

761/2024

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KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)
Registered Office: Vidyuthi Bhavanam, Pattom,
Thiruvananthapuram - 695 004
CIN: U40100KL2011SGC027424 Web: www.kseb.in
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ABSTRACT

Renewal and enhancement of credit facilities to Rs.475 Crores from M/s Federal bank - Sanctioned - Orders issued.

CORPORATE OFFICE (FINANCE WING)

BO (FTD) No. 127/2024 (No.E.19528/Fin2 (B)/IB Federal Bank/OD/WCDL/2023-24) Thiruvananthapuram. Dated:30-03-2024

Read :

- (1) BO(FTD) No.118/2023(Fin2(B)/IB/Federal Bank/OD/WCDL/2022-23 dated 09.03.2023.
- (2) Letter No.Fin 2(B)/IB/Federal Bank/OD/WCDL/2022-23(15) dated 11.10.2023
- (3) Sanction letter No.FB/CIB/KSEBL/2024 dated 22.02.2024.
- (4) Pricing Sanction letter No.FB/CIB/KSEB/2024 dated 02.03.2024.
- (5) E Office Note No.E.19528/Fin2(B)/IB/Federal Bank/OD/ WCDL/2023-24 dated 25.03.2024 of the Financial Adviser, KSEBL submitted to Full Time Directors (Agenda No:39-03/2024).

ORDER

Kerala State Electricity Board Limited had availed an WCDL facility of Rs.350,00,00,000/- (Rupees Three Hundred and Fifty Crore only) at an interest rate of 8.25% (Repo + 1.75 spread) and Overdraft limit of Rs.140,00,00,000/- (Rupees One Hundred and Forty Crore only) (sublimit of WCDL) at an interest rate of 9.20% (1 year MC LR + Nil spread) from M/s.Federal Bank, Corporate and Institutional Bank, Thiruvananthapuram and the same was approved by Full Time Directors as per B.O read as 1st above. The periodicity of overdraft facility was for a period of 12 months which was valid up to 22.10.2023.

M/s Federal Bank was requested to renew the credit facilities of Rs.350,00,00,000/- (Rupees Three Hundred and Fifty Crore only) as per the letter read as 2nd above, since the validity of loan was due to expire on 22.10.2023.

Federal Bank sanctioned a credit facility of Rs.475crore as per the terms and conditions of sanction letter dated 22.02.2024 read as 3rd above and pricing of the same as per letter read as 4th above as follows:

- a. Renewal of WCDL LDS-1 facility of Rs.350crore at an interest rate of 8.40% p.a

1116(1)/101/2023-24

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- (presently) (Repo rate+1.90 p.a) and Overdraft limit of Rs.140crore (sublimit of WCDL) at an interest rate of 9.70% p.a presently (One year MCLR+0.00%p. a).
- b. Renewal of Overdraft (Sublimit of WCDL) limits of Rs.1,27,000/-, can be utilized as multiple accounts with Rs.1,000/- each for employee salary processing at various centres.
- c. A new WCDL LDS-2 facility of Rs.125 crore at an interest rate of 8.40% p.a (presently) (Repo rate+1.90 p.a).

The primary security for the limit shall be exclusive charge on specific receivables of the company with ageing less than 270 days with 1.00 x cover. The terms and conditions in the pricing sanction letter read as 4th above is detailed as below.

Facility	WCDL- LDS-1	Overdraft (Sublimit of WCDL)	WCDL- LDS-2
Amount in Figures (Rs. Cr)	350.00	(140.00)	125.00
Amount in words	Rupees Three Hundred and Fifty Crore only	(Rupees One Hundred and Forty Crore only)	Rupees One Hundred and Twenty-Five Crore only
Interest Rate	8.40% p.a. (Repo rate +1.90% p.a.)	9.70% p.a. (One Year MCLR + 0.00% p.a.)	8.40% p.a. (Repo rate +1.90% p.a.)
Benchmark	Repo Rate, presently- 6.50%p.a.	One-year MCLR presently - 9.70% p.a.	Repo Rate, presently - 6.50% p.a.
Spread	1.90% p.a.	0.00% p.a.	1.90% p.a.
Reset Date	As and when Repo Rate gets reviewed by RBI on T+1 basis	16-02-2025	As and when Repo Rate gets reviewed by RBI on T+1 basis
Processing fee	NIL		
Commitment Charges	NIL		
Prepayment charges	2% of the balance outstanding or DP whichever is higher if the facility is taken over during the tenure of the facility by other FIs. Nil: If paid off from internal accruals of the Borrower.		
Documentation charges	NIL		
Purpose	For meeting the working capital requirement of the company.		
Penal interest	2% p.a. for delay/default in service of interest/principal and for exceeding.		
Additional interest	2% p.a. For non - compliance of the terms and conditions of the sanction order. For non-submission of Audited financial statements beyond seven months from the financial year end. SMA penal charges are applicable for classification of account as SMA1 and SMA 2 status at the rate of 0.50% and 1%, respectively, on the remaining portion of the loan amount (balance excluding overdue portion) in addition to the penal interest on overdues @2%.		

