



# KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

Registered Office: Vidyuthi Bhavanam, Pattom,

Thiruvananthapuram – 695 004

CIN: U40100KL2011SGC027424

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## ABSTRACT

Renewal of Credit facility/Limit with M/s. Bank of Baroda – Sanctioned – Orders issued.

### **CORPORATE OFFICE(FINANCE WING)**

BO (FTD)No.724/2022(Fin2(B)/BoB/OD/STL/2022-23)

Thiruvananthapuram,Dated: 26.08.2022

- Read: (1) B.O (FTD) No. 406/2021/Fin.2(B)/BoB/OD/STL/2021-22 dated 28.05.2021.  
(2) Letter No.Fin.2(B)/BoB/2020-21 dated 24.09.2021.  
(3) Letter No.Fin.2(B)/BoB/2020-21 dated 11.01.2022.  
(4) Sanction Letter No.PALAYA/ADV/KSEB/04/194/2021-22 dated 30/03/2022 of the Assistant General Manager Bank of Baroda, Palayam Branch, Thiruvananthapuram.  
(5) Note No.Fin.2(B)/BoB/OD/STL/2022(3) dated 04/08/2022 of the Financial Adviser submitted to Full Time Directors. (Agenda 34/8/22).

## ORDER

Kerala State Electricity Board Limited was having an overall credit facility of Rs.845,00,00,000/- (Rupees Eight Hundred and Forty Five Crore only) from M/s. Bank of Baroda in the form of fund based and non-fund based working capital sanctioned as per the B.O read as 1<sup>st</sup> above. The credit facility was due for renewal on 14.10.2021 and as per the letters read as 2<sup>nd</sup> and 3<sup>rd</sup> above Bank of Baroda was requested for the renewal of the credit limit. The Bank of Baroda as per the sanction letter read as 4<sup>th</sup> above has reduced the limit and sanctioned an overall credit facility of Rs.425,00,00,000/- (Rupees Four Hundred and Twenty Five Crore only) for a period of 12 months from 14.02.2022.

The limit of overdraft and Line of Credit (by way of unsecured STL) have been reduced from the existing limit of Rs320Crore and Rs400Crore to Rs100Crore and Rs200Crore respectively and the terms and conditions are detailed in the sanction letter read as 4<sup>th</sup> above. The salient features of the sanction are as follows.

### **Details of Credit Facilities**(Rs. in crore)

Particulars	Existing Limit	Proposed Limit
FUND BASED WORKING CAPITAL		
Overdraft (Clean)	320.00	100.00
Line of Credit (by way of unsecured STL)	400.00	200.00
TOTAL FUND BASED (WC)	720.00	300.00

Bank Guarantee (Performance/Financial)	50.00	50.00
Inland Letter of Credit	75.00	75.00
TOTAL NON FUND BASED (WC)	125.00	125.00
TOTAL EXPOSURE	845.00	425.00

### Details of Terms and Conditions

#### 1. Nature of Facility

**Overdraft (Clean) (Review with Decrease)**

Limit

Rs 100 Crore. (One hundred Crore only)

Purpose

To meet working capital requirement of the company

Margin

Nil

1.35% over 1 year MCLR + SP (0.25%) i.e., 8.90% at present with annual reset.

Rate of Interest

- MCLR on date of review will be the applicable MCLR.
- MCLR shall be reset on annual basis/applicable tenure/next account review.
- Interest is payable as and when charged.

Period of Sanction

12 months

Security

Nil

#### 2. Nature of Facility

**Line of Credit by way of unsecured STL (Review with Decrease).**

Limit

Rs 200 Crore. (Two hundred Crore only)

Period of Sanction

12 months

Purpose

To meet working capital requirements of the company.

Rate of Interest

- MCLR on date of review will be the applicable MCLR.
- MCLR shall be reset on annual basis/ applicable tenure/next account review.
- Interest is payable as and when charged.

Repayment

The facility to be availed in the form of STL for a minimum period of 180 days on each occasion, from the date of disbursement and there shall be a gap of one day between each availment.

Repayment shall be by way of bullet payment at the end of tenor of each tranche and there shall be a gap of one day between each STL.

Security Nil

**3. Nature of Facility** Inland Letter of Credit (Review)

Limit Rs.75Crore(Seventy five Crore only)

Purpose For purchase of power from M/s. Maithon Power Limited/Other companies.

Cash Margin 25%

Commission Concessional commission of 1.25% p.a. + GST

Period 12 months

Security Documents

- Stamped LC application, duly signed by the Company.
- 25% cash margin by way of duly discharged FDR.
- Other applicable documents as per the bank's guidelines.

