



GOVERNMENT OF KERALA

Abstract

STORES PURCHASE DEPARTMENT—SUPPLY AND TRANSPORTATION OF DRY FLY ASH TO THE WALAYAR PLANT AND CHERTHALA CEMENT GRINDING UNIT OF MALABAR CEMENTS LTD. BY M/S ARK WOOD AND METALS (P) LTD., COIMBATORE AND M/S SRV TRANSPORTS, TUTICORIN—BLACKLISTING OF THE FIRMS BELONGING TO SRI V. M. RADHAKRISHNAN—ORDERS—ISSUED

STORES PURCHASE (B) DEPARTMENT

G. O. (Rt.) No. 43/2012/SPD. *Dated, Thiruvananthapuram, 27th October, 2012.*

- Read:—*1. Letters No. 1487/BI/11/Vig. dated 13-6-2011 and No. 1603/BI/11/Vig. dated 18-6-2011 from Vigilance (B) Department.
2. Factual Reports No. VC-8/08/PKD dated 30-11-2009 and No. C3 (VC07/2008/PKD) 29426/2008 dated 8-2-2011.
3. Letter No. MDo/3-121/2012 dated 22-9-2012 from the Managing Director, Malabar Cements Ltd.

ORDER

As per letters read as 1st paper above Vigilance Department has forwarded factual reports read as 2nd paper above and requested to blacklist Sri V. M. Radhakrishnan @ Chakku and to debar him from participating in any tender process involving supply of any kind of materials/machineries to Malabar Cements Ltd. and other Kerala Government owned firms.

As per the factual report of Vigilance Department, the former Managing Director and former General Manager, Malabar Cements Ltd. have conspired with Sri V. M. Radhakrishnan and Sri S. Vadivelu in awarding the contract to purchase dry fly ash for Malabar Cements Ltd. through M/s ARK Wood and Metals (P) Ltd., Coimbatore and the transportation contract to M/s SRV Transports, Tuticorin, sister concern of M/s ARK Wood and Metals (P) Ltd. for

transportation of dry fly ash to Walayar Plant and Cherthala Cement Grinding Unit of Malabar Cements Ltd. without inviting competitive tenders at significantly high rates thereby incurring heavy loss to Malabar Cements Ltd. and financial gain to M/s ARK Wood (P) Ltd., Coimbatore and M/s SRV Transports, Tuticorin.

The findings of the Vigilance and Anti Corruption Bureau are as follows:—

(i) Malabar Cements Ltd. executed an agreement with M/s ARK Wood and Metal (P) Ltd., Coimbatore on 18-11-2004 for the supply of dry fly ash for a period of 9 years. The rate of dry fly ash per metric tonne and Transportation rate in the agreement were as follows:

- a. Service Charges @ ₹ 60 (PMT).
- b. Silo operation and maintenance cost @ ₹ 60 (PMT).
- c. Interest on investment cost and other incidentals @ ₹ 60 (PMT).
- d. Transportation will be done by M/s SRV Transports, Tuticorin at ₹ 760 (PMT) for Walayar Plant and ₹ 860 (PMT) for Cherthala Cement Grinding Unit plus payment of corresponding hike in the diesel price as per the formula $2.5 \text{ paisa} \times \text{distance on one way direction KM} \times \text{increase/decrease in cost of diesel divided by hundred}$ and 10% increase every 2 year in the transportation charges.

(ii) M/s ARK Wood and Metal (P) Ltd., Coimbatore supplied 4,93,987.80 MTS of dry fly ash to the two plants of Malabar Cements Ltd. at Walayar and Cherthala transported by M/s SRV Transports, Tuticorin up to 31-7-2008.

(iii) Transportation rate given to M/s SRV Transports by Malabar Cements Ltd. was very high compared to the rates paid by other cement companies in the nearby areas for transport of dry fly ash from Mettur Thermal Power Station/Tuticorin Thermal Power Station.

(iv) Sri V. M. Radhakrishnan had obtained direct allotment of dry fly ash from Mettur Thermal Power Station and supplied it to Malabar Cements Ltd., Walayar Plant and have claimed the freight charges from Tuticorin Thermal Power Station to Walayar. The distance from Tuticorin Thermal Power Station to Walayar is 385 kms. whereas the distance from Mettur Thermal Power Station to Walayar is only 175 kms. The pecuniary loss which Malabar Cements Ltd. had incurred by payment of excess freight charges to M/s SRV Transports without

Winning competitive tender was ₹ 16,10,88,343.08 (Rupees Sixteen Crores Ten Lakhs Eighty Eight thousand Three hundred forty three and 8 paise only) and loss due to false claim that dry fly ash had been transported from Tuticorin Thermal Power Station though it was transported from Mettur Thermal Power Station was ₹ 6,28,029.17 (Rupees Six Lakhs Twenty Eight Thousand Twenty Nine and Seventeen paise only).