1116(1)/101/2023-24

Security	<u>Primary:</u> Exclusive charge on specific receivables of the company with ageing less than 270 days with 1.00x cover. <u>Secondary/Collateral:</u> NIL <u>Margin:</u> NIL (DP regulation not envisaged)
<u>Tenor</u> WCDL- LDS-1 & 2	12 Months, Valid till 22.10.2024 Repayment: Lumpsum on Demand Can be availed in multiple tranches; Individual tranche 7 to 180 days. WCDL shall be closed on due date and can be re-vailed on same day.
Overdraft – (Sub limit of WCDL)	12 Months. Lumpsum on Demand Valid till 22.10.2024
Validity of sanction order	The sanction order is valid for the period of 3 months from the date of sanction. The Bank may choose to extend the validity by written intimation or conduct. The renewal documentation of the existing limit to be completed within 180 days from the expiry of last renewal.

GENERAL COVENANTS

Call Memos	Quarterly (Performance of the company, percentage of revenue routed through us, additional capex, fresh limits/enhancements by lenders etc.)
Financials	Quarterly
Stock Statement	Certificate from Authorized signatory shall be submitted on a quarterly basis (within 60 days' time on completion of each quarter) detailing the specific pool of receivables charged to bank, ageing of receivables, and confirming that the receivables are exclusive for the limit with us and not charged with other banks/financial institutions.
Stock Audit	Waived as DP regulation is not envisaged
Insurance	Not applicable
Client Visit	Annual

SPECIFIC COVENANTS

Existing Covenant	Threshold	Frequency of testing
Interest Cover	>1	Annual
External Credit rating shall not go below BBB- by any rating agency		Annual

OTHER COVENANTS

Company shall route ~10% of the revenue through bank.
Routing of ~10% payments through bank on best effort basis.

PRE-DISBURSEMENT CONDITIONS

Sl. No	Conditions
1	A certificate shall be submitted by the company to the effect that there are no disputed/undisputed statutory dues outstanding other than those declared in the audited financial statements. Statement of statutory dues certified by the company shall be submitted to Bank.
2	Declaration from the borrower on the credit facilities enjoyed by them in the RBI specified format and Diligence report regarding compliance of various statutory prescriptions that are in vogue as per RBI instructions from Chartered Accountants or Company Secretary shall be obtained.
3	Request for issuing NoC for creating exclusive charges on specific receivables in bank's favour shall be submitted to existing working capital lenders. The request letter shall contain negative affirmation clause to the effect that if NOC is not issued within a period of 30 days from receipt, it shall be considered that the lender has no objection.
4	General conditions stipulated in annexure II shall form part of Sanction Order issued to the borrower and shall be accepted by the borrower for compliance.

POST-DISBURSEMENT CONDITIONS

Sl. No	Conditions
1	The company shall register / modify the charge with registrar of companies (ROC) within 30 days of execution of documents
2	End use certificate shall be obtained from Statutory Auditor of the borrower annually after the finalization of audited accounts.
3	Charge with CERSAI shall be registered / modified as on the date of documentation.
4	The credit facilities shall not be utilized as bridge loans against amounts receivables from Central/State Governments by way of subsidies, refunds, reimbursements, capital contributions etc.
5	Exchange of Information: Exchange of information shall be conducted among the bankers of the at least at quarterly intervals in RBI Annexure II
6	Company to submit all the required information's for renewal / review of limits at least 60 days prior to limit renewal date as per bank request.
7	Certificate from Authorized signatory shall be submitted on a quarterly basis (within 60 days' time on completion of each quarter) detailing the specific pool of receivables charged to bank, ageing of receivables and confirming that the receivables are exclusive for the limit with us and not charged with other banks financial institutions.
8	Stock statement submitted to other banks shall contain our name and quantum of receivables exclusively charged to bank.
9	Federal Bank's credit exposure shall be rated from an approved credit rating agency within 180 days from the date of execution of documents and it will be periodically renewed.

