

KSEB**KERALA STATE ELECTRICITY BOARD LIMITED**

(Incorporated under the Companies Act 1956)

Registered Office : VYDYUTHI BHAVANAM, PATTOM, THIRUVANANTHAPURAM - 695 004

Telephone Nos.: 2445807, 2444240 FAX: 0471 - 2514244

E-Mail: faksebddata@dataone.in , fakseb@gmail.comWebsite: www.kseb.in CIN: U40100KL2011SGC027424**Abstract**

Renewal and enhancement of credit facilities- Fund based and Non Fund based credit limits of Rs.2450 crores from State Bank of India - Sanctioned - Order issued

CORPORATE OFFICE (FINANCE WING)**B.O (FTD) No.653/2020 (Fin.2B/SBI/Renewal credit limit/20--21) Tvpm, Dated: 30/10/2020**

- Read : 1) B.O.(FTD)No.856/2019(Fin.2(B)/SBI/WC/2019-20 dated 22.11.2019
 2) B.O.(FTD)No.250/2020(Fin.2(B)WCL/SBI/CECL/2019-20 dated 31.03.2020.
 3) Letter No. Fin. 2(B)/SBI/TL/500/2020-21 dated 14.08.2020 of the Financial Adviser
 4) Sanction Letter No. ADV/SL/KSEBL/1086/20-21 dated 12.10.2020 of the AGM & Relationship Manager, SBI Commercial Branch. Ernakulam
 5) Note No. Fin.2B/SBI/Renewal credit limit/20-21 dated 21.10.2020 of the Financial Adviser (Agenda 60/10/20).

ORDER

KSEB Ltd. is having an overall credit facility of Rs.1950 crore from SBI in the form of working Capital and Term Loan availed as per Board Orders read above. The validity of working capital facilities was due for renewal on 26.09.2020. KSEB Ltd. as per letter read 3 above had requested for renewal of the credit limits. A term loan of Rs. 500 crore was also sought for as reimbursement of already incurred capital expenditure during the year 2019-20. SBI as per sanction letter read 4 above has sanctioned overall credit facility of Rs.2450 crore (i.e Rs.500 crore additional term loan and renewal of existing facilities).

The Financial adviser placed the sanction letter with the detailed terms and conditions and the agreements to be executed in this regard before the Full Time Directors. The salient features of the loan are as follows

1. Nature of Facility

Sl. No	Facility	Existing Limit	Renewed Limit
1	Cash Credit (Secured) (60% to be availed as WCDL)	500	500
2	Ad-hoc Demand Loan (CCELC)	50	50
	Total Fund based Working Capital Limits [A]	550	550
3	Corporate Loan	950	950

4	Term Loan	-	500
	Total Term Loan Limits. [B]	950	1450
	Total Fund Based Limits. [A+B]	1500	2000
5	Inland LC	450	450
6	Foreign LC – Secured – Sublimit of Inland LC		(10)
7	Inland BG - Secured– Sublimit of Inland LC		(75)
	Total Non-Fund based Working Capital Limits [C]	450	450
	Total Limits	1950	2450

2. Margin

Receivables	25%
LC	10%
BG	10%
Term Loan	20%

3. Security - Primary

CC	First charge on receivables to the extent of 133.33%
Ad-hoc OD	Receivables 100%
Corporate Term Loan 950	Charge over collections from HT/EHT routed through Escrow under VAN
Term Loan 500	Hypothecation of Assets @ 125% & Escrow
LC	Cash Margin 10% & Receivables
BG	Cash Margin 10% & Receivables

4. Security – Collateral

Term Loan 950	Hypothecation of Assets @ 125%
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5. Period of Advance

CC	12 Months from 29.09.2020
Term Loan 950	10 Years with Nil Moratorium
Term Loan 500	10 Years with Nil Moratorium
LC & BG	12 Months from 29.09.2020

6. Rate of Interest

CC	6 Month MCLR +0.9% p.a, present effective rate 7.85% with monthly rests. – Spread of 0.9% may vary on rating.
Term Loan 950	6 Month MCLR +1.0% p.a, present effective rate 7.95% with monthly rests – reset of existing rate from 11.12.2020.

Term Loan 500 6 Month MCLR +1.0% p.a, present effective rate 7.95% with monthly rests

Reset Periodicity of MCLR 6 Months

Reset Periodicity of Spread 1 Year

7. Penal Interest

Irregularity in CC	5% on the irregular portion
Diversion of Funds	2% p.a on the entire outstandings
Non repayment of interest/instalment	5% on the irregular portion
Cross Default	1% p.a for entire amount

8. Special Conditions

1. Insurance cover for the assets hypothecated to the Bank as security for the corporate Loan limit of Rs.950 crs to be arranged before 31.10.2020
2. Insurance cover for the assets hypothecated to the Bank as security for the Term Loan limit of Rs.500 crs to be arranged within 30 days of first disbursement.
3. The entire credit limits availed from SBI will have to be rated by a Rating Agency approved by RBI for this purpose before 31.12.2020
4. Non-compliance of the above 3 conditions will attract penal interest of 0.25%
5. The list of assets for which reimbursement is sought needs to be certified by the CFO and Executive Engineer of Distribution SBU of the company. A certificate (with UDIN number) from a practicing CA regarding the amount of cost incurred will also have to be submitted prior to disbursal. only those expenses incurred on the project during last 12 months (from September 2020) and as certified above are eligible for reimbursement under the Term Loan.
6. Commitment charges of 0.3% on average undrawn CC Limits
7. LC & BG Charges – Detailed in the Sanction Letter read 4 above.

Considering the comparatively lower rate of Interest offered, Financial Adviser has recommended to accept the credit facilities offered by State Bank of India vide sanction letter dated 12.10.2020.

Having considered the matter in detail, the Full Time Directors on 28/10/2020 through Circular resolution has accorded sanction to :-

- 1) avail the credit facilities offered by State Bank of India as per Sanction. Letter No. ADV/SL/KSEBL/1086/20-21 dated 12.10.2020.

- 2) authorize Director (Distribution & HRM) and CFO to authenticate the list of assets offered to SBI as security for the loan.
- 3) authorize the Financial Adviser to arrange the required audit certificate and insure the assets with Kerala State Insurance Department and incur expenditure in this regard.
- 4) pass the appended Board Resolution in this regard.

Orders are issued accordingly.

By Order of the Full Time Directors

Sd/-
LEKHA.G
COMPANY SECRETARY (I/C)


To

The Financial Adviser

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)
- 7) The Fair Copy Superintendent / Record Section / Library / Stock File.

Forwarded / By Order


Senior Superintendent