

पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड

(भारत सरकार का उद्यम)

POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)



केन्द्रीय कार्यालय : "सौदामिनी" प्लॉट सं. 2, सैक्टर-29, गुडगाँव-122 001, हरियाणा
फोन : 0124-2571700-719, फैक्स : 0124-2571760, 2571761 तार 'नेटग्रिड'
Corporate Office : "Saudamini" Plot No. 2, Sector-29, Gurgaon-122 001. Haryana
Tel. : 0124-2571700-719, Fax : 0124-2571760, 0124-2571761 Gram : 'NATGRID'

संदर्भ संख्या / Ref. No. C/CP/RTI/2015/07

Date: 18th May, 2015

Shri A.K. Bajaj
CEO (Transmission)
A2Z Infra Engineering Limited,
116, First Floor, Shopping Mall, Arjun Marg,
DLF City, Phase-I, Gurgaon-122002, (Haryana)

Sub: **Information under Right to Information Act, 2005.**

Dear Mr. Bajaj,

This has reference to your RTI request dated 6th April 2015 seeking information under RTI Act, 2005.

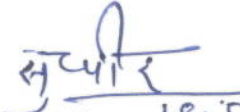
The information sought is attached at **Annex-A**.

Details of Appellate Authority, as per the provisions of RTI Act, 2005 is as under:

Shri B. Mishra
Executive Director (CP & IT) & Appellate Authority,
Corporate Centre, Power Grid Corporation of India Limited,
"Saudamini", Plot No. 2, Sector-29,
Gurgaon – 122007, Haryana

Thanking You,

भवदीय,


(सुधीर मित्तल) 18.5.15

महाप्रबंधक(के.आ.) एवं के.लो.सू.अधिकारी

Point wise reply of the queries is given below:

Query:

- 1) *Copy of Assessment Reports of A2Z against Package Jaipur-Bhiwani 765 kV S/C Transmission Line (TW-01-1729 and TW-02-1730) World Bank funded where A2Z became L1 in both the packages.*

Reply:

For assessment of capacity and capability of Contractors who are already executing Contracts in POWERGRID, a formal mechanism has been instituted for analysis of the performance of the Contractors in on-going contracts for the above purpose, with twin objectives of (i) initiating corrective measures to arrest the setbacks/delays, if any, in on-going contracts more efficiently and effectively, and (ii) to decide whether or not to consider them for award of additional contracts after considering all relevant aspects.

The Standing Committee of Senior Officials after analyzing the financial details submitted by A2Z and their performance in execution of POWERGRID contracts, concluded that it would not be commercially prudent and appropriate for POWERGRID to consider A2Z for award of further contracts at that time. Further, this was indicated to be reviewed for considering A2Z for award of further contracts based on the A2Z's audited financial results of FY 2012-13 provided that the same indicate the improvement and there are no other adverse observation.

The relevant portion pertaining to the assessment of capacity and capability of A2Z by aforesaid committee [Report no. 4-(Aug2012)] is enclosed as Annexure-I. The complete report of the Committee can not, however, be provided as the same contains details/credentials of third parties. Therefore, the disclosure of bid details/credentials of any third party may harm the competitive position of the concerned party and therefore the same cannot be provided without the consent of parties concerned, which is being sought.

Query:

- 2) *Copy of approval note sheet alongwith all the Annexures vide which approval of Competent Authority have been sought for converting the above both the Packages from World Bank funding to Domestic funding (Package TW-1729 and TW-1730)*

Reply:

After approval of competent authority, the above packages were covered under domestic funding. The copy of approval by POWERGRID Board of directors (Minutes of meeting of the Board of Directors) is enclosed as Annexure-II.

Query:

3) *Copy of Evaluation Report of above both the Packages*

Reply:

The evaluation report contains bid details/credentials of third parties. Therefore, the disclosure of bid details/credentials of any third party may harm the competitive position of the concerned party and therefore the same cannot be provided without the consent of parties concerned, which is being sought.

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9.2 In respect of A2Z it is, however, noted that NR-1, vide its communication dated 10/08/2012, has raised certain concerns about their financial position. In this context it may also be mentioned here that in last year A2Z was raided by Income Tax Authorities which also finds a mention in their Financial Statements. Further, the CBI had also held certain investigations in respect of A2Z which were conveyed by Vigilance Dept to be referred to the panel of IEMs under the Integrity Pact, and consequently a warning was issued to A2Z. The documents in this regard are collectively placed at Appendix C. It is thus noted that there are 'red flags' indicative of statutory and integrity issues involving A2Z coupled with their financial performance showing some adverse indicators. In this context, detailed financial analysis of A2Z has been carried out based on data as per their Audited Financial Statements (for FY 2006-07 to 2010-11) and other data (Un audited Financial Statements for FY 2011-12) made available by them. The analysis of their Financial Statements is placed at Annexure-VII. From the analysis, it could be seen that their Debt Service Coverage Ratio is in the decreasing trend and in the past 3 years, it has drastically reduced from 2.85 to 0.99, and from the latest figure, it could be inferred

