



## KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

Registered Office : Vidyuthi Bhavanam, Pattom,

Thiruvananthapuram – 695 004, Kerala

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### Abstract

Renewal of credit facilities/limits extended by M/s Bank of Baroda, Palayam Branch, Thiruvananthapuram – Sanctioned – Orders issued.

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

B.O. (FTD) No.406/2021 (Fin.2(B)/BOB/OD/STL/2021-22) Thiruvananthapuram, Dated: 28/05/2021

- Read:-
- (1) B.O. (FTD) No. 40/2020 (Fin.2(B)/BOB/OD/STL/2019-20) Tvpm dated 20.01.2020.
  - (2) Letter No. Fin.2(B)/BOB/OD/STL/2020-21 Tvpm dated 09/10/2020 of the Financial Adviser, KSEBL.
  - (3) Sanction Letter No. PALAYA/ADV/KSEB/RENEWAL/APRIL-2021-22 dated 20/04/2021 of the Assistant General Manager, Bank of Baroda, Tvpm (Main).
  - (4) Letter No. Fin.2(B)/Bank of Baroda/2021-22 dated 22/04/2021 to the Assistant General Manager, Bank of Baroda, Tvpm (Main) from the Financial Adviser, KSEBL.
  - (5) Note No. Fin.2(B)/BOB/OD/STL/2021-22 dated 07/05/2021 of the Financial Adviser, KSEBL (Agenda 57/5/21).

### ORDER

Kerala State Electricity Board Limited is having an overall credit facility of ₹845 Crore from M/s Bank of Baroda in the form of fund based and non-fund based working capital as per the Board Order read as 1<sup>st</sup> above. The validity of the working capital facilities was due for renewal on 24/10/2020. In response to the request of the Financial Adviser read as 2<sup>nd</sup> above for renewing the credit facilities, M/s Bank of Baroda as per the sanction letter read as 3<sup>rd</sup> has sanctioned an overall credit facility of Rs.845 Crore on 20/04/2021.

The salient features of loan are as follows:

## Details of Credit Facilities

### (1) Fund Based Working Capital

Particulars	Amount in Crore	Rate of Interest
OD (Clean)	320.00	9% per annum with effect from 01/03/2021, i.e. 1.35% over 1 year MCLR (7.40%) + Spread (0.25%) at present with annual reset.
Line of Credit (by way of unsecured STL)	400.00	9% per annum with effect from 01/03/2021, i.e. 1.35% over 1 year MCLR (7.40%) + Spread (0.25%) at present with annual reset.
<b>Total</b>	<b>720.00</b>	

### (2) Non Fund Based Working Capital

Bank Guarantee (Performance / Financial)	50.00	PBG:1.00% p.a. + GST. PBG:1.25% p.a. + GST.
Inland Letter of Credit	75.00	1.25% p.a. = GST
<b>Total</b>	<b>125.00</b>	
<b>Total Exposure</b>	<b>845.00</b>	

### (3) Detailed Terms & Conditions

(i) Nature of facility	Overdraft (Clean)
Limit	₹320 Crore
Purpose	To meet working capital requirements of the Kerala State Electricity Board Limited.
Margin	Nil
Rate of Interest	9% per annum with effect from 01/03/2021, i.e. 1.35% over 1 year MCLR (7.40%) + Spread (0.25%) at present with annual reset. * 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	6 months from the date of sanction subject to annual review/renewal.
Security	Nil
(ii) Nature of facility	Line of Credit by way of unsecured STL (Review)
Limit	₹400 Crore
Period of Sanction	6 months from the date of sanction subject to annual review / renewal.
Purpose	To meet working capital requirements of Kerala State Electricity Board Limited.

Rate of Interest	9% per annum with effect from 01/03/2021, i.e. 1.35% over 1 year MCLR (7.40%) + Spread (0.25%) at present with annual reset. * 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
(iii) Nature of Facility	Inland Letter of Credit (Review)
Limit	₹75 Crore
Purpose	For purchase of power from M/s Maithon Power Limited / Other Companies.
Cash Margin	25%
Commission	Concessional commission of 1.25% + GST per annum.
Period	6 months from the date of sanction subject to annual review / renewal.
Security Documents	* Stamped LC application, duly signed by Kerala State Electricity Board Limited. * 25% cash margin by way of duly discharged FDR. * Other applicable documents as per bank's guidelines.
(iv) Nature of Facility	Bank Guarantee (Review) / (Performance/Financial)
Limit	Rs.50 Crore
Purpose	To be issued for payment security for the purchase of power from various companies.
Cash Margin	25% 100% cash margin to be provided for disputed liabilities.
Commission	Performance BG 1.00% + GST per annum. Financial BG : 1.25% + GST per annum.
Period	6 months from the date of sanction subject to annual review / renewal.
Security Documents	Stamped Counter Indemnity & Undertaking to pay commission etc. Other applicable documents as per bank's guidelines.

