



GOVERNMENT OF KERALA

Abstract

Kerala State Textile Corporation Ltd - A vailing of credit facility of Rs.2 Crores (Two Crores only) from Kerala Financial Corporation, through a n ESCROW account mechanism with sanction for creating a charge/security by the way of providing equitable mortgage of sufficient land at Komalapuram Spinning & Weaving Mills as per the conditions of KFC -Permission granted- Orders issued.

INDUSTRIES (C) DEPARTMENT

G.O.(Rt)No.138/2025/ID Dated,Thiruvananthapuram, 11-02-2025

Read 1 Letter No.KSTC/PROJ/2024-25/146 dated 18.07.2024 from the Managing Director,Kerala State Textile Corporation Ltd, Thiruvananthapuram

2 Letter No.KSTC/I-151,3/2024/D-493 dated 14.08.2024 from Executive Chairman,BPT,Thiruvananthapuram

ORDER

The Managing Director, Kerala State Textile Corporation Ltd. has requested Government for permission to avail a credit facility of Rs. 200 Lakh from Kerala Financial Corporation by creating a charge/ security by the way of providing equitable mortgage of sufficient land at Komalapuram Spinning & Weaving Mills, Alappuzha, as per the conditions of Kerala Financial Corporation Ltd. The Managing Director has reported that as Komalapuram Spinning & Weaving Mill, a unit of Kerala State Textile Corporation Ltd is engaged for the supply of yarn to Government's School Uniform Project (HSU Project). Komalapuram mill received the allotment of 3.27 lakh kg. yarn from the Director of Handloom and Textiles for an amount of Rs.10.34 Crore, which is to be completed on or before February 2025. In order to fulfill the above said order, there is an urgent requirement of working capital.

2) The details of the scheme are as follows:

Line of Credit Scheme for MSME's against confirmed Purchase Orders.

1. For availing the scheme, the supplier should have a confirmed Purchase Order (PO) from any Government/ Non - Government entity, in

the form of work order/letter of intent/ letter of award/letter of agreement, or whatever equivalent to a Purchase Order.

2. Line of Credit with a validity period of 5 years. Upon receipt of sales revenue against the particular loan in escrow, KFC will deduct the loan amount with interest. The LoC will be replenished upon the repayment of already availed loan amount, till the validity period.

Terms & Conditions for availing loan

1. Confirmed Purchase Order (PO) from any Government/ Non Government entity, which should include work order/letter of intent/ letter of award/letter of agreement, whatever equivalent to a Purchase Order (PO).

2. Mortgage/ Hypothecation of primary assets such as Land & building, equivalent to the limit.

3. A tri-partite agreement among KSTC, Purchase Order Issuing Authority (POIA) and KFC that the sales realization against these orders should be routed through a bank account nominated by KFC itself (escrow account).

3) The Kerala Financial Corporation Ltd has issued consent for the above proposal under the 'Line of Credit scheme for MSMEs' subject to conditions.

4) As per the letter read as 2nd paper above, the Executive Chairman, Board for Public Sector Transformation (BPT) has recommended the above said proposal of working capital support from Kerala Financial Corporation Ltd. through an ESCROW account mechanism.

5) Government have examined the matter in detail and are pleased to grant permission to Kerala State Textile Corporation Ltd to avail credit facility of Rs. 2 Crores (Two Crores only) from Kerala Financial Corporation Ltd. through an ESCROW account mechanism with sanction for creating a charge/security by the way of providing equitable mortgage of sufficient land at Komalapuram Spinning & Weaving Mills as per the conditions of KFC.

(By order of the Governor)
A P M MOHAMMED HANISH
PRINCIPAL SECRETARY

The Director of Industries & Commerce, Thiruvananthapuram
The Managing Director, Kerala State Textile Corporation Ltd.

The Member Secretary, BPT, Thiruvananthapuram
The Director of Handloom & Textiles, Thiruvananthapuram
The Managing Director, Kerala Financial Corporation Ltd.
The Principal Accountant General (G&SSA), Kerala
The Accountant General (A&E), Kerala, Thiruvananthapuram
The Director of Treasuries, Thiruvananthapuram
Finance (PUD/BWG/GMC) Department
The Planning and Economic Affairs(CPMU) Department
CEO, K-bip, Thiruvananthapuram

✓ I&PRD
SF/OC

Forwarded /By order

Signed by

Sreekumar.R

Section Officer

Date: 11-02-2025 16:57:56

✓ Copy to: PS to the Hon'ble Minister (Industries)
CA to Principal Secretary, Industries Department