



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

Registered Office: Vidyuthi Bhavanam, Pattom,

Thiruvananthapuram – 695 004

CIN: U40100KL2011SGC027424

Website: www.kseb.in

ABSTRACT

Renewal of credit facilities from M/s Federal bank - Sanctioned – Orders issued.

Corporate Office (Finance Wing)

BO (FTD)No.118/2023(Fin2(B)/IB/Federal Thiruvananthapuram,Dated: 09.03.2023
Bank/OD/WCDL/2022-23)

- Read: (1) B.O.(FTD) No.329/2022(Fin2(B)/Federal/OD/2021-22 dated 18.04.2022.
(2) Letter No.Fin 2(B)/Federal/WCDL/2021-22(1) dated 07.10.2022 of the Financial Adviser.
(3) Sanction Letter No.FB/CIB/KSEBL/WC10300001610/2022-23 dated 25.11.2022.
(4) E-mail dated 09.12.2022 from M/s.Federal Bank Corporate & Institutional Branch, Thiruvananthapuram.
(5) Note dated 13.12.2022 of the Financial Adviser submitted to the Full Time Directors.
(6) B.O. (FTD) No.969/2022 (Fin.2(B)/IB/Federal Bank/OD/WCDL/2022-23 and Board Resolution dated 22.12.2022.
(7) Sanction Letter forwarded by M/s.Federal Bank for documentation.
(8) E-mail dated 29.12.2022 from M/s.Federal Bank Corporate & Institutional Branch, Thiruvananthapuram.
(9) E-mail dated 21.01.2023 from M/s.Federal Bank Corporate & Institutional Branch, Thiruvananthapuram.
(10) Letter No.Fin2(B)/IB/Federal Bank/OD/WCDL/2022-23(1) dated 27.01.2023 of the Financial Adviser.
(11) E-mail dated 30.01.2023 from M/s.Federal Bank Corporate & Institutional Branch, Thiruvananthapuram.
(12) Note dated 07.02.2023 of the Financial Adviser submitted to the Full Time Directors.
(13) E-mail dated 24.02.2022 from M/s.Federal Bank Corporate & Institutional Branch, Thiruvananthapuram.
(14) Note No.Fin.2(B)/IB/Federal Bank/OD/WCDL/2022-23(7) of the Financial Adviser, KSEBL, submitted to the Full Time Directors (Agenda Item No.26/3/23).

ORDER

Kerala State Electricity Board Ltd. had availed WCDL facility of Rs.350,00,00,000/- (Rupees Three hundred and fifty crore only) at an interest rate of 7.65% per annum with OD sublimit facility of Rs.10,00,00,000/- (Rupees Ten Crore only) at an interest rate of 7.90% per annum from M/s. Federal Bank, Corporate and Institutional Bank, Thiruvananthapuram and the same was approved by the 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 21.10.2022.

M/s. Federal Bank had sanctioned renewal of credit facility of Rs.350crore @ 7.94% for WCDL and 8.70% for Over Draft as per sanction letter read as 3rd above.

The salient features of loan are as follows.

ANNEXURE : TERMS OF THE FACILITIES:

Nature of limit	WCDL -LDS	Overdraft (Sublimit of WCDL)-LDS
Purpose	To meet working capital requirements of KSEBL.	
Amount in Figures	Rs.350.00Cr	Rs.140.00Cr
Amount in words	Rupees Three Hundred and Fifty Crore Only	Rupees One Hundred and Forty Crore Only
Period	12 Months Max tenure of individual WCDL shall be 6M.	12 Months.
Repayment	Lumpsum on Demand	Lumpsum on Demand
Commitment Fee	Nil	
Interest Rate as on date	7.94%	8.70%
Bench mark and spread reset periodicity	Repo + 2.04% spread As and when Repo rate gets revised / reviewed by RBI on T+1 basis	1 Year MCLR + Nil spread Annual
Additional interest	<p>4% p.a.</p> <p>For non-compliance of terms and conditions of the sanction order. For non submission of audited financial statements beyond 7 months from the financial year end</p> <p>For accounts getting classified in SMA1/SMA2 category:</p> <p>SMA 1 Category - 0.50% p.a. over and above existing penal interest 4% p.a.</p> <p>SMA 2 Category – 1 % p.a. over and above existing penal interest of 4% p.a.</p>	
Penal Interest	4%p.a for delay/default in service of interest/principal and for exceeding.	
Prepayment charges	<p>If the loan is paid off from own sources of KSEBL, pre-payment fee is NIL.</p> <p>If the loan is taken over by other financial institutions, applicable pre-payment fee is 3 % of the balance out standing or DP whichever is higher.</p>	
Security	<p>Primary: Nil</p> <p>Collateral : Nil</p>	
Co Obligants/ Guarantors	Nil	