Sl. No.	Conditions
1	Compliance with the National E&S laws shall be ensured.
2	Compliance with Health & Safety regulations & requirements shall be ensured.
3	Bank's funds shall not be used for any thermal power projects
4	Working capital limits proposed to KSEB Limited doesn't fall within the purview of coal related sub project exposure due to the following:
	(a) Energy generated from thermal power station is less than 20% of the total power generated by the KSEB Limited (0 MU out of total energy generated of 8659.38MU as on 31.03.2023)
	(b) Installed capacity of thermal power plants is less than 5000MW (installed capacity of 159.96MW as on 31.03.2023)

DOCUMENTATION: Standard documentation will be applicable for all facilities. Standard Terms and Conditions shall be applicable for all facilities:

The Financial Adviser in the Note read as 5th above has recommended to accept the sanctioned credit facility of Rs.475 crore by M/s. Federal Bank for a further period of 12 months, as per the terms and conditions mentioned in the sanctioned letter read as 3rd and 4th above, considering the fund requirement for working capital requirements.

Having considered the matter in detail, the Full Time Directors has through circulation on 27.03.2024 resolved to accord sanction for the following.

1. To renew the WCDL LDS-1 facility of Rs.350,00,00,000/- (Rupees Three Hundred and Fifty Crore only) at an interest rate of 8.40 % p.a presently (Repo rate + 1.90%) and Overdraft limit of Rs.140,00,00,000/- (Rupees One Hundred and Forty Crore only) (sublimit of WCDL) at an interest rate of 9.70% p.a presently (One year MCLR + NIL Spread), as per the terms and conditions of sanction letter dated 22.02.2024 and 02.03.2024 of M/s Federal Bank, Corporate & Institution Banking Branch, Thiruvananthapuram.
2. To avail WCDL LDS-2 of Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Five Crore only) at an interest rate of 8.40% p.a. (Repo rate + 1.90%), as per the terms and conditions of sanction letter dated 22.02.2024 and 02.03.2024 of M/s Federal Bank, Corporate & Institution Banking Branch, Thiruvananthapuram.
3. To accept the renewal of Overdraft (Sublimit of WCDL) limits of Rs.1,27,000/- utilized as multiple accounts with Rs. 1,000/- each for employee salary processing at various centers.
4. To ratify the action in continuing availment of the credit facility of Rs.350,00,00,000/- (Rupees Three Hundred and Fifty Crore only) from M/s Federal Bank after the expiry of validity period of credit limit with effect from 22.10.2023 to till date as per the terms and conditions of the previous sanction.
5. To authorise the Senior Finance Officer to sign the required documents on behalf of Kerala State Electricity Board Limited in this regard with M/s

Federal Bank, Statue Branch, Thiruvananthapuram.

6. To affix the common seal of the company in the required documents in the presence of the Director (Finance).
7. To authorise the Company Secretary to take action for creation / modification of charge with Registrar of companies (ROC) as per the Companies Act 2013 within the stipulated time.

Orders are issued accordingly.

By Order of the Full Time Directors

Sd/-

LEKHA G

COMPANY SECRETARY

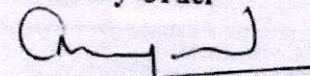
To:

The Financial Adviser, K.S.E. Board Ltd
The Senior Finance Officer, K.S.E. Board Ltd

Copy to:

The Company Secretary/ Chief Engineer (IT,CR&CAPS)/LA&DEO/ Chief Internal Auditor/ Chief Vigilance Officer
The TA to the Chairman & Managing Director / Director (Generation-Civil)/Director (Distribution, Safety, SCM & IT) / Director (Transmission, SO & Planning)/Director (Generation - Electrical, REES, SOURA, Sports & Welfare)
The PA to the Director (Finance & HRM)
The Sr.CA to the Secretary (Administration)
The RCAO/RAO
Stock File.

Forwarded / By Order


Finance Officer