**4. Nature of Facility** Bank Guarantee (Review)  
[Performance/Financial]

Limit RS.50Crore(Fifty Crore only)

Purpose To be issued for payment of security for the purchase of power from various companies.

Commission Performance BG: 1.00% p.a. + GST  
Financial BG: 1.25 p.a. + GST

Period 12 months

Security • Stamped Counter Indemnity & Undertaking to pay commission etc.  
Documents • Other applicable documents as per bank's guidelines.

**Other Salient Terms and Conditions are:-**

- I. To continue to waive processing charges, commitment charges on entire working capital facility.
- II. Concessions in rate of interest and other charges are subject to:
  - a. KSEBL to obtain external rating from RBI approved credit rating agency within 3 months from the date of present review. Branch to charge additional interest at 1% in case of non-compliance OR
  - b. The KSEBL to provide State Government guarantee for our existing facility.
- III. Penal interest @ 2% per annum for default/irregularities, delayed submission of Balance Sheet/P&L, delayed submission of QIS/QMR Statements and late payment of interest.
- IV. Kerala State Electricity Board Limited to accept all terms and conditions of the sanction, i.e., unconditional acceptance.
- V. Kerala State Electricity Board Limited should submit properly worded Board Resolution passed by the Board of Directors authorizing Kerala State Electricity Board Limited to obtain the sanctioned credit limits on the terms and conditions of sanction, to execute the necessary loan documents by naming the authorized persons to create charge on its assets and to also sign LAD from time to time.
- VI. The KSEBL should give an undertaking to the effect that the loan amount shall be utilized for the purposes for which it is sanctioned.
- VII. The facilities are sanctioned for a period 12 months from 14/02/2022 on the terms and conditions as per the sanction letter read as 4<sup>th</sup> above.

On placing the sanction of the Bank to the Full Time Directors for approval, Director (Finance) had directed to negotiate the rate of interest with the Bank. In the negotiation meeting held on 25/05/2022, the Bank Officials had assured the Director (Finance) and Financial Adviser that a decision regarding rate of interest would be intimated before 09/06/2022. However, even after repeated requests and reminders, Bank of Baroda did not intimate any decision in this regard. In the meantime KSEBL had continued to avail the Overdraft credit facility on merit order basis.

The Financial Adviser as per note read as 5<sup>th</sup> above has informed that as Bank of Baroda has not responded to request of KSEBL and also taking into consideration the need for Working Capital requirement, the credit facilities offered by M/s Bank of Baroda may be availed for a further period of 12

Having considered the matter in detail, the Full Time Directors in the meeting held on 06/08/2022

Resolved to ratify the action of the Financial Adviser in continuing to avail the Overdraft of Rs.100,00,00,000/- (Rupees One Hundred Crore only) and Short Term Loan of Rs.200,00,00,000/- (Rupees Two Hundred Crore only)(both @ an interest rate of 8.9% per annum) and Bank Guarantee of Rs.50,00,00,000/- (Rupees Fifty crore only) and Inland Letter of Credit of Rs.75,00,00,000/- (Rupees Seventy Five Crore only) with effect from 14.02.2022, as per sanction letter No. PAL/ ADV/ KSEB/ 04/194/ 2021-22 dated 30/03/2022 of the Assistant General Manager, Bank of Baroda, Palayam Branch, Thiruvananthapuram.

Further resolved to ratify the action of the Financial Adviser in continuing to avail the Overdraft at an interest rate of 9% with effect from 14.10.2021 for the period up to the renewal.

Further resolved to authorise the Financial Adviser to sign and execute the necessary documents on behalf of Kerala State Electricity Board Limited in this regard with M/s.Bank of Baroda, Palayam Branch, Thiruvananthapuram and to affix the common seal of the Company in the required documents in the presence of the Director(Finance).

Further resolved to authorize the Company Secretary to take action for creation/modification of charge with the Registrar of Companies(ROC) as per the Companies Act,2013 within the stipulated time.

Further resolved to request the Director (Finance) to have a detailed study on the aspects viz..financing agency /year-wise/total loan/re-paid/principal and interest /balance/debt/swap options.

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.

Copy to: The Secretary (Administration)/Chief Vigilance Officer / Legal Adviser & Disciplinary Enquiry Officer/ Chief Internal Auditor.  
The TA to Chairman & Managing Director / Director (Distribution, SCM & IT) /Director (Transmission, System Operation, Planning & Safety) / Director (Generation - Electrical) / Director (Generation-Civil) /Director (REES, Soura, Nilaavu, Sports and Welfare)/ PA to Director (Finance & HRM)  
The Deputy Chief Engineer (IT) / Company Secretary  
Stock File.

Forwarded / By Order



Senior Superintendent