

Regd.post with ack.due:

**EASTERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
CORPORATE OFFICE : : VISAKHAPATNAM**

Phone No.: 0891-2582303
Fax No. : 0891-2582301
From:

Phone No.: 040-23114013
Fax No. : 040-23114921, 23111076
To

The Chief General Manager,
Purchases & Material Management
A.P.E.P.D.C.L.
TPT Colony, Seethammadara
Visakhapatnam-13.

M/s BRG Energy Ltd.,
Corporate Office: #12,
Software Units Layout, Cyberabad,
Hyderabad – 500 081.
Marketing@brgenergy.com, www.brgenergy.com

Lr.No.CGM/P&MM/EPDCL/VSP/GM(M)/DE(P1)/ADE(P3)/D.No.4139/12, Dt:11/09/2012.

Sir,

Sub: EPDCL, VSP – P&MM – Supply of various capacities of DTRs with 5-star rating –
Material not supplied – Non adhering to supplies as per schedule – **Cancellation of
Purchase Orders – Blacklisting the firm** –Regarding

7639 Ref:

1. T.O. P. O.NO.CGM/P&MM/EPDCL/VSP/P3/CEMPT- 63/11-12/PM-2921, DT:24.12.2011
2. T.O. P. O.NO.CGM/P&MM/EPDCL/VSP/P3/CEMPT- 64/11-12/PM-2905, DT:01.12.2011
3. T.O. P. O.NO.CGM/P&MM/EPDCL/VSP/P3/CEMPT- 66/11-12/PM-2940, DT:17.01.2012
4. T.O. P. O.NO.CGM/P&MM/EPDCL/VSP/P3/CEMPT- 67/11-12/PM-2945, DT:17.01.2012
5. Lr.No.CGM/P&MM/EPDCL/VSP/GM(M)/DE(P1)/ADE(P3)/ D.No. 1215/12, Dt:24/03/2012
6. Your Lr.No. BRG/APEPDCL/W.O.No.1160 to 1163 / 2011-12/855, dt:04-04-2012
7. Lr.No.CGM/P&MM/EPDCL/VSP/GM(M)/DE(P1)/ADE(P3)/D.No.1616/12, Dt:21/04/2012.
8. Lr.No.CGM/P&MM/EPDCL/VSP/GM(M)/DE(P1)/ADE(P3)/ D.No. 2404/12, Dt:30/05/2012
9. Lr.No.CGM/P&MM/EPDCL/VSP/GM(M)/DE(P1)/ADE(P3)/ D.No. 3253/12, Dt:17-07/2012
10. Your Lr.No. BRG/EPDCL/SC/DTR/2012-13/72 DATED 19-07-12

Please refer correspondence 1st to 10th cited above, regarding supply of 3Ø 25, 40, 63 & 100 KVA 5-star rating Distribution Transformers and the **delivery schedules were amended in the reference 7th cited above subject to levy of penalty and price variation as per the original delivery schedule of the Purchase Order for the following purchase orders as per the request made by you in response to the Show Cause served vide reference 5th cited above..**

Sl. No.	PO No.	Date	Capacity	Ordered Quantity (in nos.)	Amended Schedule delivery	
					Before	Quantity
1	2905	1/12/2011	40 KVA DTRs	200	31-05-12	100 nos.
					30-06-12	50 nos.
					31-07-12	50 nos.
2	2921	24/12/2011	25 KVA DTRs	200	31-05-12	100 nos.
					30-06-12	50 nos.
					31-07-12	50 nos.
3	2940	17/1/2012	63 KVA DTRs	200	31-05-12	75 nos.
					30-06-12	75 nos.
					31-07-12	50 nos.
4	2945	17/1/2012	100 KVA DTRs	100	31-05-12	50 nos.
					30-06-12	50 nos.

Vide reference 8th cited above **again issued notice on 30-05-2012** for non adhering to the above amended delivery schedules without giving even inspection offer for the first consignment and requested the firm to take immediate steps to supply the material duly reminding about taking action as per the show cause notice issued vide reference 5th cited above in case of non compliance without serving further notice.

Vide reference 9th cited above, a **Show Cause Notice** was issued to your firm as following:

“(1) Why all the above respective Purchase Orders placed on your firm should not be terminated and Bid Securities / Pending Bills / Bank Guarantees available with APEPDCL should not be forfeited.

(2) Why your firm should not be blacklisted for a period of 2 years duly communicating to sister DISCOM Power Utilities in A.P and other Power Utilities located in other states.

If no response is received within 15 days from the date of receipt of this notice, it will be construed that your firm has no reply to this Show-Cause Notice and action deemed fit as indicated above will be initiated against your firm without remainder.”

EPDCL management has not considered your representation made under reference 10th cited above and viewed seriously for the above non adherence in supply of materials as non compliance and deliberate breach of the terms and conditions of the Purchase Orders placed on your firm.

