

Abstract

Availing of the Short Term Loan of M/s REC Limited - ₹500Crore - Sanctioned - Orders issued.

CORPORATE OFFICE (FINANCE WING)

B.O. No. 415/2021 (Fin.2(C)/REC-STL/2021-22) Thiruvananthapuram, Dated: 02/06/2021.

- Read:-
- 1) Sanction Letter No. REC/RO/TVM/STL/KSEB/Sanction-STL-₹500Crore/2020-21/ D No. 86 dated 24/08/2020 of M/s REC Ltd.
 - 2) B.O. (FTD) No. 600/2020/Fin.2(C)/REC-STL/2020-21 dated 29/09/2020.
 - 3) Letter No. Fin.2(C)/REC-STL/2021-22 dated 25/02/2021 of the Financial Adviser.
 - 4) Addendum to Sanction Letter No. REC/RO/TVM/STL/KSEB/Sanction-STL ₹500 Crore/2020-22/D No. 34 dated 01/06/2021 of Chief Programme Manager, REC Ltd.
 - 5) Note No. Fin.2(C)/REC-STL/2021-22 dated 02/06/2021 of the Financial Adviser submitted to Full Time Directors.

ORDER

M/s REC Ltd has sanctioned a special loan of ₹500Crore to Kerala State Electricity Board Limited at an interest rate of 9.5% per annum as per paper read (1) above. Accordingly, KSEBL as per B.O read as 2nd above has accorded sanction to avail the loan from M/s RECL. The said loan was not availed as M/s KFC had offered a loan of ₹500Crore at a more competitive rate of interest of 8%. At present, the revenue collection has drastically dripped down which has affected the cash flow. In order to compensate the cash flow mismatch and to meet the present power purchase requirements, additional working capital resources are to be mobilised to cope up with the situation.

M/s REC was approached to extend the Short Term Loan sanctioned earlier at a more competitive rate considering the present market rate of borrowing and to revalidate the existing sanction. M/s REC as per paper read as 4th above has agreed to reduce the rate of interest to 7.75% p.a. with monthly rest (fixed) without any reset for the special loan of ₹500Crore earlier sanctioned to KSEBL (within UDAY limits) and extended the validity sanction up to 31st July 2021. The said sanction is subject to acceptance of loan by KSEBL by way of Board Resolution and execution of security documents on or before 7th of June 2021. All other terms and conditions of the earlier sanction would remain unchanged.

The Financial Adviser placed the matter before Full Time Directors as per note read 5th above and recommended to avail the loan as the interest rate offered by M/s REC is competitive compared to the present borrowing rates.

Having considered the matter in detail, the Full Time Directors through circular resolution has resolved to accord sanction.

- 1) To avail the Short Term Loan of ₹500Crore at an interest rate of 7.75% for a period of 1 year as per the terms and conditions of M/s RECL contained in their letters dated 24/08/2020 and 01/06/2021.
- 2) Further resolved to pass the resolution annexed herewith in this regard.
Orders are issued accordingly

By Order of the Director Board

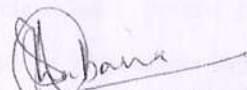
Sd/-
Lekha. G
Company Secretary (in-charge)

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

Copy to:

- 1) The Chief Internal Auditor
- 2) TA to Chairman & Managing Director / PA to Director (Finance)
- 3) TA to Director (Distribution, IT & HRM).
- 4) TA to Director (Transmission & SO)/ TA to Director (GE & SCM)
- 5) TA to Director (Generation – Civil)/ TA to Director (Planning & Safety)
- 6) Sr. CA to the Secretary (Administration)/Company Secretary (i/c)
- 7) The Fair Copy Superintendent / Record Section / Library / Stock File.

Forwarded / By Order


Senior Superintendent