

## **ASSET ACQUISITION SCHEME**

### **1. Purpose**

To provide finance to an entity acquiring assets of another entity to increase volume and competitiveness in its operations, expand operations / business and upgrade the existing technology and / or systems.

### **2. Eligible entities**

All power entities / utilities in state/ central sector engaged in power generation, transmission and distribution activities including captive power producers in the state / central sector. The entity should not be declared defaulter as per PFC policy.

### **3. Eligibility criteria**

Where PFC has already financed a entity whose assets are being purchased, the said entity shall agree to repay dues of PFC with the sale proceeds.

### **4. Extent of assistance**

Upto 70% of the agreed price of acquisition of assets restricted to the maximum amount of Rs. 300 crores per borrower in a financial year subject to availability of exposure as per policy of the Corporation.

### **5. Interest rate & other charges**

- As notified by the corporation from time to time.
- Interest rates, as applicable for term loan, may be levied by the Corporation.
- Interest rates prevailing at the time of disbursement would apply.
- No commitment / upfront fee payable.
- Incentive / rebate for timely payment of dues.

### **6. Moratorium & repayment period**

Moratorium and repayment period for projects not commissioned shall be as applicable for term loans. However, there is no moratorium on interest payment.

Repayment period for already commissioned projects shall be determined on basis of residual life of assets, safety margin, repaying capacity, etc. and shall not exceed 10 years.

### **7. Security requirements**

- Tripartite Escrow Agreement
- State / Central Government/ Bank Guarantee or Charge on Assets.
- For Central sector borrower having “AAA” rating, other security options can be considered.

In case existing loan liabilities of the assets to be acquired are also being transferred to the borrower, PFC may take first charge on pari-passu basis.

## **10 - PROJECT RUPEE BRIDGE LOAN SCHEME FOR STATE / CENTRAL SECTOR BORROWERS**

### **1. Purpose**

The Corporation shall consider bridge loan proposal from those utilities who have sought financial assistance in the form of term loans from PFC and have received sanction letter and the drawal of assistance by the borrower can not be made for the time being, due to non-compliance of certain formalities/clearances. Thus bridge loan shall be considered where PFC has already sanctioned project term loan either on stand alone basis or in consortium.

### **2. Eligible entities**

The Corporation may sanction bridge loan to central / state sector utilities (including state corporations, municipal bodies etc.) for all generation schemes, transmission and distribution works who have no outstanding dues (default) under any financial assistance from PFC.

### **3. Extent of assistance**

Upto 50% of the sanctioned amount or actual requirement of funds in next 12 months from the date of sanction, whichever is lower.

### **1. Tenor**

The period of loan may be up to one year from the date of sanction letter of term loan.

### **2. Interest rate & other charges**

- The Corporation shall charge additional interest of 0.5% p.a. over and above interest rates applicable to project rupee term loans under the respective category of scheme / projects where the borrower provides security in the form of letter of comfort along with Escrow Account. In cases where the borrower furnishes State Govt. Guarantee along with Escrow Account, the interest rate shall be same as that applicable for Rupee Term Loan.
- Rebate for timely payment of dues shall be allowed as per the prevailing policy.

- The borrower shall pay upfront fees for the bridge loan at the rate applicable from time to time. The option of commitment charges is not available.

### **3. Disbursement mechanism**

The disbursement procedure as applicable to Central / State utility rupee term loan shall be applicable for bridge loan.

### **4. Interest payment**

Interest is to be paid quarterly on standard due dates i.e. 15/4, 15/7, 15/10 and 15/1 of the year, after commencement of disbursement of loan.

### **5. Repayment**

Repayment will be either a bullet repayment or adjusted against disbursement under Rupee Term Loan.

### **6. Security requirements**

- In case of State Utilities, the bridge loan will be secured by Letter of Comfort (LoC) or State Govt. Guarantee from respective State Govt. or Charge on Assets along with an Escrow Account, and
- In case of Central Utilities, in addition to Escrow Account, the Bridge loan shall be secured by Letter of Comfort (LoC) from Govt. of India or Charge on Assets.