

Policy for financing Private Equipment Manufacturing Projects for Power Sector

PFC may consider providing financial Private Equipment Manufacturing Projects for Power Sector, based on appraisal and subject to following:

1. Eligibility Criteria

i) Promoter / Borrower should fulfil **One** of the following Criteria:

a)	<ul style="list-style-type: none">• Promoter Experience of atleast 1/4th the size of new project in similar/related business.• Flagship/main holding company should have Minimum Networth of Rs.250cr and Turnover of Rs.500 cr
b)	<ul style="list-style-type: none">• Promoter should be a power equipment manufacturer with minimum net worth of Rs. 1000 Cr. and Turnover of Rs. 3000 Cr
c)	<ul style="list-style-type: none">• Promoter should have atleast 1 GW commissioned renewable generation capacity.• Flagship/main holding company of the group should have minimum Net worth of Rs.500cr and Turnover - Rs. 1000cr

ii) No current default to FIs/Banks

iii) Promoter & borrower, including Directors should not be Not in Default/Default list.

iv) Entity rating in line with PFC policy.

2. Financial Parameters

Financial parameters like DSCR and IRR in line with PFC's policy

3. Extent of Financing

- PFC may generally consider funding 75% of the total project Debt
- However, PFC may fund the project as a sole lender i.e. fund full debt component of the project (upto debt of Rs 1500 cr), subject to certain conditions.

4. Debt Equity (D/E) Ratio

Debt Equity ratio (D/E) of the project shall not exceed 60:40 (i.e. equity not lower than 40% of project cost). However, Debt Equity ratio (D/E) exceeding 60:40 and upto 70:30 (i.e. equity not lower than 30% of project cost) may be considered subject to certain conditions.

5. Repayment Period

8 years including moratorium of 1 year; Enhanceable to 9 years based on merits.

6. Security

- a) Charge on assets with coverage as per PFC's policy
- b) Collateral security like personal/corporate guarantee, pledge of shares, etc. and Payment security mechanism shall also be stipulated as per PFC's extant policy for the same, based on Integrated Rating of the project.