

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. PFC may also consider non-fund based assistance such as guarantees, to the borrowers/entity acquiring the assets.

The policy shall not cover financing of acquisition of equity/shares of acquiring entity and the bailout takeover as defined in SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997.

2. Eligible entities

All power 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.

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.