that the entire Gross Margin is going towards repayment of loans and payment of interest. This raises serious doubts and concerns about themselves managing their operations in near future. Further, it is also noted that their Debtor velocity is in the increasing trend and it has increased from 134 days in FY 2006-07 to 294 days in FY 2011-12 which will affect the cash flow from operations. An analysis of the cash flow statement forming part of their financial statement is also made and the same is placed at Annexure-VIII. From the analysis, it could be seen that the cash flow from operations after adjustment for Repayment of Long Term loans and Payment of dividend is negative through out. Clearly these facts will also impact their ability to pay creditors which is a very critical aspect for successful execution of transmission line contracts where the contractor like A2Z has to outsource all equipment and material as they themselves are not the manufacturer but only an erection contractor. Thus in the situation beset with concerns regarding A2Z's statutory compliances and integrity aspects coupled with adverse financial indicators of A2Z it would be prudent for POWERGRID to adopt a cautious approach in awarding additional contracts on them. Therefore, it would be commercially appropriate for POWERGRID not to consider them for award of further contracts presently. This may be reviewed based on their audited financial results for the current Financial Year 2012-13 if it indicates improvement. Till then if there are no other adverse observation viz actions by Income Authorities/CBI etc, it would also largely dispel the concerns about their statutory compliance and integrity issues as well.

A.48

(i) Though the relative performance of A2Z is rated above the threshold level of 5 on a scale of 10, however, as deliberated in para 9.2, in view of the concerns about their statutory compliance and integrity issues supplemented by adverse financial indicators, it would not be commercially prudent and appropriate for POWERGRID to consider them for award of further contracts presently. This may be reviewed based on their audited financial results for the current Financial Year 2012-13 if it indicates improvement, provided that there are no other adverse observation.

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Extracts from the minutes of the 284th meeting of POWERGRID Board of Directors held on Friday, 8th March, 2013 at 2.30 p.m. at POWERGRID Board Room, 4th Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016.

Item No.284.2.5:- (Para Nos.284.2.5.1. to 284.2.5.3.)

Tower Package-P232-TW01 for 765 kV S/C Jaipur (RVPN) – Bhiwani T/L (Part-I) (150kms); and Tower Package-P232-TW02 for (i) 765 kV S/C Jaipur (RVPN) – Bhiwani T/L (Part-II) (105kms), (ii) 400kV D/C Bhiwani (PG)-Hissar T/L (55 kms), (iii) LILO of 400kV D/C Moga – Bhiwadi T/L at Hissar (2 kms):-

**Spec. Nos.: Package P232-TW01:CC-CS/232-NR2/TW-1729/1/G3
Package P232-TW02:CC-CS/232-NR2/TW-1730/1/G3**

284.2.5.1. ED(CS) explained to the Board that the Bid Evaluation Report of the subject two Packages was sent to the World Bank for their concurrence after obtaining the approval of the Board recommending placement of award on JV of ISOLUX & MAN, the L5 Bidder for Tower Package - P232-TW01 and KEC, the L4 Bidder for Tower Package TW02. The other lower bidders were not considered due to not meeting the QR/their capacity and capability constraints. The World Bank, vide their communication dated 01.02.2013 has stated that based on the information provided to them and after further discussions with POWERGRID, they agreed that the best course of action would be for POWERGRID to finance these packages out of its domestic funds.

284.2.5.2. It was explained that in view of the above, re-bidding under domestic funding need to be resorted. The option of snap bidding, as explained in Para 5.1 of the Background Note didn't appear feasible. Accordingly, it is proposed (i) to withdraw the subject Tower Packages from the World Bank funding; (ii) to annul the bidding process for the subject packages; and (iii) to invite fresh bids on domestic funding with revised Cost Estimates and Qualification Requirements on Domestic Competitive Bidding.

284.2.5.3. After deliberations, the Board agreed with recommendation for annulment of the bidding process for the subject Packages under World Bank Funding and to invite the fresh bids under domestic funding with revised Cost Estimates and Qualification Requirements on Domestic Competitive Bidding. The Board passed the following resolution:

"Resolved that the bidding process for the subject Tower Package-P232-TW01 for 765 kV S/C Jaipur (RVPN) – Bhiwani T/L (Part-I) (150kms) and Tower Package-P232-TW02 for (i) 765 kV S/C Jaipur (RVPN) – Bhiwani T/L (Part-II) (105kms), (ii) 400kV D/C Bhiwani (PG)-Hissar T/L (55 kms.), (iii) LILO of 400kV D/C Moga – Bhiwadi T/L at Hissar (2 kms.) under the World Bank funding be annulled and

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fresh bids be invited under domestic funding as per Memorandum submitted to the Board."

✓
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