



# M.P. MADHYA KSHETRA VIDYUT VITARAN COMPANY LTD.

(Government of M.P. undertaking)

Nishtha Parisar, Bijalee Nagar, Govindpura, Bhopal-462023

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CIN: U0109MP2002SGC01519

(RGGVY Project Cell)

No. MD/MK/Project/RGGVY/ 2030

Bhopal; Dated: 06.02.2016

## TERMINATION ORDER

- The work of Supply, Erection, Testing and Commissioning of New 11KV & LT Lines and 11/0.4 KV Distribution Substations under RGGVY project of Bhopal district was awarded by Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited, Bhopal (hereinafter referred as MPMKVCL) to M/s Era Infra - ARK Vidyut Urja (JV), Noida (hereinafter referred as Contractor) vide contract award no. CMD/CZ/Project/RGGVY/LOA-BPL/2282 dated 27 Jan' 2012 amounting to Rs. 22,93,25,329/- (Rs. Twenty two Crore ninety three lakh twenty five thousand three hundred twenty nine only). After submission of performance security and execution of contract agreement, the acceptance thereof was conveyed vide this office letter no 2712 dated 20<sup>th</sup> March 2012, the mobilization advance was released as per clause 35.1.1 "Terms of Payments" of GCC of Bid document Vol-I of II.
- Due to non-performance of contract, a first termination notice was issued on dated 6<sup>th</sup> April, 2013, with request to submit satisfactory reply after the compliance. On request and assurance given in his letter dated 4<sup>th</sup> May, 2013, the MPMKVCL issued letter dated 20<sup>th</sup> May 2013 with specific condition that if satisfactory progress is not observed, further action for termination of contract shall be taken without issuing any notice.
- Non-performance letters dated 20<sup>th</sup> Dec'12, 23<sup>rd</sup> Feb' 13, 3<sup>rd</sup> Aug' 2013, 6<sup>th</sup> Sept' 2013, 3<sup>rd</sup> Oct' 2013, 21<sup>st</sup> Oct' 2013, 19<sup>th</sup> Feb' 2014 and 29<sup>th</sup> Oct' 2014 were continuously issued to the contractor to improve the work progress so as to complete the project within scheduled completion period, but the progress reportedly continued to be very poor. Thus contractor miserably failed to perform. Therefore Supplementary Notice of Termination was issued on 23<sup>rd</sup> Feb' 2015 and it was directed to show improvement in the execution of contract by 24<sup>th</sup> March, 2015, failing which the contract shall be terminated.
- The physical and financial progress up to 28<sup>th</sup> Jan' 2016 in RGGVY project of Bhopal district was reviewed and achievement were found as here under:

S. No.	Particular	Unit	Sanction Provision	Achievement up to 15 <sup>th</sup> Feb' 15	Achievement up to 28 <sup>th</sup> Jan' 16	Achievement during 15 <sup>th</sup> Feb' 15 to 28 <sup>th</sup> Jan' 16	% of total Achievement	Financial progress of completed work
1	11 KV	Km	352	189	232.4	43.4	66.02	Rs.607.36
2	LT	Km	243	2	6.95	4.95	2.86	part out of
3	DTRs	No	530	5	75	70	14.15	total
4	BPL	No	15989	618	2958	2340	18.5	provision of
5	EV	No	499	60	92	32	18.44	Rs. 3.25 laka
6	UF	No	3	0	0	0	0	

It is clearly evident from forgoing details that the contractor is not serious about completing the project nor making any serious and sincere efforts to expedite the works, so as to cover the backlog of works, which have not been completed within the scheduled time period. The project was envisaged to be completed in 24 months. However, even after lapse of a period of 48 months from the date of contract agreement, the achievements have been far from satisfactory.

5. The matter was also reviewed during the meeting conducted by MoP, REC Ltd. State Government and MPMKVVCL, wherein displeasure was expressed on the poor progress of implementation of the project. During Task Force meeting headed by officials of MoP, REC Ltd. and State Government on 30 Sept'13, 06 Nov'13 and 7<sup>th</sup> Feb' 14, it was advised to initiate contractual action on the grounds of non-performance by the contractor. The senior officers of the management of the contractor were called for personal hearing by MPMKVVCL and were advised to expedite the work and complete the project. However, no improvement in the pace of execution of work has been observed and the response in implementation of the project has been very very poor.
6. Due to non-performance, the proposal for termination of contract was put before competent authority on 29<sup>th</sup> Nov' 2013. The Competent Authority gave relaxation up to March 2014 to show the improvement and advised the Contractor to submit execution and material procurement plan and approved appraisal note/ sanction letter from the Bank(s) as a proof of flow of renewed fresh credit.
7. The Joint Secretary (Distribution), Govt. of India and CMD, M/s REC Ltd., New Delhi vide DO letter dated 2<sup>nd</sup> May, 2014 and 25<sup>th</sup> Feb' 2014 respectively expressed concern on the huge unspent amount of Mobilization Advance lying with the Contractor even after expiry of completion period of the contract.
8. The details of unspent amount of Mobilization advance along with interest to be deposited by the contractor and amount of Addl. Bank Guarantee as on 31<sup>st</sup> Jan' 2015 are given as under:-

(Rs. in lakh)						
Amount released against Mobilization Advance	Interest accrued on unadjusted Mobilization advance	Mobilization Advance adjusted	Interest adjusted	Balance Mobilization Advance as on 31.01.16	Balance amount of Interest liability	Unspent amount along with interest
1	2	3	4	5=1-3	6=2-4	7=5+6
330.56	90.21	65.71	47.51	264.85	42.70	307.55

9. The Bank Guarantees for interest amount on Mobilization Advance issued by Corporation Bank, New Delhi and Union Bank of India, New Delhi of value Rs. 12.03 lakh and 18.15 lakh are available with MPMKVVCL.
10. Cumulative Financial Achievement till 31<sup>st</sup> Jan' 2016 is only 26.48 % of sanctioned provision even after 48 months of award of project.

