

Short Term Rupee Loan (STL) Scheme for SPVs in Government Sector

(1) Objective and Purpose of Loan

The Short Term Rupee Loan (STL) scheme envisages providing rupee short-term finance to the SPVs in Government Sector to meet their working capital requirement as per regulatory norms (such as ERC norms, RBI norms) for fuel, maintenance spares, O&M expenses, receivables etc.

(2) Eligibility Criteria

- (i) The scheme shall be open to SPVs in Government Sector, where all promoters are Government or Government Companies.
- (ii) SPV should be existing borrower of the PFC. *(The borrowers who have outstanding amounts under long-term loans (project finance) shall be termed as existing borrowers)*
- (iii) The borrowing entity (i.e. SPV) should not be a declared defaulter to PFC.

Note : Government Sector Borrowers shall have the same definition as given in PFC prudential norms.

Exclusion: Assistance under this scheme will not be available for items already financed by PFC/Banks/other FIs under any scheme.

(3) Extent of Assistance

The amount of assistance shall be limited to 25% of the working capital requirement worked out on the basis of regulatory norms (such as ERC norms, RBI norms). In cases, where Project has more than one unit, the requirement may be assessed keeping in view the commissioning schedule of all units. Release of limits will be linked to unit-wise commissioning.

(4) Repayment Period

The loan under this scheme shall be repaid within the maximum period of three years, with rollover option, from the date of disbursement. The above period is inclusive of rollover(s) and the maximum rollover period can not exceed one year at a time.

(5) Interest Rates

Interest rates as declared by PFC from time to time for such Short Term Loans (STLs), will be applicable

(6) Sanction and Loan Administration

Application for short-term loan will be made by the Borrower in the prescribed format. Loan will be sanctioned for a tenor of 1 year, with rollover option. The total period of initial sanction and rollover(s) shall not exceed a total of 3 years. Such rollover(s) shall be considered at the discretion of PFC provided the borrower has paid entire outstanding interest & other charges on the STL till rollover date and fulfills other eligibility criteria as per prevailing policy. Rollover(s) may also be repeated at the discretion of PFC provided the aggregate of first sanction period and rollover period(s) do not exceed 3 years.

At the time of initial/subsequent rollover(s), borrower can opt for further rollover(s) as given in Option I and II below:

- (I) Option I (Bullet Repayment Option): Loan will be rolled over (without refund of Principal Amount) for a tenor of 30 days to 1 year in multiples of 30 days. Such rollover may also be repeated at the discretion of PFC provided that the aggregate of first sanction period and rollover period(s) do not exceed 3 years.
- (II) Option II (EMI Option): Loan will be rolled over for a tenor up to one year. A moratorium of 2 (two) months shall be applicable for repayment of principal amount. However, there shall not be any moratorium on payment of interest & other charges, which shall be paid by the borrower on monthly basis. After the 2 months moratorium on principal, the borrower shall make repayment in EMIs of principal plus interest.

The EMIs shall fall due on 15th day of each month starting after 2 months' moratorium on principal repayment.

Interest & other charges, if any shall be paid by the borrower on monthly basis. Upon maturity (i.e. end of the sanction / roll-over periods), the amount of principal, interest and other charges for the balance outstanding period shall become payable.

(7) Exposure Limit

Extent of financing shall be limited to a maximum of Rs.500 crore per borrower.

The above ceiling may continue to be regulated within the exposure limits given in the prudential norms.

(8) Security

Security for the loan may be Government Guarantee / Charge on assets on pari-passu basis with working capital lenders along with escrow/TRA account. PFC may also insist additional security/collaterals, if required on the basis of appraisal of the proposal.

Escrow Coverage shall be taken at coverage factor of 1.0 time.

(9) Disbursement Procedure

The disbursement of STL will be made through Working Capital Bank. In case where the working capital bank makes the disbursement through TRA, PFC will also disburse the STL through TRA. Further, PFC will intimate the working capital lenders/lead bank about release of each disbursement in case TRA bank is not working capital bank.

The Corporation shall follow the existing procedure of payment of claims as applicable under long term loans. The release of loan will be subject to tie up of total working capital requirement of the unit/project and subject to release of margin money by long term lenders.
