



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

Registered Office : Vidyuthi Bhavanam, Pattom,

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Abstract

Availing Short Term Loan from M/s REC Limited for ₹500 Crore – Sanctioned – Orders issued.

CORPORATE OFFICE (FINANCE WING)

B.O. (FTD) No.600/2020/Fin.2(C)/REC-STL/2020-21 Thiruvananthapuram dtd: 29.09.2020.

- Read: (1) Letter No. Fin.2(C)/REC-STL/2020-21 dated: 06.08.2020 of the Financial Adviser.
(2) Sanction Letter No. REC/RO/TVM/STL/KSEB/Sanction – STL-₹500 Crore/2020-21/
D No.86 dated: 24.08.2020.
(3) Letter No. Fin.2(C)/REC-STL/2020-21/354 dated: 25.08.2020 of the Financial Adviser.
(4) Note No. Fin.2(C)/REC-STL/2020-21 dated: 24.09.2020 of the Financial Adviser.
(Agenda 47/9/20)

ORDER

A Financial Assistance of ₹500Crore as a Short Term Loan was requested to M/s REC Limited as per letter read as 1st above.

In response to the above, the Chief Program Manager, M/s REC Limited has forwarded a sanction letter read as 2nd for a Short Term Loan of ₹500Crore for a period of one year at an interest rate of 9.50% as per the following terms and conditions.

Name of Scheme	Special Loan to KSEBL (within UDAY limits)
Loan Amount	₹500 Crore (Rupees Five hundred crore only)
Purpose	To meet the working capital requirement
Security	KSEBL shall provide suitable escrow cover for the entire loan of ₹500 Crore
Loan Tenor	The loan shall be 1 year repayable under Bullet Repayment Option

Payment Security Mechanism:

KSEBL is required to provide suitable default escrow to the satisfaction of the REC.

Rate of Interest:

- The Borrower shall pay interest on the loan amount disbursed at an interest rate of 9.50% per annum on monthly rest (fixed) without any reset.
- The loan shall be 1 year repayable under Bullet Repayment Option at the end of period for which facility has been sanctioned. The Interest due date shall be the first day of the calendar month.
- Notwithstanding anything stated herein before, it will be open to REC to periodically reduce or enhance the rate of interest in respect of loan instalments not disbursed up to the date of such revision. The revision in the rate of interest shall

take effect from such date as may be notified by REC.

- d. An additional interest at the rate as per prevailing policy of REC shall be charged in addition to the normal Interest for the period of non-creation of specified securities within stipulated period.

Loan period:

Tenure of the loan shall be 1 year from the date of disbursement.

Mode of repayment:

The loan shall be 1 year repayable under Bullet Repayment Option and the interest shall be paid monthly.

The sanction shall be valid for a period of 3 months from the date of sanction letter.

In case of privatization of KSEBL during the loan period, the Corporation shall be entitled to call back the whole loan outstanding along with the interest.

KSEBL has to arrange to furnish to REC the monthly statement of Default Escrow account on the first day of every month duly signed by the Escrow agent with seal.

Pre-commitment conditions:

- a. KSEBL shall furnish utilization certificate within 30 days of each disbursement.
- b. An undertaking shall be taken from the Borrower that borrowings shall not be raised from any other sources/ lenders for the same purpose for which this loan has been availed from REC.
- c. An undertaking will be given by the borrower that tariff petition for the subsequent years, i.e. after drawl of the loan will be filed before 30th November every year or within the time line as stipulated by concerned SERC during the tenor of the loan.

Pre-conditions for disbursement of this Loan:

- a. A Loan Agreement and other documents in the prescribed format shall be executed between the Borrower and REC before release of loan amount by REC.
- b. KSEBL shall furnish its Board resolution to borrow from REC a Loan of ₹500Cr as per the terms and conditions prescribed by REC.
- c. A certificate that outstanding Working Capital Loans and sanctioned but not disbursed working capital loans as on date from Banks/ FIs (including proposed loan), does not exceed the maximum ceiling of 25% of previous year annual revenue as per UDAY norms, shall be provided by the Borrower at the time of each disbursement.
- d. KSEBL shall undertake that it is not in default to any other Banks/Financial Institutions.

Other Terms & Conditions:

- a. Bank charges/ collection charges and other expenses shall be fully borne by KSEBL. If due date is a bank holiday at the recipient branch, the borrower has to remit the amount on the following working day. Any payment(s) received before the due date shall be deemed to have been received on the due date only.

- b. KSEBL shall ensure that the monthly inflow into default ESCROW is more than the amount of interest and principal repayment during the Financial Year and the size or nature of account is not altered without REC's prior consent.
- c. In the event of any installment of interest or of the principal, not being paid to REC by KSEBL on the due dates, KSEBL shall pay to REC a penal rate of compound interest at the rate prescribed as per REC policy.
- d. Borrower shall comply with any other condition that may be stipulated by REC to ensure and get satisfied that the loan amount granted is utilized only for the purpose for which it is intended.
- e. Any prepayment of the Rupee Term Loan shall be made with prior permission and at the sole discretion of REC and on the terms and conditions (including prepayment premium) as may be decided by REC on such request.

The matter was placed as per note read 4 above in its meeting held on 25.09.2020.

Having considered the matter in detail the Full Time Directors has resolved to accord sanction for the following

- 1) To avail the Short Term Loan of ₹500Crore at an interest rate of 9.50% p.a. for a period of 1 year from M/s REC Limited as per the terms and conditions of the sanction letter No. REC/RO/TVM/STL/KSEB/Sanction – STL - ₹500Crore/2020-21/ D No.86 dated 24.08.2020 of the Chief Program Manager, M/s REC Limited.
- 2) To enter into a Tripartite Escrow Agreement among Kerala State Electricity Board Limited, State Bank of India and M/s REC Limited for providing default Escrow cover.
- 3) To authorise the Company Secretary for filing necessary e forms with Registrar of Companies corresponding to the Short Term Loan of ₹500Crore from M/s REC Limited.
- 4) To authorise the Financial Adviser to sign the required documents on behalf of Kerala State Electricity Board Limited in this regard and the Tripartite Escrow Agreement with M/s REC Limited.
- 5) 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 EDP
Section / Stock File.

Forwarded / By Order



Senior Superintendent.