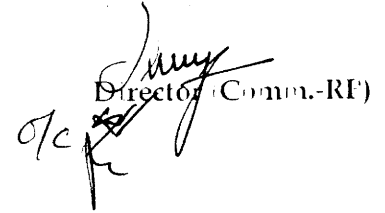
11. Despite regular monitoring and repeated request made by the MPMVVCL for procurement of material and execution of project, the contractor has not expedited activity for procurement of materials and execution of work.
12. In context of forgoing details, MPMKVVCL is left with no alternative except to terminate the Contract Award no. CMD/ LOA/Project/RGGVY/LOA-BPL/2282 dated 27 Jan'12 as per clause 44.0 Section III, 'Contractor's Default' of General Terms and Conditions of Bid Document with Forfeiture of the following Bank Guarantees submitted towards various securities of the contract. This contract award therefore stands terminated from the date of issue of this order. The details of Bank Guarantees are given as here under:-

S.N	Bank Guarantee submitted against	Bank Guarantee no. & date	BG amount	Name of bank	Validity of BG
1	Performance Guarantee	49780IGL0005212 dtd. 22.02.2012	34398799.00	Union Bank of India, New Delhi	20.02.2016
2	Mobilization Advance	49780IGL0008512 dtd. 28.02.2012	16702910.00		21.02.2016
3		49780IGL0008612 dtd. 28.02.2012	16702910.00		21.02.2016
4		49780IGL0008412 dtd. 28.02.2012	2955240.00		21.02.2016
5	Interest Liability	2014/122 dtd. 10.07.2014	1207870.00	Corporation Bank, New Delhi	05.07.2016
6		49780IGL00024814 dtd 16.12.2014	1815195.00	Union Bank of India, New Delhi	08.06.2016

13. As a consequence of termination, the contractor shall be liable to observe following conditions as per terms and conditions of the contract :-
- Cease all further work immediately and leave the site in a clean and safe condition.
  - Terminate all sub-contract immediately.
  - Handover the unutilized electrical equipments and materials in the site store along with material installed/erected in incomplete infrastructure created under RGGVY Bhopal within 7 days of issue of this Termination Order as per contract condition and Indemnity Bond submitted for material and equipment.
14. The contractor is held liable to pay the following recoveries as per contract conditions:-
- Any extra/additional cost, if occurred, for completion of balance infrastructure from another agency as per Clause 44.0 of GCC, section III.
  - Balance amount of Liquidated Damages as per clause 14.0 of GCC, section III of Bid document.

- (c) Material advance paid to contractor, which remained unadjusted on the date of termination of contract along with the interest on unadjusted Mobilization advance as per contract conditions.
- (d) Balance amount of mobilization advance along with interest as per clause 15.4 of GCC, section-III.
- (e) Any other amount recoverable as per the terms and conditions of the contract.

This order of termination is issued with the approval of Competent Authority.

  
Director (Comm.-RF)

No.MD/CZ/ Project/RGGVY/ 2030

Bhopal; Dated: 06.02.2016

Copy to:-

1. M/s Era Infra- ARK Vidyut Urja (JV), C 56/41, Sector-62, Noida
2. Principal Secretary, Govt. of Madhya Pradesh, Energy Department, Bhopal
3. MD (PMC), Shakti Bhawan, Rampur, Jabalpur.
4. Chief Project Manager, M/s REC Ltd., Metro Walk, Bittan Market, Bhopal
5. MD, MP Poorva Kshetra Vidyut Vitaran Co. Ltd., Jabalpur.
6. MD, MP Pachim Kshetra Vidyut Vitaran Co. Ltd., Indore.
7. CFO (Finance) O/o MD (CZ) MPMKVV Co. Ltd., Bhopal
8. Chief General Manager (BR/GR), MPMKVV Co. Ltd., Bhopal/Gwalior.
9. General Manager (O&M), MPMKVV Co. Ltd., Bhopal.
10. Nodal Officer (RGGVY), O/o GM (O&M), MPMKVV Co. Ltd., Bhopal.
11. BIECCO Lawrie Ltd., 2/132, Vikas Nagar, Lucknow - 226 022.
12. PS to MD, MPMKVV Co. Ltd., Bhopal.
13. Sr. Manager, Union Bank of India, M-11, First Floor, Middle Circle, Cannught Circus, Delhi.
14. Sr. Manager, Corporation Bank, Industrial Finance Branch, 10th Floor, Hindustan Times House, 18/20, Kasturba Gandhi Marg, Cannught Place, New Delhi .

  
Director (Comm.-RF)