

DEBT REFINANCING POLICY

The policy is applicable for extending term loan for refinancing existing project term loan of all types of commissioned project in power sector including renewable energy projects, of government and private sector borrowers.

The eligibility criteria for refinancing by PFC are as follows:

- The entire project should have achieved COD at the time of submission of application.
- The entity should not be in default to any Bank/FI/NBFC, including PFC.
- The loan asset should be a 'Standard' asset in the books of all the lenders, on the application date.

However, PFC shall not consider financial assistance where the borrower seeks fresh financial assistance to prepay/replace the existing facility sanctioned by PFC itself.

The following conditions should also be fulfilled:

- Consent from the lenders whose debt is being refinanced shall be required before commencement of disbursement. This consent may be obtained as per the terms of Common Loan Agreement (CLA).
- Confirmation of outstanding loan balance shall be obtained from the Bank(s)/FI(s)/NBFC(s) whose loan is/are being refinanced before commencement of disbursement.
- Borrower should ensure that all the conditions for debt refinancing stipulated in CLA, terms of sanction, TRA agreement, etc. are complied with.

Refinancing by PFC shall be based on a valid Long Term Debt Instruments credit rating not below BBB from at least one credit rating agency (recognized by SEBI) for amount equivalent or more than that proposed to be refinanced. The credit rating agency should meet the criteria as detailed in PFC's policy. However, PFC can also consider refinancing in cases where external credit rating is not available, based on appraisal. Further, PFC shall refinance the outstanding loan principal of the Bank/FI/NBFC only.

The funds shall be paid directly to the Bank(s)/FI(s)/NBFC(s) whose loan is/are being refinanced.

The repayment can be structured as front-loaded, back-loaded, equal periodical instalments (like EQI,EMI), ballooning, etc. depending on the nature of project cash flows and assessment of overall risks. Further, there shall not be any moratorium on repayment of loan and interest.

Security in the form of charge on assets, pledge of shares, DSRA, personal/corporate guarantee, etc. shall be sought to the satisfaction of PFC.

Interest rates and financial charges shall be as per prevailing policies.