, NO 29, VIJAYANAGARA 2ND STAGE, HINAKAL, MYSURU 570 017

Members present:

Shriyuths/Smt

1. P Ravikumar IAS : Chairman
2. D Kiran, IRS : Managing Director
3. N Lakshman : Director Technical
4. S Sumanth : Director
5. M Pratap : Director
6. AN Jayaraj : Director

By invitation:

1. A Shivanna : Chief Financial officer
2. KV Sridhar : Controller - Internal Audit [I/c]

In attendance

R Balasubramanian : Authorized signatory

Leave of absence was granted to Smt. C Shikha, Ms.B Sindhu Sriyuths THM Kumar and M Nagaraju, Directors

Item No.55/01: Confirmation of minutes of 53rd and 54th Board of Directors Meeting held on 30.09.2015 and 29.12.2015

The minutes of the 53rd Board meeting & 54st Board meeting held on 30.09.2015 and 29.12.2015 respectively were confirmed with the following modification:-.

Under Item No. 54/02:

Ratification of Authorization to the Executive Engineer (RA Section), Corporate Office, CESC to file MYT for FY 17 to 19 & APR for FY15

The designation of the authorisation *be modified as Superintending Engineer(El) – Commercial instead of Executive Engineer(RA Section)*



- Item No.55/02: a) Follow up action taken report on the minutes of 53rd Board meeting held on 03.09.2015**
b) Follow up action taken report on the minutes of 54th Board meeting held on 29.12.2015

Noted

Item No.55/03: Total Services inclusive of Supply of Software, Hardware, Manpower and Stationeries for issue of Consumer Bills, Supplementary Bills and other activities in Non RAPDRP CESC area for a period of three years

55/03.01 The Board was informed that the tender was processed as it was anticipated that the same would take time given past experience of the bidders taking legal recourse to stall the process.

55/03.02 The Board felt that as the existing contract is current, the same may be deferred.

Item No.55/04: Time extension for completion of NJY phase-2 works in Alur taluk up to May 2016 and ratification of action taken for approval of quantity variation (Work slip-1)

55/04.01 The Board was apprised of the works of NJY phase 2 in Alur taluk awarded to M/s Roopa Engineering Corporation at a cost of Rs.1211 lakhs during August 2012 with a completion date of May 2013, the request of the firm for extension of time due to delay in issue of 'C' forms, payment & monsoon period, the report furnished by the Executive Engineer, O&M, Hassan division in respect of the reasons for delay in carrying out the work, such as National Highway crossing clearance, Forest Department clearance, BSNL clearance, Railway clearance, delay in approval for non-DWA items and quantity variation, the delay in issue of 'C' forms and the present proposal to extend the time for completion of work up to 31.05.2016 without levy of penalty and at no extra cost to CESC.

55/04.02 The Board noted that as per the report of the Executive Engineer, O & M, Hassan division:-



- 1) In respect of National Highway clearance the highway authorities have not permitted to lay poles in a stretch of road connecting Kadal and Kannathur in the Alur sub-division in Hassan-Mangalore highway on account of road widening and poles had to be erected with a clearance of 15 M on either side of the road. This has resulted in the poles being erected in agricultural land and after coordination with National Highway authorities, the works were carried out and completed in January 2015.
- 2) Similarly, in the stretch of road between Kannathur & Kamathikudge and Byrapura to Kadabala cross, the Forest authorities objected to trimming of trees and after frequent persuasion and joint survey, permission was given during September 2014. AB cables was proposed to take lines in areas where permission to trimming of trees was not granted.
- 3) There was delay in BSNL authorities identifying OFC cables for erection of poles and works were stopped for one month during launch of satellite during January 2014. However, the Executive Engineer has clarified that there was no delay due to BSNL authorities.
- 4) Railway crossing clearance is required in respect of crossing between Alur&Ballupete stations and in spite of continuous efforts, required approval could not be obtained even after 2 years. Hence, the line has not been charged.
- 5) Approval for non-DWA items such as pole and guy set concreting had been recommended in September 2014 and was approved during February 2015.
- 6) Variation to an extent of 15% over the DWA excluding non-DWA items was approved during April 2015 and these additional works have been proposed much after the issue of DWA and no extra time is given for worksip portion of work. However, the agency has completed all the works except works for which railway clearance is pending and the lines have been partially charged during August 2015.



7) As on September 2014 C forms were to be issued for Rs.178.09 lakhs and the same were issued during June 2015.

55/04.03 The Board further observed that in view of the financial stress on account of the above factors, the request of the firm to release 80% payment against supply bills was considered, and additional 30% payment released against BG. As per the present assessment, the balance works in Alur taluk can be completed by May 2016 with the approval of the railway authorities. As such extension of time could be considered.

