



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

Registered Office: Vidyuthi Bhavanam, Pattom,

Thiruvananthapuram - 695 004

CIN: U40100KL2011SGC027424

Website: www.kseb.in

Phone: +91 471 2514610, 2514274

Email: ceit@kseb.in

ABSTRACT

Increase in the authorized and paid up capital of KFON Ltd - Sanction accorded - Orders issued.

CORPORATE OFFICE (IT, CR & CAPs)

BO (FTD)No.285/2023(CEIT/RITU/KFON/PAIDUP SHARE Thiruvananthapuram,Dated: 27.05.2023
CAPITAL)

- Read: 1. G.O. (MS) No. 22/2017 /ITD dated 13.10.2017.
2. B.O. (DB) No.276/2018 (CEIT/RITU/LMC/2014-15/KFON) dated 29.01.2018.
3. G.O. (Ms) No.10/2018/ITD dated 10.05.2018.
4. Joint Venture Agreement executed between KSEBL, KSITIL & GoK.
5. DO Letter No. KFON/MD/2022/029 dated 09.01.2023 of KSITIL.
6. G.O. (Rt) No. 71/2023/ITD dated 29.03.2023.
7. Letter No. KFON/MD/2023/042/17.04.2023 of the Managing Director, KFON/KSITIL.
8. Letter No. KFON/MD/2023/043/17.04.2023 of Managing Director, KFON/KSITIL.
9. Letter No. FA-AAA-FO1-2022/14 dated 02.05.2023 of the Financial Advisor, KSEBL.
10. Letter No. CEIT/RITU/KFON/Paid-up Share Capital/34 dated 05.05.2023 issued to KFON.
11. DO No. KFON/MD/2023/45 dated 6/5/2023 of MD KFON/KSITIL.
12. Note No. CEIT/RITU/KFON/PAID UP SHARECAPITAL(2) dated 11.05.2023 of the CE(IT,CR &CAPs) to the Full Time Directors (Agenda No. 52/5/23).

ORDER

The Government of Kerala as per the GOs read as 1st & 3rd above accorded sanction for the formation of joint Venture company KFON Ltd, in the share holding pattern of 49:49:2 in favour of KSEBL, KSITIL and Government of Kerala. The initial authorised and paid up capital of the JV Company to be limited to Rupees One Crore. Accordingly, the Joint Venture Agreement among KSEBL, KSITIL & GoK was executed and the agreement came into force with effect from 10.05.2018. KSEBL as per B.O.read as 2nd above decided to contribute to 49% of the authorised share capital and an amount of Rs.49 Lakhs was contributed to JV company on 14.03.2019 as share capital. Any further equity requirement shall be met by KSEBL and contribution of KSEBL shall be in-kind in lieu of the value already brought in by KSEBL. At any point the share of KSEBL shall be 49%.

The KFON As per the DO letter read 5th above intimated that, the 14th meeting of Board of Directors of KFON Ltd held on 13.12.2022, had decided to enhance the Authorised Share Capital of the Company from Rs. 1,00,00,000 (Rupees One Crore Only) [divided into Ten lakh equity shares of Rs.10/-] to Rs.2,50,00,000/- (Rupees Two Crore Fifty lakhs only) [divided into Twenty Five Lakh equity shares of Rs.10/- each]. This increase in share capital is urgently required to comply with

the regulations of the Department of Telecommunications, Government of India as KFON Ltd is applying for NLD (National Long Distance) license, which is an absolute requirement for giving ILL (Internet Lease Line) connections as part of KFON monetisation exercise.

KFON also requested as per the letters read 5th, 7th & 8th to contribute Rs.73,50,000/- (Rupees Seventy Three Lakhs Fifty Thousand only) (49% of 1.5 Cr of further share capital), divided into 7,35,000 shares of Rs.10/- each, keeping the share capital ratio as 49:49:2 in favour of KSEBL:KSITIL:GoK as approved by the Government of Kerala, on or before 06.05.2023.

The remarks were sought from the Financial Adviser and has furnished the remarks such that Clause No. 3.03(i) in Joint venture agreement executed between KSEB, KSITIL and GOK regarding Capital contributions states that after the initial subscription to shares, KSEBL shall not be required to make any monetary contribution towards subscription of shares and shall have the right to subscribe to shares of KFON for the consideration other than cash as per the provisions of the Act. The assistance, various rights to use, and any goods & services, provided by KSEBL to KFON, whether free of cost or at discounted rates, shall be considered while issuing shares to KSEBL for consideration other than cash. The above clause is self-explanatory that KSEBL need not require to contribute any additional amount for the right issue shares in KFON.

Hence the matter was taken up with KFON Ltd as per letter read as 10th to consider the assistance, various rights to use and the goods and services provided by KSEBL to KFON, etc. as the further share capital of KSEBL, in line with the above clauses of the Joint Venture agreement.

Subsequently, the Managing Director of KFON Ltd, as per letter read as 11th intimated that for issuing shares in kind, the exact value of the assets which will be contributed by KSEBL as "kind" needs to be ascertained and such asset will become the assets of KFON Ltd once the shares have been issued to KSEBL in lieu of that asset. The valuation of such asset has not been done so far by KSEBL. In such a situation issue of shares without ascertaining the value of assets is not possible. Also stated that the present offer by the KFON Ltd for further issue of shares is in lieu of cash. Any clause in Joint Venture agreement which is contradictory to the Companies Act 2013 becomes invalid.

Considering the urgency of the situation, the Managing Director KFON has requested to accept the offer for issue of shares in lieu of cash and to transfer Rs.73,50,000/- to KFON bank account at the earliest. The maximum offer period that can be granted as per Companies Act is 30 days from the date of offer, in this case the offer date is 21.04.2023. If the offer is not accepted within the prescribed period, then the offer will be declined as per the Act and the Board of KFON Ltd can dispose of the shares as they deem fit.

The matter was placed before the Full Time Directors as per the note read as 12th above.

Having considered the matter in detail, the Full Time Directors in its meeting held on 18.05.2023,

Resolved to accord sanction to release an amount of Rs.73,50,000/- (Rupees Seventy Three Lakhs Fifty Thousand only) to KFON Ltd towards enhancing the

authorized and paid up share capital of KFON Ltd from 1 Crore to Rs.2.5 Crore considering the urgency of applying for the NLD (National Long Distance) License for the monetisation of KFON infra.

Further resolved to authorize the Secretary (Administration) for transferring the amount.

Further resolved to authorise the finance wing to initiate steps for the valuation of various assistance, right to use and any goods & services, provided by KSEBL to KFON Ltd. for avoiding such instances in future.

Orders are issued accordingly.

**By Order of the
Full Time Directors**

Sd/-
LEKHA G
Company Secretary

To:

1. The Chief Engineer (IT, CR & CAPs).
2. The Secretary (Administration).
3. The Financial Adviser.

Copy to: The Chief Engineer (IT,CR&CAPS)/ Financial Advisor/ LA&DEO/ Chief Internal Auditor/ Company Secretary
The TA to the Chairman & Managing Director / Director (Generation-Civil) / Director (Distribution, SCM, IT, REES & SOURA) / Director (Transmission, SO, Png, Safety & Generation - Electrical)
The PA to the Director (Finance & HRM)
The Sr.CA to the Secretary (Administration)
The RCAO/ RAO
Stock File.

Forwarded / By Order


Assistant Engineer