



കേരളാ വൈദ്യുത ബോർഡ്



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KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

OFFICE OF THE FINANCIAL ADVISER

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Abstract

TransGrid 2.0-Green Energy Corridor projects – Availing Loan from KfW- sanctioned – Orders issued.

CORPORATE OFFICE (FINANCE WING)

B.O.(FTD) No.923/2022 (Fin IVB/Transgrid/KfW/GECII/22-23) Thiruvananthapuram,

Dated 28.11.2022

- Read: -
- (1) BO(DB)No.725/2022/DIRTSO-AE5/2022/1731 dated 26/08/2022.
 - (2) MNRE approval dated 04/03/2022.
 - (3) GO(Rt)No.107/2022/POWER dated 01-07-2022.
 - (4) E-mail dated 22/07/2022 received from KfW.
 - (5) E-mail dated 22/09/22 received from KfW attaching loan agreement, Project agreement, separate agreement and terms and conditions.
 - (6) Note No.Fin.IVB/Transgrid/KfW/GECII/22-23 dated 03/11/2022 of Financial Adviser (Agenda Item No.36/11/22).

ORDER

KSEBL has accorded Administrative Sanction vide B.O(DB) No.394/2020/D(T&SO) /T7/TransGrid/GEC/20-21 dated 08.06.2020 for the implementation of Green Power Corridor projects for an amount of Rs.1242.30 Crores (North Green Corridor-Rs.813.40 Crores, Attappady Green Corridor Rs.233.Crores and Ramakkalmedu Green corridor -Rs.195.90 Crores) proposed under GEC II scheme of MNRE, Government of India. Due to adoption of DSR 2018 and price hike of materials, KSEBL as per B.O. read as 1st above has accorded revised administrative sanction for an amount of Rs.1457.54 crores (North Green Corridor Rs.911.80 Crores, Attappady Green Corridor Rs.311.10 crore and Ramakkalmedu Green Corridor Rs.234.64 crore).

The Administrative approval of two projects viz Attappady Green Corridor Project and Ramakkalmedu Green Corridor Project has been obtained from MNRE, Government of India as per the order read as 2nd above with a total CFA of Rs. 138.71 Cr@33% of the approved project cost of Rs.420.32 Crores, (the pre-revised AS amount for these two

projects was Rs.428.90 Crores). According to the financial model of GEC II scheme suggested by MNRE, balance 67% of the project cost can be availed as loan from KfW/REC/PFC. A joint Declaration of Intent for concessional loans for establishment of Green Energy corridors has been signed between Government of India and Federal Republic of Germany. Under this Agreement a total of 400 million Euros is available as committed by KfW, Germany.

The Government as per G.O. read as 3rd above has accorded in-principle approval for availing KfW loan with a funding pattern of 47:33:20 among KfW loan, Central Grant and KSEBL contribution. KfW as per e-mail read as 5th above has shared the draft Loan Agreement, Project Agreement and Separate Agreement.

The Financial Adviser in the note read as 6th above has apprised the Board that the Loan agreement is to be executed between KfW and Government of India, Project Agreement among KfW, Government of Kerala and KSEBL and Separate Agreement between KfW and KSEBL. KfW has informed that the Loan Agreement template with fixed rate option has been negotiated, agreed and approved by DEA as a standard loan template for all the loans with State Sector projects in India, where Government of India is the Borrower. KfW has sanctioned Reduced – Interest Rate Loan (RIL) for GEC-II upto EUR 102.11 million with two tranche of EUR 42.11 million and EUR 60 million and has shared the terms and conditions of the said loan.

It was informed that as per Article 2.1 of the Project Agreement, which is to be signed by KfW, Government of Kerala and KSEBL, the State of Kerala has to confirm KfW the terms and conditions under which the funds are passed on to the Project Executing Agency (PEA) and of any subsequent change in this arrangement. Also, prior to the 1st disbursement, the State of Kerala or PEA shall send KfW the confirmation of the on lending terms at which the PEA receives the loan funds. Further, the State Government undertakes to comply at all times with the obligation set out in Compliance Covenants of Project Agreement. As per Article 1.1 of Project Agreement, PEA shall use the loan exclusively to finance transmission infrastructure for the evacuation and integration of renewable energies and primarily to pay foreign exchange costs. The Government of India shall channel the loan in full with the back to back on lending guide lines of DEA and at the same terms and conditions through State of Kerala to PEA and since State of Kerala shall channel the funds to KSEBL in full and at the same or more favourable conditions at which the borrower receive the loan and hence Government has to fix the terms and conditions on which the funds are made available to KSEBL.

It was also informed that KfW disburses loans in accordance with the progress of the project to be financed. The supplies and services to be financed, the disbursement procedure to be applied and the details of the documents to be submitted to KfW are specified in the 'Separate Agreement'. As the borrower is Government of India, DoE, the chances of hedging the loan is bleak and the loan repayments made by Government of India will in turn will be transferred in future through Government of Kerala. However, KSEBL has approached the banks to arrive the hedging cost so as to reduce foreign exchange variation risk and the reply is being awaited. If the hedging cost is within manageable range, KSEBL may propose the same to DoE through Government of Kerala for consideration.

Having considered the matter in detail the Full Time Directors in its meeting held on 14.11.2022,

Resolved to accord sanction for the financing of KfW for the Green Energy Corridor Project Phase-II.

Further resolved to request the Government to fix the terms and conditions of KfW loan and to take necessary action for signing the loan documents.

Orders are issued accordingly.

By Order of the Full Time Directors

Sd/-
Lekha. G
Company Secretary (in-charge)

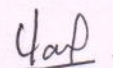
To

The Financial Adviser, Kerala State Electricity Board Limited.

Copy to:-

The Secretary (Administration) / Chief Vigilance Officer / Legal Adviser & Disciplinary Enquiry Officer / Chief Internal Auditor / TA to Chairman & Managing Director / Director (Distribution, SCM & IT) / Director (Transmission, System Operation, Planning & Safety) / Director (Generation – Civil) / Director (Generation – Electrical) / Director (REES, SOURA, NILAVU, Sports & Welfare) / The PA to the Director (Finance & HRM) / The Deputy Chief Engineer (IT) / The Company Secretary / Stock File.

Forwarded / By order



Senior Superintendent