(v) As per the Deed of Agreement signed between Malabar Cements Ltd. and M/s ARK Wood and Metal Pvt. Ltd., Malabar Cements Ltd. had provided a Bank Guarantee of ₹ 50 lakhs (Rupees Fifty Lakhs only) to the firm in which Malabar Cements Ltd. shall have the liberty to terminate the contract entered into by giving 3 months notice in writing to terminate the contract prematurely and in that event M/s ARK Wood is entitled for compensation to the extent of ₹ 50 lakhs (Rupees Fifty Lakhs only). M/s ARK Wood and Metals Pvt. Ltd. unilaterally invoked the Bank guarantee of ₹ 50 lakhs from the Canara Bank without termination of agreement by Malabar Cements Ltd. as per the agreement conditions. Thus they violated the agreement conditions and by this action on the part of M/s ARK Wood and Metals Pvt. Ltd., Malabar Cements Ltd. incurred loss of ₹ 52,45,396 (Rupees Fifty Two Lakhs Forty Five Thousand Three Hundred Ninety Six only) [₹ 50 Lakhs towards Bank Guarantee and ₹ 2,45,396 (Rupees Two Lakhs Forty Five Thousand Three hundred Ninety Six only) being the interest levied by the Bank for late remittance of the full guarantee amount in the Bank].

(vi) As per the agreement Malabar Cements Ltd. had to reimburse electricity and water charges charged by Tamilnadu Electricity Board on M/s ARK Wood and Metals Pvt. Ltd. Accordingly the firm raised a claim of ₹ 2,21,18,555 (Rupees Two Crores Twenty One Lakhs Eighteen Thousand Five Hundred and Fifty Five only) for the period from April 2006 to May 2008. As per the quantity of dry fly ash supplied to Malabar Cements Ltd. the consumption of electricity would be around ₹ 1,67,60,523. (Rupees One Crore Sixty Seven Lakhs Sixty Thousand Five hundred and Twenty Three only). Thus the firm had falsely claimed excess electricity charges amounting to ₹ 53,58,032 (Rupees Fifty Three Lakhs Fifty Eight Thousand and Thirty two only).

(vii) Total pecuniary advantage obtained by M/s ARK Wood and Metals Pvt. Ltd. was ₹ 3,26,42,426 (Rupees Three Crores Twenty Six Lakhs Forty Two Thousand Four Hundred and Twenty Six only) [including excess payment of ₹ 2,20,38,998 (Rupees Two Crores Twenty Lakhs Thrity Eight Thousand Nine Hundred Ninety Eight only) made for dry fly ash, ₹ 52,45,396 (Rupees Fifty Two Lakhs Forty Five Thousand Three hundred and Ninety Six only) as bank guarantee and interest for delay and ₹ 53,58,032 (Rupees Fifty Three Lakhs Fifty

eight Thousand and Thirty two only) which was claimed in excess for electric consumption by the firm.]

(viii) On account of the contracts with M/s ARK Wood and Metals (P) Limited and M/s SRV Transport, Malabar Cements Ltd. had incurred a total loss of ₹ 19,43,59,798.25 (Rupees Nineteen Crores Forty Three Lakhs Fifty Nine Thousand Seven Hundred Ninety Eight and Twenty five paise only) (₹ 3,26,43,426 in respect of M/s ARK Wood and Metals Pvt. Ltd. and ₹ 16,17,16,372.25 in respect of M/s SRV Transports).

The Managing Director, Malabar Cements Ltd. and Director, Vigilance and Anti Corruption Bureau have recommended for blacklisting the firms belonging to Sri V. M. Radhakrishnan.

Government have examined the matter in detail in the light of the findings of the Vigilance and Anti Corruption Bureau and in exercise of the powers conferred under para 95 of the Stores Purchase Manual the firms M/s ARK Wood and Metals (P) Ltd., 5 corner, Panchu Complex, Coimbatore, Tamilnadu and M/s SRV Transport, Thermal Nagar, Tuticorin, Tamilnadu and all other firms belonging to Sri V. M. Radhakrishnan are blacklisted and suspended from participating in any business dealings of the Government of Kerala from the date of this order.

Government Departments, Statutory bodies, Corporations, Autonomous bodies, Public Sector Undertakings under Government of Kerala shall not enter into or involve in any business dealings with the firms belonging to Shri V. M. Radhakrishnan and it is ordered accordingly.

By order of the Governor,

N. KUMAR,

Additional Secretary to Government.

To

M/s Malabar Cements Ltd., Walayar, Palakkad District.

All Heads of Departments/Offices.

Chief Executives of all Public Sector Undertakings.

All District Collectors.

Registrar of all Universities.

Director of Public Relations for Press Release.

Industries (H) Department (vide U. O. file No. 12886/H2/11/ID & No. 13882/H2/11/ID).

Vigilance (B) Department (Vide Files No. 1487/B1/11/Vig., No. 1603/B1/11/Vig).

Secretary to Public Service Commission (with C. L.).

The Secretary, District Panchayats.

The Director of Panchayats.

The Deputy Director of Panchayats (He will communicate the order to all Grama Panchayats/Block Panchayats).

The Director of Urban Affairs (He will communicate this order to all Municipalities/Corporations of Kerala).

The Principal Accountant General (Audit), Kerala, Thiruvananthapuram.

The Accountant General (A&E), Kerala, Thiruvananthapuram.

Information and Public Relations Department (WEB and New Media) for uploading in the Government Official site.

Stock File/Office Copy.
