

Consortium Lending

The Govt. of India envisions 'Power for All' by the year 2012 which requires target of augmentation of generating capacity by 100,000 MW. Like the other infrastructure projects, power projects are also highly capital intensive and have long gestation periods and a sizeable part of the investment is required to be made by the private sector. However, in the absence of uniformly acceptable approach, private sector projects are bound to face numerous hazards in obtaining finance like multiplicity of appraisal by participating institution, stipulation of different types of terms and conditions, different procedures/methodologies for disbursement and monitoring leading to delays in achieving financial closure and expeditious project implementation.

Realising the above, PFC, in association with LIC and four other Indian Banks had established a Power Lenders' Club (PLC) in August 2005 to provide single window financing solutions for clients in the private power sector and to achieve expeditious financial closure. Subsequently, with the joining of HUDCO and eight other Indian Banks, PLC has now emerged as a 21 members strong Club.

With the aim to give impetus to Consortium Lending Operations, particularly through the PLC, PFC has established a Consortium Lending Group (CLG) headed by an Executive Director. The CLG is working towards harnessing the business potential offered by the Power Sector. The group has been carrying out passive syndication activities for projects where PFC is lead FI and also coordinating activities pertaining to Power Lenders Club.

During the Financial Year 2010-11 CLG unit has started regular disbursements for 1350 MW TPP of M/s Indiabulls Power Ltd., 3X360 MW TPP of RKM Ph-II, 1350 MW TPP of M/s Indiabulls Realtech Ltd., 96 MW HEP M/s Dans Energy Pvt. Ltd, 120 MW HEP of M/s Jal Power Corporation Limited, 545 MW co-gen power project of M/s Vadinar Expansion Ph-I&II, 120 MW TPP of Indian Metal & Ferro Alloys Ltd. and 700 MW TPP of M/s Ind Barath Energy Utkal Ltd. after financial closure has been achieved for these projects. During the Financial Year, documents have been executed for 6 x 660 MW TPP of Coastal Andhra Power Ltd. (Krishnapattnam UMPP) and 3600 MW TPP of KSK Mahanadi. In the Financial Year 2010-11, interactive meetings with IPPs are being organized to review the progress of projects supported by PFC and to discuss about future financial needs of IPPs to explore business opportunities. CLG has also been able to syndicate Rs 262cr for 1320 MW TPP of M/s East Coast Energy P. Ltd. and Rs 51 cr for 10 MW Solar project of M/s PLG Photovoltaic Ltd. during the Financial Year 2010-2011.
