**No.PCKL/A15/24/2023-24/**

**List of Banks is Enclosed,**

**Sir / Madam,**

|  |  |
| --- | --- |
| **Sub:** | **Sanction of Rupee Long term loan of Rs. 5257.70 Crores - reg** |
| **Ref:** | **GoK Order No: ENERGY/61/PSR/2024 dtd 30.03.2024.** |

Government of Karnataka has accorded approval in April, 2007 for setting up of a Special Purpose Vehicle (SPV) viz., Power Company of Karnataka Limited (PCKL) to supplement the efforts of KPCL in capacity addition. PCKL was incorporated on 20th August, 2007 under the Companies Act, 1956/2013 and commenced its business operations with effect from 16th October, 2007.

 PCKL is responsible for capacity addition by way of establishing new power projects through bidding process under Case-I & Case-II bidding guidelines issued by Ministry of Power, GOI. Company has trading power through power exchanges in different market segments on behalf of the ESCOMs of Karnataka such as Bangalore Electricity Supply Company Ltd (BESCOM), Mangalore Electricity Supply Company Ltd (MESCOM), Chamundeshwari Electricity Supply Corporation Ltd (CESC), Hubli Electricity Supply Company Ltd (HESCOM), Gulbarga Electricity Supply Company Ltd (GESCOM) and co-ordinates with other States and Central Government agencies on power related issues as well as through the forum of SRPC.

PCKL is also handling all the common issues related to ESCOMs in relation to power procurement, common cases before various forums relating to Tariffs and other issues etc.

As part of payment due to various Stake holders such as KPCL, KPTCL & other independent power producer by ESCOMs, in turn, ESCOMs have receivable of electricity bill amount from Rural Local bodies for their consumption of power.

In this exercise, it is proposed to mobilize long term loan amounting to Rs.5257.70 crores by PCKL, which will be distributed to various stakeholder. However, PCKL will service the debt liability out of the revenue received from Rural Local bodies. Government would stand guarantee for debt service till the entire loan is repaid. In case PCKL is not able to discharge the debt obligation, the Government will support for debt servicing by way of ensuring the funds from Guarantee Redemption Fund set up by GoK for exigencies.

The outstanding dues from Rural Local bodies to ESCOMs would be transferred to PCKL from the books of ESCOMs, which would be hypothecated as the Primary Security to the lenders. The dues from Gram Panchayaths to ESCOMs would be liquidated, which in turn liquidate the dues to KPCL, KPTCL, CGS and other Power produces resulting in cleaning the Balance Sheet of all the stake holders.

**The salient features of GoK order No. ENERGY/61/PSR/2024 Bangalore dated 30.03.2024 as follows:**

1. Securitization of Gram Panchayats Dues of Rs.5257.70 Crs. PCKL would be the nodal agency.
2. State Government Guarantee would be given for raising loan of Rs.5257.70 Crores.
3. Tenure of the Loan would be for a period of 10 years with moratorium of atleast 2 years (repayment of loan in equal installments on quarterly basis) and servicing the interest on monthly basis.
4. Moratorium period of the loan would be for a period of 8 quarters (2 years), with repayment in 32 quarters.
5. Government would stand guarantee for the Debt by setting upof Guarantee Redemption Fund.

It is proposed to undertake securitization of Rs.5257.70 Crore for which offer is invited from the interested Banks / Financial Institutions on the following terms;

1. Banks shall quote the Rate of Interest **(as per Annexure-A)**-Linked to
2. Repo Linked Lending Rate(RLLR)
3. Govt Treasury bill rate of interest 3 months/6 months/1 year
4. MCLR 3 months/6 months/1 year

Preference shall be given to the lowest spread quoted in the RLLR

1. Application fee, service charges, processing fee, upfront fees, prepayment charges, documentation charges and annual review charges etc., are to be waived.
2. Stamp Duty to be borne by the Bankers.
3. Creation of 100% charge on receivables of GP dues will be made after disbursement of Loan.
4. Pre closure (partially/fully) charges are to be waived

**In this regard, it is requested to convey your interest to sanction Rupee Long term Loan of Rs. 5257.70 Crore or part thereof at a competitive interest rate, on the above terms and conditions.**

Your communication shall be given in sealed envelope cover addressed to the Managing Director, Power Company of Karnataka Limited, 5th floor, KPTCL Building, Kaveri Bhavan, Bangalore – 560 009 and to email id: mdpckl@gmail.com shall reach on or before 17.04.2024, 5.00 PM.

 Yours faithfully,

 **Additional Director (Projects)**

Copy for kind information to:

1. PS to Additional Chief Secretary, Energy Department, GoK, Vikasa Soudha, Bangalore with a request to place before ACS Energy, GoK.
2. PS to the Managing Director, KPTCL, Kaveri Bhavan, Bengaluru – 560009 with a request to place before MD, KPTCL.
3. PS to the Managing Director, KPCL, Shakthi Bhavan, Race Course Road, Bengaluru with a request to place before MD, KPCL.
4. The Managing Director, BESCOM / MESCOM / GESCOM / HESCOM / CESC Mysore.

**Annexure-A**

(In percentage)

|  |  |  |  |
| --- | --- | --- | --- |
| Name of the Bank | Repo Linked Lending Rate  | Government Treasury rate | Marginal cost of Lending rate (MCLR) |
|  |  | 3 months | 6 months | 1 year | 3 months | 6 months | 1 year |
|  |  |  |  |  |  |  |  |

Bankers has to indicate the applicability / waiver of charges: Yes or No

|  |  |  |
| --- | --- | --- |
| **Particulars** | **YES (Indicate the amount)** | **NO (Tick √ mark)** |
| Application Fee |  |  |
| Processing fee  |  |  |
| Service Charges |  |  |
| Upfront fees |  |  |
| Documentation charges |  |  |
| Stamp Duty |  |  |
| Annual Review charges |  |  |
| Prepayment charges |  |  |
| Pre-closure (partially/fully) |  |  |