55/04.04 Chairman observed that issuance of "C" forms shall have to be streamlined by the ESCOMs as in other cases also, many reputed players are not participating in ESCOM tenders on the ground of delay in processing 'C' Forms. In case of railway crossing clearance, CESC may avail the services of a retired person attached to HESCOM who is attending to such matters in order to expedite the same.

55/04.05 Under the circumstances explained, the Board noted that the Purchase Committee has noted the reasons for delay in execution of work as per the report of Executive Engineer, O&M, Hassan were genuine and could be considered for extension of time without penalty and no extra cost to CESC. Also, quantity variation due to site conditions resulting in workslip 1 could also be considered. However, the final quantity variation can be assessed only after the balance works are completed.

55/04.06 Taking all the factors into consideration, the Board agreeing with the recommendations of the Purchase Committee,

- Resolved**
- a) to ratify action taken to approve quantity variation Work slip-1) &
 - b) to extend the time for completion of project awarded to M/s Roopa Engineering Corporation in Alur taluk up to 31.05.2016 without levy of penalty and without incurring extra cost to CESC



Item No. 55/05: Formation of exclusive team for DSM Cell to perform DSM activities in CESC area

55/05.01 Managing Director apprised the Board of the requirement of KERC regarding Demand Side Management (DSM), the action taken to form an interim DSM cell in August 2014, the requirement under 2015 regulation to have a comprehensive organisational framework, the proposed restructuring of the DSM cell with one Executive Engineer, 2 Asst. Executive Engineers, one Asst. Engineer and one AAO to implement the DSM programme and the financial implication on creation of these posts. He also stated the EE would also be responsible for proper utilisation of the test bench for transformer repairs and look after solar power policy initiatives.

55/05.02 The Board observed that the DSM cell could comprise of one Executive Engineer and one Assistant Executive Engineer of Assistant Engineer to discharge the requirements of KERC in this regard.

55/05.03 Under the circumstances, the Board took on record the need to form DSM as per KERC directives and

Resolved that DSM CELL be formed in CESC by creating one post of Executive Engineer (Ele), and 1 post of Asst Executive Engineer (Ele) or one post of Assistant Engineer(Ele); the advance action taken by the Managing Director in this regard be and is hereby ratified

Item No.55/06: Proposal for availing short term borrowing from REC/ PFC or financial institutions to arrange payments to pending power purchase bills

55/06.01 The Board was apprised of the total working capital and interest on working capital approved by KERC for FY 16, the extent of working capital availed during the year, the present debt service coverage ratio, additional power cost to the company arising on account of government invoking Section 11 of the EA Act, the need to increase the working capital and to avail additional short term loan to meet the power purchase cost of the power traders, the shortfall in revenue for making power purchase payments and the proposal to avail short term loan of Rs.200 crs as working capital from REC / PFC Ltd./Commercial banks.



55/06.02 The Board noted the shortfall in revenue to meet the power purchase cost particularly on account of obligation to power suppliers under Section 11 of the EA Act and

Resolved that the proposal to avail short term loan of Rs.200 crs. from Financial Institutions like M/s REC Ltd./PFC Ltd./ Commercial Banks to meet the power purchase obligations of the company be and is hereby approved and the Managing Director be and is hereby authorized to take suitable steps for availing the loan on the terms and conditions to be mutually agreed and further any two of the wholetime Directors be and are hereby authorised for execution of the relevant Loan Agreements/Demand Promissory Note/ Undertakings and other related documents, under the Common seal of the Company, if necessary

Item No 55/07: Enhancement of Authorized Share Capital from Rs.450 crs to Rs.600 crs.

The Board was informed that the GoK has recently indicated that several amounts released under various schemes / projects from time to time be treated as equity. As the present limit of authorised share capital is Rs.450 crs., the shares against such amounts could be allotted to GoK only if the said limit is increased.

55/07.02 Considering the existing paid up share capital, the share deposit and additional equity released being treated as equity, the Board

Resolved that the proposal to amend the capital clause of the Memorandum of Association to enhance the Authorized Share Capital from Rs.450 crs to Rs.600 crs. be and is hereby approved and the same placed before the general body in an extraordinary meeting to be convened for this purpose; the Authorised Signatory is hereby authorised to convene the EGM

the proposal to issue necessary shares to GOK and also to remit necessary stamp duty to GOK and fees to the ROC to comply with the statutory requirements be brought before the Board after the amendment becomes effective


(P. Ravikumar)
Chairman