#### (4) Other Terms and Conditions

- a. To continue to waive processing charges, commitment charges on entire working capital facility.



- b. Concessions in Rate of Interest and other charges are subject to:
- (i) 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)
  - (ii) The KSEBL to provide State Government Guarantee for our existing facility.
- c. To continue to allow existing exposure on unsecured basis in the account where internal rating is less than BOB-5.
- d. To continue to waive the personal Guarantee of the Directors of the KSEBL.
- e. Penal Interest @ 2% p.a. for default/irregularities, delayed submission of Balance Sheet / P&L, delayed submission of QIS/QMR Statements and late payment of interest.
- f. Kerala State Electricity Board Limited to accept all terms & conditions of the sanction i.e. unconditional acceptance.
- g. 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 authorised persons.
- h. The facilities are sanctioned for a period of 6 months; Renewal of facilities will be subject to satisfactory conduct and performance.

M/s Bank of Baroda was requested as per letter read as 4<sup>th</sup> above to review the increase in the rate of interest of Overdraft/STL and charges of non-fund based facilities and to make effect the rate of interest only from date of sanction, as per letter read as 4<sup>th</sup> above. In response to above request M/s. Bank of Baroda has further communicated that the Sanctioning Authority has further confirmed the action of the branch in having continued the existing credit facilities along with the concessions / deviations to the company beyond the due date of review, i.e. 23/10/2020 till the date of present review (15/04/2021) and in having waived the penal interest for the delayed period.

The Financial Adviser in the note read as 5<sup>th</sup> above has opined that for meeting the Working Capital requirement and power purchase requirements, the credit facilities offered by M/s Bank of Baroda have to be availed for a further period of 6 months from 15/04/2021, as per the terms and conditions of the sanction letter dated 22/04/2021 read as 4<sup>th</sup> paper above.

Having considered the matter in detail Full Time Directors of KSEBL in its meeting held on 21/05/2021.

- (a) Resolved to accord sanction to avail the renewal of Overdraft of ₹320 Crore (Rupees Three Hundred and Twenty Crore only) and Short Term Loan of ₹400 Crore (Rupees Four Hundred Crore only) (both with an interest rate of 9% per annum) and Bank Guarantee of ₹50 Crore (Rupees Fifty Crore only) and Inland Letter of Credit of ₹75 Crore (Rupees Seventy Five Crore only) with effect from 01/03/2021, as per sanction Letter No. PALAYA/ADV/KSEB/RENEWAL/SPRIL-2021-22 dated 20/04/2021 of Assistant General Manager, Bank of Baroda, Thiruvananthapuram (Main).
- (b) Further resolved to ratify the action of the Financial Adviser in availing the Overdraft of ₹320 Crore (Rupees Three Hundred and Twenty Crore only) at an interest rate of 8.50% with effect from 24/10/2020 for the period upto the renewal.
- (c) 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, Thiruvananthapuram Main Branch.

- (d) Further resolved to affix the common seal of the Company in the required documents in the presence of Director (Finance).

Orders are issued accordingly,

By Order of the Full Time Directors  
Sd/-

**Lekha. G**  
Company Secretary (in-charge)

To

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

Copy to:

The Chief Internal Auditor.  
The TA to Chairman & Managing Director / Director (Distribution, IT & HRM) /  
Director (Transmission, System Operation & REES) / Director (Generation (Electrical)  
and SCM) / Director (Generation-Civil),  
Full Additional Charge of Sports Wing, KSEB Ltd.  
Director (Planning & Safety), Full Additional Charge of SOURA/  
The PA to Director (Finance) /Secretary (Administration).  
The Chief Vigilance Officer / The Legal Adviser & Disciplinary Enquiry Officer.  
The Deputy Chief Engineer (IT) / The Company Secretary-in-charge.  
The Faircopy Superintendent, O/o the Secretary (Administration) by E-mail through EDF  
Section / Stock File.

Forwarded / By Order

  
**Senior Superintendent**