

KSEB

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**KERALA STATE ELECTRICITY BOARD LIMITED**

(Incorporated under the Companies Act, 1956)

Registered Office : Vidyuthi Bhavanam, Pattom,

Thiruvananthapuram – 695 004, Kerala

FAX: 0471 - 2514244. TELEPHONE: (OFF.) 2445807, 2444240

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

Availing Short Term Loan of ₹500Crore from M/s. Power Finance Corporation Limited Sanctioned – Orders issued.

CORPORATE OFFICE (FINANCE WING)

B.O.(FTD) No. 461/2020 (Fin.2(C)/PFC-STL/2020-21) Thiruvananthapuram, Dated: 06.07.2020.

- Read: 1. Letter No.Fin.IVB/PFC/Loan/2020-21 dated 29/06/2020 of the Chairman & Managing Director, Kerala State Electricity Board Limited.
2. Sanction letter No.04:15:SPG:STL:KSEB dated 02/07/2020 of the Chief General Manager (SPG), M/s. Power Finance Corporation Limited.
3. Note No.Fin 2(C)/PFC-STL/2020-21 dated 03/07/2020 of the Financial Adviser.

ORDER

A Financial Assistance of ₹500Crore as a Short/Medium Term Loan was requested from M/s. Power Finance Corporation Limited as per letter read as (1) above.

In response to the above, the Chief General Manager (SPG), M/s. Power Finance Corporation Limited has forwarded a sanction letter read as (2) 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.

SL. No.	Particulars	Terms and Conditions	Reference
1	Nature and purpose of Loan	Short Term Loan for purchase of power within the working capital requirement under UDAY Scheme of Government of India.	
2	Loan Amount	₹500Crore	
3	Repayment period of loan	The tenor of the loan shall be 1 year repayable under Bullet Repayment Option. Under the Bullet Repayment Option, the principal amount of each tranche shall become due upon maturity (i.e., at the end of period for which facility has been sanctioned). Considering that each tranche is being considered a sub-loan, a separate repayment schedule shall be made out for each tranche.	Clause 3.1
4	Payment of Interest	Interest shall be payable monthly at the fixed interest rate of 9.50% per annum (net of timely payment rebate) on 10 th day of each month.	Clause 2.1 and Clause 2.2

5	Security	Escrow Cover for the entire loan amount of ₹500Crore at applicable coverage factor as per PFC's norm (presently 1.0 time).	Clause 9.0
6	Penal Interest	Penal interest at the rate of 2% per annum shall be levied on the default amount.	Clause 4.1
7	Validity	The loan sanction for STL shall be valid for a period of 3 months from the date of issue of sanction letter. If the borrower fails to draw the loan	Clause 13.0

		amount within a period of three months from the date of issue of sanction letter, then the loan sanction will stand cancelled.	
8	Disbursement	The loan can be drawn in tranches. The loan may be drawn in maximum of 5 tranches, where each tranche being at least ₹10Crore, except the last tranche.	Clause 10.2

Pre-Commitment Conditions

The borrower shall provide the following undertakings to M/s. Power Finance Corporation Limited:-

- i) To file the Tariff Petition of next financial year by 30th November of the current financial year or within the time period allowed by the regulator.
- ii) That by availing the loan from M/s. Power Finance Corporation Limited, Kerala State Electricity Board Limited shall not violate the provisions of UDAY Scheme of Government of India till the entire repayment of the loan.
- iii) That the loan shall be availed within the working capital ceiling as allowed under UDAY Scheme (i.e., 25% of the DISCOM's Previous Year's Annual Revenue) and Kerala State Electricity Board Limited shall provide a certificate before November 30th every year to M/s. Power Finance Corporation Limited to this effect till the entire repayment of the loan.
- iv) The loan shall not be utilised by Kerala State Electricity Board Limited for financing losses.
- v) That the borrower does not have any overdue against Short Term Loan from Banks/ Financial Institutions.
- vi) That the assistance under this scheme will not be available for items already financed by PFC/Banks/NBFCs/other Financial Institutions under any scheme.
- vii) To furnish the utilisation certificate for the amount released within 60 days from the date of each disbursement.

Pre-Disbursement Conditions:-

- i) Creation of Security.
 - ii) No outstanding overdues to M/s. Power Finance Corporation Limited.
- At the time of each disbursement, DISCOM shall provide a certificate that the disbursement sought under the loan is within the working capital ceiling as allowed under UDAY Scheme of Government of India along with its unavailed working capital gap (i.e., 25% of the DISCOMs Previous Year's Annual Revenue).

As the rate of interest is net of interest subsidy, interest @ 9.75% will have to be paid and M/s Power Finance Corporation Limited will reimburse 0.25% as interest subsidy on prompt payment.

The Financial Adviser as per note read as (3) has recommended that considering the rate of interest offered and for meeting power purchase and working capital requirements, on account of the reduced collections in the present COVID – 19 pandemic, the Short Term Loan of ₹500Crore offered by M/s. Power Finance Corporation Limited may be availed at an interest rate of 9.50% per annum for a period of 1 year as per the above terms and conditions.

Having considered the matter in detail the Full Time Directors through circular resolution.

- 1) Resolved to accord sanction to availing the Short Term Loan of ₹500Crore at an interest rate of 9.50% per annum for a period of 1 year from M/s Power Finance Corporation Limited as per the terms and conditions of their sanction letter dated 02.07.2020.
- 2) Further resolved to accord sanction to enter into a tripartite escrow agreement among State Bank of India, Kerala State Electricity Board Limited and M/s. Power Finance Corporation Limited for providing security for the above loan.
- 3) Further resolved to authorize the Financial Adviser to sign and execute the required documents on behalf of Kerala State Electricity Board Limited in this regard and 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 (Generation-Civil), Full Additional Charge of Sports Wing, KSEB Ltd./

Director (Transmission & System Operation)/Director (Generation (Electrical) and SCM)/ Director (Planning & Safety).

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.