Such unwarranted and unprofessional response of your firm in supply of the required ordered material put the EPDCL in quandary, besides wasting its valuable time, energy & resources. In the wake of non supply of material by your firm in a crucial time, EPDCL has to procure material from other alternative sources to cope up with the extreme demand faced across the five districts, which caused additional burden to the EPDCL, besides tarnishing its image and paralyzing the execution of targeted works and additional burden for procurement of above Distribution Transformers are as follows.

PM No.	Date	Capacity	Ordered quantity	Price as per PO	New price arrived as per latest Purchase Order	Difference between old price & new price	Total difference per each PO
2905	1/12/11	40 KVA	200	92040.14	96517.80	4477.66	895532.00
2921	24/12/11	25 KVA	200	67770.38	71734.21	3963.83	792766.00
2940	17/1/12	63 KVA	200	102530.63	108000.60	5469.97	1093994.00
2945	17/1/12	100 KVA	100	128340.26	135013.14	6672.88	667288.00
Total expenditure incurred to meet the targeted works of APEPDCL for non supply of Distribution Transformers							3449580.00

i) Total pending 2% Bid Security DDs available with APEPDCL against the tenders of the above Purchase Orders.

PM No.	Date	CEMPT No.	Capacity	DD.No.& date	2% Bid Security amount
2905	1/12/11	64/11-12	40 KVA	DD No. 394918, dt: 06-09-2011	330000.00
2921	24/12/11	63/11-12	25 KVA	DD No. 394919, dt: 06-09-2011	240000.00
2940	17/1/12	66/11-12	63 KVA	DD No. 394924, dt: 07-09-2011	360000.00
2945	17/1/12	67/11-12	100 KVA	DD No. 394923, dt: 07-09-2011	225000.00
Total pending 2% Bid Security DDs available with APEPDCL					1155000.00

ii) Pending Bank Guarantees towards 10% Performance Security of old Purchase Orders available with APEPDCL

PM No.	Date	Capacity	Ordered quantity	Price as per PO	Total Purchase Order value	10% value of Purchase Order
2697	7/1/2011	63 KVA	100	96541.18	9654118.00	965411.80
2700	7/1/2011	100 KVA	168	118402.85	19891678.80	1989167.88
Total Bank Guarantees available with AEPDCL						2954579.68

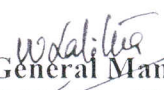
In view of the above, without prejudice to rights and contentions of EPDCL, the management has decided **to take action against your firm** as per the terms & conditions of APEPDCL for the above non adherence of terms and conditions as intimated to your firm through Show Cause notice served vide reference cited 9th above.

Accordingly this office is hereby **canceling all the Purchase Orders placed on your firm forfeiting the Bid Securities and Pending Bills / Bank Guarantees available with APEPDCL towards excess cost incurred for procurement of above Distribution Transformers. Besides your firm is blacklisted for a period of 2 years** for the blatant failure on the part of your firm in supply of ordered material as your firm failed in submission of 10% Performance Securities and inspection offers even after the amending delivery schedules as requested by you for all the Purchase Orders for supply of 3Ø 25, 40, 63 & 100 KVA Distribution Transformers.

Further you are requested to recoup the 10% Performance Security amount by DD or Bank Guarantee for the Purchase Orders PM-2697, dt:07-01-2011 & PM-2700, dt:07-01-2011 within 15 days from the date of the intimation of this letter as the Bank Guarantees are forfeiting towards excess cost incurred for procurement of above Distribution Transformers.

The receipt of the order may be acknowledged

Yours faithfully,


Chief General Manager (P&MM)
APEPDCL :: Visakhapatnam

Copy to:

The Chief General Manager/ Expenditure /APEPDCL/Visakhapatnam
The Pay Officer/APEPDCL/Visakhapatnam
The Chief General Manager/Projects./APEPDCL,Visakhapatnam
The Chief General Manager/O&CS./APEPDCL,Visakhapatnam
The Chief General Manager/P&MM/APNPDCL,Warangal
The Chief General Manager//P&MM/APSPDCL,Tirupathi
The Chief General Manager//P&MM/APCPDCL,Hyderabad
The Superintending Engineers / Operation / Srikakulam, Vizianagaram, Visakhapatnam, Rajahmundry, Eluru
The Accounts Officer / Expenditure / Circle Office / Srikakulam, Vizianagaram, Visakhapatnam, Rajahmundry, Eluru
The Asst. Divisional Engineer / District Stores / Srikakulam, Nellimarla, Simhachalam, Bommuru, Vatluu
The Chief Engineer, Lift Irrigation, AP Transco, Vidyut Soudha, Hyderabad (Ph/Fax No.:040-23317632)