MAHARASHTRA STATE POWER GENERATION CO. LTD.

MAHAGENCO
Maharashtra State Power Generation Co. Ltd.

Office of The Chief Engineer (Project),
1x660 MW Bhusawal Project, Deepnagar, Bhusawal,
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Ref. : CE (P)/BSL/1x660 MW/PMG/ No 0 2597 Date : 3 DEC 2021

Contract Closing Note

Sub: 2 x 500 MW Bhusawal Expansion Project U#4&5: BTG Contract - Contract Closing Note – Reg.

Ref.:
1) LOA No DG/Bhusawal Expn./MP/Supply/0402 Dtd. 23.01.2007
2) Contract Agreement No. DG/BHUSAWAL/MP/SUPPLY Dtd. 20.09.07
3) LOA No DG/BSL Expn./MP/Erection/0403 Dtd. 23.01.2007
4) Contract Agreement No. DG/BHUSAWAL/MP/ERECTION Dtd. 20.09.07
5) Amendment no.4: DG-Comm./BSL-2x500MW/MP/Supply/959 Dtd. 12.05.2015
6) Amendment no.2: DG-Comm./BSL-2x500MW/MP/Erection/958 Dtd. 12.05.2015
7) CE(P&P) Ltr. No. CE(P&P)/Comm./BHEL/LD issues/425 Dtd. 18.04.2019
8) Overall summary of Financial reconciliation & BHEL's Dues as on 20.10.2021 signed on Dtd. 26.10.2021

The LOA was placed on M/s Bharat Heavy Electrical Ltd. (M/s BHEL) as per Ref.(1&3) for Supply and Erection, Testing & Commissioning of Main Plant equipments consisting of Steam Generator, Steam Turbine & Generator, Control & Instrumentation for the entire Main Plant, Electrical Equipments and Other Auxiliary Equipments including Mandatory spares for 2x500MW Bhusawal Expansion Project Unit No. 4 & 5.The specified time limit for completion of Bhusawal Unit No. 4 is 43 months and for Bhusawal Unit No. 5 is 47 months.

Accordingly, for Bhusawal Unit No. 4 M/s. BHEL have started the supply of materials on 03.01.2008 (Schedule Date 22.12.2007) and boiler erection on 26.03.2008 (Schedule Date 22.02.2008). The Unit is synchronized on 11.05.2011 and Trial Operation was completed on 29.10.2012. The unit was put for Commercial Operation on 16.11.2012 and PG test was completed on Dtd. 21.12.2015.

For Bhusawal Unit No. 5 M/s. BHEL have started the supply of materials on 10.01.2008 (Schedule Date 22.04.2008) and boiler erection on 03.08.2008 (Schedule Date 26.06.2008). The Unit is synchronized on 03.03.2012 and Trial Operation was completed on 01.06.2013. The unit was put for Commercial Operation on 03.01.2014 and PG test was completed on Dtd. 09.02.2016.

The O/o CE (P&P) has issued various amendments for supply and erection contracts. As per amendment No. 959 dtd.12.05.2015 for supply and amendment No. 958 dated 12.05.2015 for erection, FTLE for Main plant BTG Package of Bhusawal U-4 Project was extended upto29.10.2012 and Bhusawal U-5 Project was extended upto 01.06.2013 with levy of LD @ 10% of contract price plus 10% of price variation payable.

Further, M/s BHEL has requested to review LD cases for Main Plant Contracts for Paras U3&4, Parli U6&7, Khaperkheda U5 and Bhusawal U4&5. On this, CE (P&P) vide letter no. 425 Dtd. 18.04.2019 informed M/s BHEL that, there is no alteration in the status-quo of applicability of LD recommended by previously formed JTFC for BTG Packages of Paras U3&4, Parli U6&7, Khaperkheda U5 and Bhusawal U4&5 projects.

The following are the details of Supply and Erection Contract closing based on approved proposal with Amendments of Final Time Limit Extension vide Ref.(5&6)

