



KSEB
കേരളാ വൈദ്യുതീകരണ ബോർഡ്



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KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)
Registered Office : Vidyuthi Bhavanam, Pattom,
Thiruvananthapuram - 695 004, Kerala
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Website: www.kseb.in. CIN: U40100KL2011SGC027424

Abstract

Availing Long Term Loan of ₹500Crore from M/s Kerala Financial Corporation – Sanctioned –
Orders issued.

CORPORATE OFFICE (FINANCE WING)

B.O (FTD) No.608/2020 (Fin.IVB/KFC-LT Loan/20-21) Thiruvananthapuram. dtd: 01/10/2020.

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- Read:- 1) Letter No. Fin.IVB/LT Loan/2020-21 dtd: 14.09.2020 of Financial Adviser.
2) Sanction Letter No. KFC/HO-HUB/04/2020-21 Dt: 30.09.2020.
3) Note No. Fin.IVB/KFC-LT Loan/20-21 dated 01.10.2020 of the Financial Adviser
(Agenda 14/10/20).

ORDER

A Financial Assistance to Kerala State Electricity Board Limited as a Long Term Loan of Rs.500Crore was requested to M/s Kerala Financial Corporation as per letter read (1) above.

In response to the above, the Chairman and Managing Director, M/s Kerala Financial Corporation has forwarded a sanction letter read (2) above for a Long Term Loan of ₹500Crore for a period of 10 years at an interest rate of 9%.

The Financial Adviser placed the sanction letter and the terms and conditions, loan agreement and hypothecation agreement to be executed in this regard before the Full Time Directors as per note read (3) above with the following points for the consideration.

1. The book debts of the company are already hypothecated to SBI and Union Bank for availing loans and hence the hypothecation of book debts as security and connected conditions need not be agreed to.
2. The permitted Time lines / Conditions specified in clause 3 Security of the sanction letter are in connection with the hypothecation of book debts / contradiction to clause 24 of the General terms and conditions and hence the Permitted time lines / Conditions / specified in clause 3 Security of the sanction letter need not be agreed to.
3. In clause 7 of the sanction letter, M/s KFC had claimed ₹250 lakh + GST as initial processing fee. Further a sum of ₹50000+GST is claimed as upfront fees. It is stated in the sanction letter that as KSEBL has not remitted any advance processing fee/upfront fees, the entire processing fee and upfront fees shall be adjusted in the first disbursement. KSEBL is not paying any processing fee / upfront fee to the lenders and agreeing to the same may invite similar claim from other Banks / Financial Institutions.

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As the total loan of KSEBL is nearly ₹10,000 Crore, agreeing to such condition may increase cost of borrowings. Hence the claim of processing fee and upfront fee will not be payable.

4. KSEB Ltd has not defaulted any interest payments or principal repayments. All the loan servicing is being made through bank transfer on the respective due dates after ensuring the correctness of the interest amount. Though the monthly principal installment is fixed, the interest may vary depending on the number of days in a month and hence the condition 37 in the sanction letter that auto recovery, ECS mandate or Standing Instruction shall be marked in the operative account to facilitate monthly repayment of principal amount and interest may not be agreed to. The monthly interest and loan installments servicing will be made by KSEBL on respective due dates by bank transfer to M/s KFC.

M/s KFC has transferred the amount of ₹500Crore to our bank account on 30.09.2020 evening before Board has taken any decision and as a result KSEBL is not in a position to utilize the same. Interest would be paid to KFC, as per actual utilization of funds upto 4th and for the full amount from 5th October. However, Considering that

- a) M/s Kerala Financial Corporation is a Kerala Government entity and the Government vide Order G.O (MS) No. 101/2020/FIN dated 30.09.2020 had appointed M/s KFC as an agent of the Government u/s 25 (e) of the SFC Act 1951 for providing financial assistance of ₹500 Crore to KSEBL.
- b) The loan is for longer term of 10 years. The long term loan rates of M/s REC & PFC are in the range of 10.5 – 11%.
- c) The recent short term loan sanction from M/s REC for 1 year period is @ 9.50%.

Financial Adviser has recommended to accept the loan with the condition that the interest shall accrue only from 05.10.2020 onwards.

Having considered the matter in detail, the Full Time Directors in its meeting held on 01.10.2020 has accorded sanction to -

- 1) Avail Long Term Loan of ₹500Crore at an interest rate of 9% p.a. for a period of 10 years as per the sanction letter read (2) above subject to the condition that
 - a) Hypothecation of Book Debts and Permitted Time Lines / Condition specified in clause 3, clause 7 and clause 37 of the sanction letter are not agreeable.
 - b) Interest shall be paid to M/s KFC as per actual utilisation of funds upto 4th October and from 05/10/2020 interest shall accrue for the full amount.

- 2) To enter into a Loan Agreement and hypothecation agreement among Kerala State Electricity Board Limited and M/s KFC.
- 3) To authorise the Company Secretary for charge creation/ modification corresponding to the Long Term Loan of ₹500Crore from M/s KFC.
- 4) To authorise the Financial Adviser to sign the required documents on behalf of Kerala State Electricity Board Limited in this regard with M/s KFC.
- 5) To affix common seal of the company in the required documents in the presence of the Director (Finance).

The Board resolution in this regard is appended herewith.

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:

1. The Chief Internal Auditor.
2. The TA to Chairman & Managing Director / PA to Director (Finance)
3. TA to Director (Distribution, IT & HRM)
4. TA to Director (Transmission & System Operation/TA to Director (GE & SCM)
5. TA to Director (Generation - Civil/TA to Director (Planning & Safety)
6. Senior CA to Secretary (Administration)
7. The Faircopy Superintendent/Record Section/Library/Stock File

Forwarded / By Order



Senior Superintendent.



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**KERALA STATE ELECTRICITY BOARD
LIMITED**

(Incorporated under the Indian Companies Act, 1956)

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Appendix to B.O(FTD) No.608/ 2020 (Fin IVB/KFC LT Loan/2020-21) Thiruvananthapuram dated 01.10.2020

The Kerala State Electricity Board Limited has passed the following resolution

RESOLUTION

Resolved to accord sanction for the following; -

1. to avail Long Term Loan of Rs.500 Crore at an interest rate of 9% p.a. for a period of 10 years as per the sanction letter No. KFC/HOHUB/04/2020-21 dated 30/09/2020 of the Chairman and Managing Director, M/s Kerala Financial Corporation subject to the condition that
 - a) hypothecation of Book Debts and 'Permitted Time lines/ Condition' specified in clause 3, clause 7 and clause 37 of the sanction letter are not agreeable.
 - b) The interest shall be paid to KFC as per actual utilisation of funds up to 04.10.2020 and at the full amount from 05.10.2020 onwards.
2. to enter into a Loan Agreement and hypothecation agreement among Kerala State Electricity Board Limited and M/s KFC.
3. to authorize the Company Secretary for charge creation/ modification corresponding to the Long Term Loan of Rs.500 Crore from M/s KFC.

- 4. to authorize the Financial Adviser to sign the required documents on behalf of Kerala State Electricity Board Limited in this regard with M/s KFC.
- 5. To affix the common seal of the company in the required documents in the presence of the Director (Finance).

Lekha
11/10/2020

COMPANY SECRETARY (IN CHARGE)