

## **LINE OF CREDIT TO POWER SECTOR UTILITIES ENGAGED IN GENERATION OF POWER FOR IMPORT OF COAL**

### **1. Purpose**

Rupee short term finance to all the eligible utilities who are in the business of generation of power to meet their immediate requirement for import of fuel.

### **1. Eligible entities**

- All utilities eligible as per OPS engaged in generation of power.
- Existing borrowers not declared defaulters as per PFC policy.
- Private sector utilities and utilities who are not existing borrower are eligible subject to entity and project appraisal.

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

The non-revolving rupee line of credit shall be determined on case to case basis based on the company's requirement of import to maintain the desired level of stock (not more than 3 months).

The financial assistance under this scheme shall be upto 100% of the CIF value for import of coal. The loan under the scheme shall further be limited to the actual requirement of funds of the borrowers.

### **4. Type & period of assistance**

Line of Credit may be sanctioned for a period of one year. Each loan sanctioned under Line of Credit shall be repaid within 180 days.

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

As notified from time to time.

### **6. Disbursement mechanism**

Direct payment to the supplier/trader under intimation to the borrower. In case L/C is opened for the import, the Corporation shall on due date make payment to the L/C opening bank.

### **7. Repayment period**

Repayment of each tranche shall be bullet/ in instalments and the repayment period/ number of instalments shall be determined on case to case basis based on the requirement, shipment time and recovery cycle of the borrower. At the time of each drawal, the borrower shall have to indicate the repayment period to be applied for such drawal. The repayment period shall not however exceed 180 days for a tranche from the date of disbursement.

## **8. Security**

### **State/Central sector utilities**

- (i) Tripartite Escrow Account.
- (ii) First charge on pari passu basis on current assets/fixed assets or Govt. Guarantee

### **Private sector utilities**

First charge on pari passu basis on current assets/fixed assets and Trust and Retention Account.

**Collateral security** (One or more of the following to be decided during appraisal / sanction)

- (i) Corporate guarantee
- (ii) Personal guarantee of directors
- (iii) Escrow on the main receivables of the company.
- (iv) Any other security acceptable to the Corporation.

Insurance of all shipments shall also be insisted upon.