

# **KARNATAKA POWER TRANSMISSION CORPORATION LTD.,**

Corporate Identity Number (CIN): U40109KA1999SGC025521



Corporate Office,  
Kaveri Bhavan,  
Bangalore - 560 009.

**Sub** : Constitution of Committee to review on Price Variation on Bought out items.

**Ref** : Note No. CEE(T&P)/CA(T&P)/KCO-65/2018-19 Dated: 24.04.2018 approved by Managing Director, KPTCL.

## **PREAMBLE:**

As per the standard tender documents of Section –II ITB, clause 15.1 price variation is being admitted for 13 types of equipment/materials. As per IEEMA/CACMAI circulars, rates were being calculated irrespective of whether own Manufactured or Bought Out items.

As per clause 15.1-III of Section-II ITB under Note of DWA/Tender document it is noted that “The Ex-work price” in respect of bought out items/cases where in breakup of details is not furnished by the supplies/contractor shall be arrived by back work calculation of the taxes and duties applicable on the date of Techno-Commercial bid opening and as indicated in the DWA.

According to above clause Price variation was being regulated and payments were also made to the contractors in respect of ongoing/completed works irrespective of whether own manufacturing or bought out items.

However, vide circular No. FA(A&R)/KCO-18/77285/2017-18 Dtd:01.12.2017, it is directed that due to non-availability of break-up details amounts of the bought out items (Ex works price, ED, K-VAT/CST, F&I) price variation on the bought out items involved in the contract should not be considered. If Price variation has been already considered on bought out items the same has to be recovered from the respective contractors.

In this regard, the clarifications were requested by the Zonal Chief Engineers whether both Negative and Positive Price variation has to be allowed or not, to bought out items where breakup details for the same are not quoted by the bidder. If not, whether negative price variation amounts has to be recovered or not, out of future bills.

In view of the above, the MD, KPTCL, during discussions has directed to form a committee consisting of Chief Engineer Electy., (T&P), Chief Engineer Electy., (P&C) & Financial Advisor (A&R) to examine how the subject issue is being handled by PWD and other Transmission utilities.

Hence the following order,

KPTCL Order No.: KPTCL/B25/CEE(T&P)/CA(T&P)/KCO-65/2018-19 Bengaluru, Dated: 01 JUN 2018

In accordance with the preamble above, the committee consisting of the following is constituted for examining the applicability of price variation and its calculation methodology for bought out items in Partial Turnkey / Turnkey Projects of KPTCL.

1. Chief Engineer Electy., (T&P) - Chairman
2. Chief Engineer Electy., (P&C) - Member
3. Financial Advisor (A&R) - Member
4. Controller (T&P) - Convener

The committee shall examine how the price variation is handled by PWD and other Transmission utilities for bought out items. The committee shall meet as frequently as necessary and submit its recommendations within 15 days to Chief Engineer Electy., (T&P) for submitting the same to MD, KPTCL.

By order,

  
Deputy General Manager (Technical)  
KPTCL

**Copy to:**

1. The Chief Engineer Electy., T&P / (P&C), KPTCL, Kaveri Bhavan, Bengaluru.
2. The Financial Advisor (A&R), KPTCL, Kaveri Bhavan, Bengaluru.
3. The Controller (T&P), KPTCL, Kaveri Bhavan, Bengaluru.
4. Executive Assistant to Director (Transmission), KPTCL, Kaveri Bhavan, Bengaluru.
5. SPS to Managing Director/ Director (Finance), KPTCL, Kaveri Bhavan, Bengaluru to bring it to the kind notice of the Directors.