Pre-Disbursement Conditions

Sl. No	Conditions
1	A certificate shall be obtained from the company to the effect that there are no disputed/undisputed statutory dues outstanding other than those declared in the audited financial statements of FY 2022
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 submitted.
3	Undertaking from the borrower shall be obtained for the following. <ol style="list-style-type: none">1. The facility amount sanctioned as working capital will be utilized only for meeting cash flow mismatches of the company and that the funds shall not be utilized for meeting project expenditure for which budgetary allocations are made.2. Repayment of loan shall be from normal cash flows of the company only and it shall not be from budgetary resources of GoK.3. The credit facilities shall not be utilized as bridge loans against amounts receivables from Central/State Government by way of subsidies, refunds, reimbursements, capital contributions etc.
4	General conditions stipulated in annexure II as per Circular No.9357 dated 06/09/2019 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	End use certificate shall be obtained from Statutory Auditor of the borrower on an annual basis for the Working Capital facilities.

Other conditions:

Sl. No	Conditions
1	It shall be ensured that the repayment of loan is not out of the budgetary resource of GoK
2	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
3	Company should explore the possibility of obtaining external rating from any other rating agencies (other than Brickwork Rating) approved by RBI

As per RBI Circular No. RBI/2018-19/87 dated 05.12.2018, borrowers having aggregate fund based working capital limit of Rs.1500 million and above from the banking

system, a minimum level of 'loan component (working capital loan of 60% shall be effective from 01.07.2019.

KSEBL has been availing working capital limit of Rs.350,00,00,000/- (Rupees Three Hundred and Fifty Crore only) from Federal Bank, as WCDL of Rs.340,00,00,000/- (Rupees Three Hundred and Forty Crore only) (7.94%) and Rs.10,00,00,000/- (Rupees Ten Crore only) (8.60%) as Overdraft.

The WCDL facility is linked to the Repo rate (Repo+2.04% spread) (as on 25.11.2022) and Overdraft facility (sub-limit of WCDL) is linked to 1 year MCLR. The rate of interest of WCDL is subject to change as and when there is a change in the Repo rate and interest on Over Draft (40% of the limit) is reset annually. The avilment of WCDL/Over Draft with in the total limit / maximum shall be adjusted as per the guidelines of RBI depending on the interest charged on WCDL.

The matter had been placed before the Full Time Directors and the same was approved and the B.O. and Resolution read as 6th above was passed in this regard.

The same was forwarded to the Bank on 23.12.2022 for documentation. However, documentation was not made since the following additions and amendments were seen made in the sanction letter by Bank subsequently.

- a. The interest rate of the loan sanctioned was for 1 Year MCLR + Nil spread (8.70% at that time). While in the sanction forwarded as part of documentation, the interest rate is revised as 9%, due to the subsequent change in MCLR on account of the hike in rates by RBI. As resolution mentions 8.7%, the bank insisted changed resolution. As the loan is sanctioned as 1 Year MCLR+ Nil spread, the above change can be accepted.
- b. Under the head "terms of the facility" a new clause is included which is read as, "In addition to the above limits, company is also sanctioned 127 Overdraft Accounts of Rs.1 lakh each as sub-limit to WCDL. OD accounts are mainly used for doing the Employee salary processing which is also permitted for renewal along with the main limit".
- c. Specific terms for WCDL included an additional condition i.e, one day cooling period shall be observed for WCDL roll overs.