SN	Description	Details		
1)	**Name of Contractor**	M/s. BHEL, New Delhi.		
2)	**Name of Works**	1) Supply of Main Plant equipments consisting of Steam Generator, Steam Turbine and Generator, Control & Instrumentation for the entire Main Plant, Electrical equipments and Other Auxiliary Equipments for Bhusawal TPS Expansion Project 2 x500MW. 2) Erection, Testing & Commissioning of Main Plant equipments consisting of Steam Generator, Steam Turbine & Generator, , Control & Instrumentation for the entire plant, Electrical Equipments and other auxiliary equipments for 02 nos. of 500MW units at Bhusawal TPS Expansion Project 2x500 MW.		
3)	**Payment status**			
i	**Total Value of the contract**	Price for supply (Main + Mandatory Spares) of Equipment	Price for Erection and commissioning	Total (Rs)
	a)Ex work price	19,69,34,54,582/- 18,74,50,00,000+94,84,54,582)	1,61,50,00,000	21,30,84,54,582/-
	c)Freight and insurance	56,33,13,208/- (52,55,00,000+3,78,13,208)	12,00,00,000/-	68,33,13,208/-
	d)Taxes and duties	344,40,24,699/- (3264690000+179334699)	21,23,60,000	365,63,84,699/-
	d) PV amount	PV shall be subject be limited to (+/-) 20% of the Ex-works price		
	Total contract value excluding PV	23,70,07,92,489/-	194,73,60,000/-	2564,81,52,489/-
ii	**Total value of work done upto actual completion**			
	a. Ex-works Price of supply excluding price variation	19,68,05,51,801 (18,73,79,45,158 +94,26,06,643)	1,61,50,00,063	21,295,551,864
	b. PV amount	3,13,69,49,382 (2,96,65,19,633+17,04,29,749)	32,30,00,000	3,45,99,49,382
	c. Freight & Insurance	56,02,91,135 (52,32,54,836+3,70,36,299)	12,00,00,000	68,02,91,135
	d. Taxes and duties on basic value	1,54,25,25,340 (1,51,38,90,776 +2,86,34,564)	15,77,11,778	170,02,37,118
	e. Taxes and duties on freight/insurance charges	32,25,575 (31,56,222 + 69,353)	1,48,32,000	1,80,57,575
	f. Taxes and duties on PVC value	21,72,07,479 (21,22,76,938 +49,30,541)	3,36,71,160	25,08,78,639
	Total Amount in Rs including PV	25,14,07,50,712	2,26,42,15,001	2740,49,65,713

iii	**Payment effected by H.O. Against supply, spares, WCT etc.**	------		
iv	**Payment effected by Site against Supply, Spares, WCT etc.**			
	a. Payment Status (Site)	As per enclosed Financial Reconciliation statement sheet		
	b. Payment released	21,89,99,17,872 (20,38,04,20,543+52,39,26,331+96,20,48,780+3,35,22,218)	2,18,21,93,542 (2,04,73,61,542+13,48,32,000)	24,08,21,11,414
	c. Balance Payment (Amount of work not done/billing/Adjusted in Ex-work price)	111,92,930 (54,84,182+22,45,164 +26,86,675+7,76,909)	-63	1,11,92,867
v	**Outstanding/Balance payment and recoveries**			
	1. Total outstanding /balance payment			3,21,52,97,656
	2. Total TDS deducted			24,97,22,025
	3. Recovery of interest on advance			4,71,52,542
	4. Other recoveries (Other than LD & interest on advance)As per annexure "O"			29,13,16,017
	5. Retain against LD			2,41,49,16,699
	Net current outstanding (1-2-3-4-5)			21,21,90,373
vi	**Retention amount at site**			
	a. Total current outstanding (F)	21,19,59,667 (15,75,72,453+5,43,87,214)	2,30,706	21,21,90,373
	b. Amount retained towards LD	2,41,49,16,699	0	2,41,49,16,699
	c. Amount towards shortfall in billing (N=17)	1,11,92,930 (54,84,182+22,45,164+26,86,675+7,76,909)	-63	1,11,92,867
	d. Balance amount payable against milestone (I=19)	11,31,71,724 (1,89,11,894+9,42,59,830)	6,46,890	11,38,18,614
	e. Amount against PVC deferred (J=20)	1,70,42,977	--	1,70,42,977
	Total retention available (a to e)	276,82,83,997	87,75,533	276,91,61,530
	Balance B.G.	NIL		
vii	LD Applicable as per Amendment	As per FTLE amendment for supply, vide letter under ref (5) and amendment for erection, vide letter under ref (6), the applicable LD is Rs. 2,50,24,97,938/-(Details of LD are given below)		
	a. 10% LD on final revised Ex contract price (Exclusive of PV)	1,93,98,40,000 (1,87,45,00,000+6,53,40,000)	16,15,00,000	2,10,13,40,000
	b. 10% LD on actual PV paid	31,36,94,938 (29,66,51,963+1,70,42,975)	3,23,00,000	34,59,94,938
	c. 10% LD on freight	5,51,63,000 (5,25,50,000+26,13,000)		5,51,63,000
	Total LD in Rs.	2,30,86,97,938	19,38,00,000	2,50,24,97,938

4) Execution Status for Bhusawal Unit-4:

SN	Activity	Schedule Date	Actual Date
i	Start of supply	22.12.2007	03.01.2008
ii	Boiler Erection start	22.02.2008	26.03.2008
iii	TG Erection start	22.01.2009	03.11.2009
iv	Completion of erection & commissioning	22.08.2010	29.10.2012
v	Trial operation	22.08.2010	29.10.2012
vi	Completion of P. G. test	22.09.2010	21.12.2015
vii	Completion of supply	22.08.2010	30.06.2015

