

# FACTS THAT WOULD REFUTE FIR 17/2016/PKD

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## **Facts Pertaining to Allegation : 1**

**This is an allegation prior to 2011 during the period of former Managing Directors. K.Padmakumar was not the Managing Director of the company in 2009-10.** The exorbitant expenditure incurred for purchase of Fly Ash during the period of the previous Managing Director. K.Padmakumar cancelled the high value contract and entered into direct contract with TANGEDCO of Tamil Nadu Electricity Board after using slag for production in 2012-13 and saved more than Rs. 7 crores for the company per annum. The demand was more for the cement with fly ash as an additive. This allegation against K.Padmakumar is to save all those who are responsible for contracting Fly Ash at very high rates in 2009, 2010 and 2011. K.Padmakumar after initiating Revenue Recovery proceedings, initiated a recovery suit for the said amounts, vide OS 26 of 2016 in the Tuticorin Court against M/s. ARK Woods & Metals Pvt Ltd. This was done with due approvals from the Board and the Government. It is also to be noted that this allegation is based on an observation in the CAG Report of 2010. The Palakkad Unit of VACB had done a Quick Verification in 2012-13 based on orders of Vigilance Court, Thrissur following a Petition filed by INTUC and closed the QV stating that details were not given by “the Petitioner”.

## **Facts Pertaining to Allegation 2 :**

An amount of Rs.2.84 crores was paid as interest ordered by the Government on KVAT loan, which was to be repaid in 2010. During 2010, the Petitioner was not the Managing Director of the fourth respondent company.

There cannot be any vigilance angle in Payment of Interest to Government.

**Facts Pertaining to Allegation 3 :**

Contrary to the QV report of VACB, Palakkad Unit, there is no such remark in the report of C&AG for the period ended 31<sup>st</sup> March 2013. The query in the Inspection Report (IR) was satisfactorily answered by the fourth respondent company and the observation in the inspection report was dropped by the inspection team. K.Padmakumar rejected two train loads of coal costing around Rs.5.50 crores due to lack of quality rejecting the recommendation of the Finance Department of the company. For the rakes of Coal (57 wagons each) which were accepted within the permissible limit in the tender, based on the report of the Quality Control Lab and the Finance Department, the Company charged more than Rs. 175 lakhs as penalty on the private party who made the supplies. This also included a risk and cost amount of Rs.54.32 lakhs being the extra amount paid to MSTC to buy coal in lieu of supplies that should have been made by the private party.

**Facts Pertaining to Allegation 4 :**

Metal Scrap Trading Corporation (MSTC) was willing to supply coal only without penalty clause on ash content as there was a penalty clause on Gross Calorific Value (GCV) which depends on Ash content also. But against the purchase order No. 74293 dated 9/12/2013, the third rake supplied by MSTC had higher ash content of 23.67% and GCV of 5503 Kcal/Kg. This GCV falls in the range of 'C' Grade Coal supplied by Public Sector collieries in India. Hence the payment was settled at Rs 5441/MT against the ordered price of Rs. 7550/MT. There is no vigilance or corruption angle in this matter.