

## PROJECT TERM LOANS

### A. RUPEE TERM LOAN

#### 1. Purpose

To provide financing to eligible borrowers in power and allied sectors for a variety of projects viz. Generation, transmission, distribution, renovation and modernization, metering etc. and also Infrastructure projects having forward and backward linkages with power projects.

#### 2. Eligible entities

- a) State Utilities and State govt. departments engaged in development of power projects,
- b) Municipal Run Power Utilities,
- c) Central Sector Power Utilities with or without State Participation,
- d) Joint Sector Organisations,
- e) Private Sector Organisations,
- f) Co-operative & other Societies in Power Sector
- g) Central sector Utilities/Entities engaged in development of power projects.

#### 3. Extent of assistance (restricted to actual requirement of funds)

Sl. No	Category of Schemes	% age of Project Cost	
		Central / State sector	Private sector
i.	Studies, Consultancy and Training	100	50
ii.	Research & Development, Capacitors, Energy meters, Computerisation, Communication, Load Dispatch, UD, Trans., R&M of T&D	90	50
iii.	Energy Saving Projects	90	*70
iv.	Project Development (by State/ UT Power Utilities)	80	--
v.	Environment up-gradation, R&M/R&U of Generation, Mini, Micro & Small Hydro Generation projects, Captive & co-generation plants, Non conventional energy sources	80	50
vi.	Setting up/ Expansion of Equipment Manufacturing capacity for Power sector	80	**50
vii.	Medium and Large Hydro Generation	80	25
viii.	Thermal Generation, Projects in the area of Fuel Sources Development & its Distribution (FSD&D) for Power Sector, Infrastructure Projects with forward/backward linkage to Power Projects	80	20
ix.	Grid connected Solar PV (approved by MNRE for generation based incentive under its guidelines issued vide its notification No. 32/61/2007-08 PVSE dated 24.01.2008 for grid interactive solar power generation)	70	70

\* 70% for project cost upto Rs.25 crore and 50% of incremental project cost (Energy Saving Projects).

\*\* Higher debt exposure may be taken based on appraisal up to a maximum of 70% of project cost (to be decided on case to case basis) where project cost is up to Rs.100 Crore (Equipment Manufacturing)

Notes:

- (i) In case of Private Sector Borrowers, PFC may also consider certain additional financing/exposure of project cost over & above the percentages specified above in case of non-fund based exposure (non fund based exposure exclusively or fund based & non fund based exposure taken together) and/or debt refinancing and/or where PFC is acting as a lead institution and/or based on the integrated rating assigned to the project.
- (ii) The above extent of financing shall be within the overall exposure limit as per the prudential norms of PFC.

#### **4. Interest rates & Other charges**

The interest rates are notified by PFC from time to time. The interest rates are fixed and subject to reset from the standard due date of payment of instalment of loan falling immediately after 3 years / 10 years (as applicable) from the first disbursement date. Rates as on the date of disbursement shall be applicable. At present, incentive/ rebate is applicable for timely payment of dues for state/ central sector utilities.

Commitment fees / upfront fees as may be applicable for respective borrowers from time to time. Other fee such as, Processing fee, Lead fee & facility Agent fee etc. for private sector entities as applicable from time to time.

#### **5. Loan Repayment**

(a) Principal Repayments

Commences after a 6 months moratorium period from the scheduled date of commercial operation / commissioning / completion of project/scheme. Repayment is on a quarterly basis on standard due dates i.e. 15 April, 15 July, 15 October and 15 January of every year.

(b) Interest payments

Quarterly, on standard due dates mentioned above. However, there is no moratorium period on the payment of interest.

## 6. Repayment

S.No.	Types of Projects/ Schemes	Maximum Repayment Period (in years)
1	Hydro Generation Schemes	20
2	Metering, Studies, Consultancy, Training, R&D, Survey & Investigation, Communication and Computerization schemes, Energy Saving Projects	5
3	Fuel Sources Development & its Distribution (FSD&D) for Power Sector	10
4	Setting up / Expansion of Equipment Manufacturing capacity for Power sector <ul style="list-style-type: none"> <li>• Main Plant Manufacturer</li> <li>• Other Equipment Manufacturer</li> </ul>	10 7
5	Grid connected Solar PV (approved by MNRE for generation based incentive under its guidelines issued vide notification No. 32/61/2007-08 PVSE dated 24.01.2008 for grid interactive solar power generation)	8
6	Project Development (by State/ UT power utilities)	3
7	All other schemes/projects including thermal generation	15

## 7. Security requirements

Primary Security	Secondary Security
(i) State / Central Govt. Guarantee / Bank guarantee / Charge on Assets	PFC may insist on one or more of the following additional securities from private sector entities:- <ol style="list-style-type: none"> <li>i. Corporate guarantee,</li> <li>ii. Personal guarantee of promoters,</li> <li>iii. Pledge of shares of promoters,</li> <li>iv. Charge on assets of group/other companies,</li> <li>v. Assignment of all project contracts, documents, insurance policies in favour of PFC,</li> <li>vii. Charge on revenues,</li> <li>viii. Any other security acceptable to PFC.</li> </ol>

### Payment Security Mechanism:

- (i) For State/Central Sector Borrowers : Letter of Credit/ Escrow Account
- (ii) For Private Sector Borrowers: Trust and Retention Account including the creation of Debt Service Reserve Account (DSRA)

**B. FOREIGN CURRENCY LOAN:**

PFC sanctions foreign currency loans based on the requirement of capital expenditure of the project subject to its ability to provide foreign currency loans. These loans are provided to power sector utilities for end use as permitted under the External Commercial Borrowing Guidelines issued by RBI as amended from time to time. The interest rates offered are based on six months US Dollar LIBOR or LIBOR in any other currency. The margin over LIBOR is generally reset at the end of every 5 years.