Execution Status for Bhusawal Unit-5:

SN	Activity	Schedule Date	Actual Date
i	Start of supply	22.04.2008	10.01.2008
ii	Boiler Erection start	22.06.2008	03.08.2008
iii	TG Erection start	22.05.2009	17.12.2009
iv	Completion of erection & commissioning	22.12.2010	01.06.2013
v	Trial operation	22.12.2010	01.06.2013
vi	Completion of P. G. test	22.01.2011	09.02.2016
vii	Completion of supply	22.08.2010	30.06.2015

5)	**Extension of contract period up to**	Extension of contract period up to 29/10/2012 for Unit no. 4 & up to 01/06/2013 for Unit No. 5 with levy of liquidated damages.
6)	**Guarantee period completion date**	12 calendar months commencing immediately upon satisfactory completion of performance guarantee test.
7)	**Pending supplies**	With the available record, pendency is nil.
8)	**Recoveries if any**	The amount of Rs.1,93,80,000/- against BOCW Cess, as per CE (P&P) letter no. 0695 dated 06.07.2021 is kept as retention. After signing the reconciliation statement, BHEL has not submitted any written objection about this retention.
9)	**Performance during the guarantee period**	The performance of units was satisfactory.
10)	**Status of NOC**	Yet not submitted by BHEL.
11)	**Recommendations:**	1. As per enclosed audited financial account statement for supply & work, the total amount of Rs.276,91,61,530/- is available with Mahagenco as a retention (i.e. towards LD & other retention). 2. The applicable LD amount is Rs. 2,50,24,97,938/- which is accounted for on dtd.01/04/2021 vide JV No.1250933. 3. The amount to be recovered for the BOCW cess is Rs. 193,80,000/- 4. The net payable amount to M/s BHEL is Rs 23,60,90,725/- (Rs.276,91,61,530-250,24,97,938-193,80,000–1,11,92,867), which will be paid after receipt of No Claim Certificate from BHEL. 5. The applicability of GST / Service Tax on liquidated damages shall be ensured by F&A section before release of payment to BHEL.

[Note : 1. *The data regarding payments effected, balance payments, retentions, recoveries is provided by account section / joint reconciliation statement.*

2. *The amount Rs. 1,11,92,867/- shown at point no. 3-vi-c as shortfall in billing. It cannot be considered as retention and hence has to be deducted from retention.*
BHEL has claimed PG tests payments, final (deferred) PVC payments as per the contract and thereby agreed for 100% completion of supply & works.

3. *Mandatory spares – LBBP accumulator bladder found defective. Same was replaced by BHEL in 2020.]*

In view of above, it is requested that after scrutiny, the contract may please be closed with Rs. 1,11,92,867/- unclaimed amount and release the payable amount of Rs.23,60,90,725/- to M/s BHEL.

For scrutiny and further needful action please.

Encl.: As above and additional documents

Audited with remark (A)

03.12.21

Audited

Sr. Manager (F&A)
1 x 660 MW Project
M.S.P.G.Co.Ltd., Bhusawal.

Chief Engineer (Project.)
MSPGCL, Bhusawal

To,
Chief Engineer (Const),
MSPGCL, Koradi

Remark (A) :- As per contract clause 10.4.2. i.e payment toward price variation which is reproduced as -
"The balance 10% of the payment towards Price variation for supply of equipment shall be released against invoice ~~with~~ after release of final payment towards supply of equipment."
As the 10% balance PV payment is done it means final payment towards supply is done hence such claim of short billing of ₹ 1,11,92,867/- is not acceptable at this stage.

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Doc.Type : AB (Accounting Document) Normal document

Doc. Number	1250933	Company Code	MG01	Fiscal Year	2020
Doc. Date	01.04.2020	Posting Date	01.04.2020	Period	01
Calculate Tax	☐				
Ref.Doc.	BHEL LD IMPOSED				
Doc. Currency	INR				
Doc. Hdr Text	LD ACCOUNT FOR				

Itm	SG	PK	Account short text	D/C	Amount	BusA	Account	Order	Assignment	TTy	Text	WBS element
1		50	Project - Material	H	2,502,497,938.00-	B227	80100		LD ON BHEL		LD IMPOSED ON M/S BHEL AGST 2X500MW	P-BSL-04-100-52-16-SE
2		24	BHEL NEW DELHI	S	2,502,497,938.00	B227	50225		LD ON BHEL		LD IMPOSED ON M/S BHEL AGST 2X500MW	

Sr. Manager (F&A)
1 x 660 MW Project
M.S.P.G.Co.Ltd., Bhusawal.