



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

Registered Office : Vidyuthi Bhavanam, Pattom,

Thiruvananthapuram – 695 004, Kerala

FAX: 0471 - 2514244. TELEPHONE: (OFF.) 2445807, 2444240

E-Mail: faksebdata@dataone.in , fakseb@gmail.com

Website: www.kseb.in. CIN: U40100KL2011SGC027424

Abstract

Renewal of credit facility of ₹200 Crore from M/s Union Bank of India– Sanctioned - Orders issued.

CORPORATE OFFICE (FINANCE WING)

B.O. (FTD) No.440/2019 (Fin.2(B)/UBI/OD/2019-20) Thiruvananthapuram, Dated: 01/06/2019.

- Read.1) Sanction Letter No.336305020051114 dated 07/02/2018 of the Asst. General Manager, Union Bank of India, Thiruvananthapuram Main Branch.
- 2) Sanction Letter No.TVM:CR:217/18/KSEB dated 13.05.2019 of the Asst. General Manager, Union Bank of India, Thiruvananthapuram Main Branch.
- 3) Note No. Fin 2 (B)/UBI/OD/2019-20 dated 23/05/2019 of the Financial Adviser (Agenda.No:74/5/19).

ORDER

M/s. Union Bank of India had sanctioned an Overdraft facility of ₹200crore at 8.20% interest with WCDL sublimit facility of ₹200crore @ 8.05% interest as per sanction letter read as 1st. Accordingly, WCDL sublimit was availed with effect from 09.02.2018 for 6 months and closed on 09.08.2018. Thereafter, the limit was being availed as Overdraft since the interest rate of Overdraft (8.20%) was comparatively lower than that of other banks.

The validity of the above credit limits expired on 05.02.2019 and M/s. Union Bank of India was requested to renew the same for a further period of one year.

M/s. Union Bank of India vide letter read as second has sanctioned the renewal of the credit facility of ₹200crore for a further period of 1 year at 1 year MCLR, presently 8.65% within which WCDL of ₹200crore @ 6 months MCLR i.e., presently 8.50% has also been sanctioned as a sublimit. Though the existing overdraft facility had expired on 05/02/2019, the General Manager, Union Bank of India, Thiruvananthapuram Branch has agreed to apply the existing ROI (8.20%) for Overdraft upto 12/05/2019. The terms and conditions of the new sanction are as follows.

Nature of Facility	Amount (₹ in Crore)	Margin	Interest	Security
Secured Overdraft	200.00	Nil	1Y MCLR i.e. 8.65%	Hypothecation of
W/w WCDL	(200.00)		6M MCLR (The present 6M MCLR is 8.50%)	Un-encumbered Receivables

Guarantee	- Nil
Collateral Security	- Nil
Repayment	- Secured Overdraft limit is valid for 1 year with effect from the date of documentation and WCDL is valid for 6 months from the date of availment.

Other Terms & Conditions

- a) Continuation of Nil margin on overdraft and on WCDL.
- b) Continuation of waiver of penal interest for non renewal on due date.
- c) List of Receivables to be submitted on Half Yearly basis.
- d) The next reset date of 1 year MCLR will be 29/11/2019.
- e) Applicable security documents to be executed before release of the loan amount.
- f) Interest to be serviced on monthly basis.
- g) In case of any default in payment of instalment/Interest, bank will charge penal interest at the rate of 2%.
- h) The company has to submit the CAG audited Balance Sheet for the FY 2018 immediately.
- i) Credit process audit to be carried out as per the extant guidelines of the bank.
- j) The charges such as processing charges, documentation charges, and all other service charges in the collection/disbursement accounts maintained with 12 branches of our bank are waived.
- k) The bank may, at its sole discretion, disclose such information to such Institution (s) in connection with the credit facilities granted to the company if requested by them.
- l) UBI's Advance shall be subjected to Bank's Credit policy/RBI Guidelines from time to time.

The Financial Adviser, vide note read as (3) has informed that considering the lower rate of interest (8.20%) and for meeting financial requirements, availing Overdraft facility from M/s Union Bank of India was continued though the validity expired on 05/02/2019. M/s Union Bank of India has agreed to apply the existing rate of Overdraft (8.20%) up to 12/05/2019 and the renewed rate, ie 1 year MCLR, presently 8.65% for Overdraft will be applicable with effect from 13/05/2019 only. It is also recommended that though the WCDL sublimit sanctioned is 8.50% which is 0.15% lesser than the rate of Overdraft limit the above credit facility may be availed as Overdraft facility for efficient cash flow management.

Having considered the matter in detail, the Full Time Directors in its meeting held on 31/05/2019.

Resolved to ratify the action of the Financial Adviser in continuing the Overdraft facility of ₹200crore which had expired on 05/02/2019 at same rate of interest i.e. 8.20% per annum for the period from 05/02/2019 to 12/05/2019.

Further resolved to accord sanction to avail the credit facility of ₹200crore sanctioned by M/s. Union Bank of India, Thiruvananthapuram Main Branch as Overdraft at 1 year MCLR, 8.65% at present as per the terms and conditions of their sanction letter dated 13.05.2019.

