

## **SHORT / MEDIUM TERM RUPEE LOAN TO EQUIPMENT MANUFACTURERS**

### **1. Purpose**

The scheme envisages to provide short and medium term loan by way of rupee term loan to meet the short term/medium term fund requirements of an equipment manufacturer for executing contracts awarded by power utilities in power projects in India.

### **2. Eligible entities**

Equipment / material manufacturers who have been awarded firm orders, for executing contracts in power projects in India, by power utilities. Preference shall be given where payment for supplies is secured by Letter of Credit. However, for state sector contracts, where funding is tied up with other FIs / Banks or with PFC, Letter of Credit shall not insisted. In case of buyer CPSUs, where payment terms are acceptable to PFC, Letter of Credit is not required.

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

State / central sector borrowers / AAA rated entities - upto 70% of eligible amount.

Others - 50% of eligible amount.

Eligible amount for private sector borrowers shall be total contract value less advance payment to be received by the borrower under the contract subject to a maximum of Rs.100 crores in each case. In case of state / central sector borrowers the amount of support may be determined on case to case basis. Minimum amount of support shall be Rs.1.00 crores.

### **4. Interest rate and other charges**

- Interest rate as notified by the corporation from time to time as applicable at the time of disbursement shall be levied.
- Processing fees shall be payable by private sector borrowers.

### **5. Repayment period**

For short term loans upto one year and for medium term loans upto five years.

The repayment terms shall be fixed based on contract terms and payment under contract shall be received directly by PFC.

### **6. Interest payment**

To be paid quarterly on standard due dates on 15/1, 15/4, 15/7 and 15/10.

### **7. Security requirements**

A combination of Assignment of contract, Assignment of Letter of Credit & insurance, Escrow on revenue account of borrower, collateral security in the form of Charge on

Assets (mortgage / hypothecation) of the borrower, and/or Directors and personal guarantee of Directors / Guarantors only in case of private sector.