Later, the Bank as per e - mail dated 21.01.2023 informed that MCLR has been revised to 9.20% and requested KSEBL's approval for the same. As the Board Resolution was submitted to Bank on 23.12.2022 and validity of sanction is for a period of 3 months, KSEBL vide letter dated 27.01.2023 requested that the MCLR revision made during the sanction validity period may not be made effective and waiver of penal interest may be extended up to 15.02.2023.

In reply to the above, Federal Bank vide e-mail dated 30.01.2023 intimated the following:

- a. Their competent authority has extended waiver of penal interest for non-renewal up to 15.02.2023. Board Resolution may be issued and loan agreements may be executed well in advance.
- b. Rate of Interest of the Cash Credit is linked to 1 Year MCLR with annual reset. Now the 1 Year MCLR of Bank is 9.20%. Accordingly Board approval may be obtained for CC renewal @1 year MCLR + Nil Spread, presently 9.20%.
- c. The renewal of OD accounts of ARUs and cooling period of 1 day for WCDL roll over also may be got approved by Board.

Now as per E-mail dated 24.02.2023 M/s. Federal Bank has informed that revised rates for CC & WCDL are as below:

CC	One year MCLR + Nil spread (At present 9.20%)
WCDL	Repo + 1.75% Spread. AS and when Repo rate gets revised / reviewed by RBI on a T + 1 basis. (At present 8.25%)

Considering the above, the Financial Adviser recommended that the Full Time Directors' decision as per B.O. read as 1st above may be reviewed and sanction may be accorded to avail WCDL of Rs.350 Crore @ 8.25% (presently) linked to Repo and T+1 basis with cooling period of one day for WCDL roll over and Over Draft of Rs.140 Crore (present limit Rs.10 Crore) @ 9.20% and to accept the addition of new clause of accepting the sanction of 127 Over Draft accounts of Rs.1 Lakh each as a sub limit to WCDL.

Having considered the matter in detail, the Full Time Directors in the meeting held on 06.03.2023;

1. Resolved to accord sanction for the renewal of the WCDL facility of Rs.350,00,00,000/- (Rupees Three Hundred and Fifty Crore only) at an interest rate of Repo + 1.75 spread (presently 8.25%) and Overdraft limit of Rs.140,00,00,000/- (Rupees One Hundred and Forty Crore only) (sublimit of WCDL) at an interest rate of 1 Year MCLR + Nil spread (presently 9.20% per annum) as per sanction letter dated 25.11.2022 and subsequent correspondence and email dated 24.02.2023 of M/s Federal Bank, Corporate & Institution Banking Branch, Thiruvananthapuram.
2. Further resolved to ratify the action of the Financial Adviser 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 22.10.2022 to till date as per the terms and conditions of the previous sanction.
3. Further resolved 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.
4. Further resolved to affix the common seal of the company in the required documents, in the presence of the Director (Finance).
5. Further resolved 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.
6. Further resolved to pass the resolution to the above effects.

Orders are issued accordingly.

By Order of the
Full Time Directors

sdf

LEKHA G
Company Secretary

To:

The Financial Adviser, K.S.E. Board Ltd.

Copy to: The Chief Internal Auditor/ Company Secretary/ Chief Vigilance Officer / Legal
Adviser & Disciplinary Enquiry Officer
The TA to Chairman & Managing Director / Director (REES, Soura, NILAVU Project,
Sports and Welfare)/ Director (Distribution,IT & SCM)/ Director (Trans., System
Operation, P&S) / Director (Gen -Elec &HRM)/ Director (Generation-Civil),
The PA to Director (Finance)
The CA to Secretary (Administration)
Stock File.

Forwarded / By Order



Assistant Finance Officer