

SCHEME FOR FINANCING OF PROJECTS IN THE AREA OF FUEL SOURCES DEVELOPMENT & ITS DISTRIBUTION (FSD&D) AND EQUIPMENT MANUFACTURING (EM) FOR POWER SECTOR

1. Object & Scope

To provide financial assistance for setting up / expansion of Equipment Manufacturing for power sector and development of Fuel Supply Sources like coal/oil/gas and its distribution (rail network / gas pipeline etc.) for Power sector.

2. Eligible Entities

Government Sector

- a) Availability of Exposure
- b) Not a declared defaulter to PFC
- c) Not in current default with FIs/Banks
- d) *Minimum ROE of 12% for relevant financial year (i.e. financial year previous to the immediately preceding financial year, like 2009-10 is relevant financial year for 2011-12)

** Not applicable in case of projects being developed through SPV route*

Private Sector

- (i) Private Sector entities seeking financial assistance from PFC would be required to meet the minimum eligibility criteria as laid down by PFC, broadly covering inter-alia the following parameters:

- a) Return on Net worth
- b) Net Worth
- c) D/E Ratio
- d) DSCR
- e) Cash Flow
- f) Track Record with FIs/Banks and credit standing
- g) Promoters – Performance & Background
- h) Capacity to bring equity
- i) Ability to raise debt
- j) Selling arrangements
- k) Business conditions
- l) Commitment of foreign promoters

- (ii) The promoters should not have current default with FIs/Banks

3. Lending Rates and Financial Charges

Lending rates shall be notified by PFC from time to time, as per the rating of the borrowing entity/ promoter.

Financial charges shall be payable by the borrowers, as applicable from time to time in respect of RTLs of power projects/ schemes (including Upfront Fees/ Commitment Charges)

4. Extent of Funding (% of project cost)

	FSD&D	EM
Government Sector	80 %	80 %
Private Sector	20 %	*50 %

** Higher Debt may be considered upto 70% of project cost where project cost is upto Rs.100 crore*

5. Maximum Repayment Period

FSD&D : 10 years

EM : Main Plant Equipment Manufacturers = 10 years
Other Equipment Manufacturer = 7 years

6. Securities

- i) State/Central Govt. guarantee/Bank Guarantee/Charge on Assets;
- ii) Escrow Account/Letter of Credit;

PFC may insist on one or more of the following additional securities based on appraisal / category of borrower:-

- (i) Corporate guarantee;
- (ii) Personal guarantee of promoters;
- (iii) Pledge of shares of promoters;
- (iv) Charge on assets of group/other companies;
- (v) Assignment of all project contracts, documents, insurance policies in favour of Corporation;
- (vi) Establishing trust and retention mechanism so that all the proceeds of the projects are utilised in a manner decided by PFC;
- (vii) Charge on revenues;
- (viii) Any other security acceptable to corporation.