

Key Financial Terms & Conditions of Sanction

(Other General/ Special Terms & Conditions shall be stipulated based on the appraisal)

S.No.	Key Financial Terms & Conditions of Sanction	
1	Security	<p>The following security structure is prescribed by PFC:</p> <ul style="list-style-type: none"> i. State/Central Govt. guarantee/Bank Guarantee/Charge on Assets; ii. Escrow Account/Letter of Credit; <p>Note: - In special cases security structure can be modified depending on the credit worthiness of the borrower.</p> <p>PFC may insist on one or more of the following additional securities/covenants from private sector entities:</p> <ul style="list-style-type: none"> i. Corporate guarantee; ii. Personal guarantee of promoters; iii. Pledge of shares of promoters; iv. Charge on assets of group/other companies; v. Assignment of all project contracts, documents, insurance policies in favour of Corporation; vi. Establishing trust and retention mechanism so that all the proceeds of the projects are utilised in a manner decided by PFC; vii. Charge on revenues viii. Any other guarantee acceptable to corporation. <p>Note: - The requirement of additional security for carrying various risks at different stages of the projects would be assessed during appraisal.</p>
2(a)	Interest / Further Interest	<p>The company shall, until the Term loan is fully repaid, pay to PFC, interest on the principal amounts of the Term Loan outstanding from time to time, at the rate prevailing on the date of each disbursement.</p> <p>In the event of the interest or the principal not being paid to the Corporation by the Borrower on due date, the defaulted amount shall carry further interest at the applicable lending rate of the loan.</p>
2(b)	Penal Interest (Liquidated Damages)	<p>In the event of the interest or the principal not being paid to the Corporation by the Borrower on due date, the Borrower shall pay to the Corporation penal interest at the rate of 2.0%*, which will be compounded on quarterly basis.</p> <p><i>*(at present in case of consortium lending, the rate is fixed on case to case basis).</i></p>
2(c)	Tax levies and duties	<p>The borrower shall during the currency of loans bear all such imposts, duties and taxes or any other charges as may be levied from time to time by the Government or other authority.</p>
3	Interest Reset	<p>Corporation shall have a right to reset the rate of interest, at its discretion, at the end of every tenth year / fifth year / third year (as applicable) beginning with the date of first disbursement. Interest reset, if exercised by the Corporation, shall apply from the standard due date immediately following the end of 10th/5th/3rd year period (as applicable). Borrower shall furnish the option in regard to reset period at the time of execution of Memorandum of Agreement (MOA). For the purpose of reset, the interest rates of disbursements proposed to be reset shall be the interest rates existing at the end of the reset period for the similar category of loans.</p>

4	Last date of Drawal / Loan closing Date	Unless PFC otherwise agrees, the company's right to make drawal from the Term Loan shall cease on last date of drawal as decided at the time of signing of the agreement.												
5	Repayment	<p>The repayment period is regulated as per policy of the Corporation from time to time. Repayment period shall be determined and indicated in the sanction letter keeping in view pay-back period and credit worthiness of the borrower. The maximum limit for various categories of projects is indicated below: -</p> <table border="1" data-bbox="391 415 1425 814"> <thead> <tr> <th data-bbox="391 415 500 506">S.No.</th> <th data-bbox="500 415 1149 506">Types of Projects / Schemes</th> <th data-bbox="1149 415 1425 506">Maximum Repayment Period up to (Years)</th> </tr> </thead> <tbody> <tr> <td data-bbox="391 506 500 573">1</td> <td data-bbox="500 506 1149 573">Hydro Generation schemes</td> <td data-bbox="1149 506 1425 573">20</td> </tr> <tr> <td data-bbox="391 573 500 716">2</td> <td data-bbox="500 573 1149 716">Metering, studies, consultancy, training, R&D, survey & investigation, communication and computerisation schemes</td> <td data-bbox="1149 573 1425 716">5</td> </tr> <tr> <td data-bbox="391 716 500 814">3</td> <td data-bbox="500 716 1149 814">All schemes/projects including thermal generation, other than (1) and (2) above</td> <td data-bbox="1149 716 1425 814">15</td> </tr> </tbody> </table>	S.No.	Types of Projects / Schemes	Maximum Repayment Period up to (Years)	1	Hydro Generation schemes	20	2	Metering, studies, consultancy, training, R&D, survey & investigation, communication and computerisation schemes	5	3	All schemes/projects including thermal generation, other than (1) and (2) above	15
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6	Pre - Payment of loan	A Brief of Policy for Prepayment/Premature Repayment of Rupee Loan(s) is enclosed at Annexure I.												

A Brief of Policy for Prepayment/Premature Repayment of Rupee Loan(s)

1) Applicability

This policy is applicable on both government and private sector borrowers in case of prepayment of both Rupee Term Loan and Short Term Loan.

However, in no case, the loans covered under Accelerated Generation & Supply Program of Gol (AG&SP) will be accepted for prepayment due to implications of AG&SP subsidy provided by Gol in such cases.

2) Guidelines for Prepayment of loan

a) **Consent for Prepayment** - Prepayment of both Rupee term loan and Short Term Loan by the borrower can be made only after obtaining the prior written consent of PFC. It would be PFC's sole discretion to grant or refuse to grant such consent.

b) Prepayment of Rupee Term Loan

- i. The borrower will have the option to prepay the principal outstanding in the Rupee Term Loan either in full or in parts subject to payment of prescribed prepayment premium. However, the option to prepay in parts can be exercised by the borrower maximum upto 2 times during the entire loan period (including subsequent extension in the loan period, if any).
- ii. Prepayment of Rupee Term Loan within 5 years from the date of first disbursement of loan shall normally not be accepted. However, in exceptional cases, PFC may consider such requests with additional premium of 2%.

c) Prepayment of Short Term Loan

- i. The borrower will have the option to prepay the entire principal outstanding in the Short Term Loan subject to payment of prescribed prepayment premium.

Note: The option to prepay the loan in parts shall not be available under Short Term Loan.

d) Other General Conditions for Prepayment

- i. Once the prepayment request is accepted by PFC, the borrower may contact PFC w.r.t to procedure for prepayment (viz-a-viz validity of consent, notice period for prepayment, prepayment dates etc.)
- ii. On prepayment of loan on the standard interest payment due date, the timely payment rebate, wherever applicable, shall be provided on the interest which is due as per the loan repayment schedule.
- iii. In cases where borrower remits the amount - 1) without prior consent of PFC and/or without prepayment notice or 2) on the date other than agreed by PFC, such receipt shall not be treated as prepayment and will be adjusted only against the outstanding dues of PFC, if any.

3) Prepayment Premium

The Corporation shall charge a premium on the amount proposed to be pre-paid from the borrower(s) who opt for prepayment of loan. The premium shall be as under: -

A) RUPEE TERM LOAN (including loan(s) for BLC / Bill Discounting / Equipment Manufacturing etc.)	
Balance Maturity of Loan (Period to be counted from the date of prepayment)	Premium (plus applicable tax, if any)
3 Months or less	-
More than 3 months and upto 3 years	0.75 %
More than 3 years and upto 5 years	1.00 %
More than 5 years and upto 7 years	1.75 %
More than 7 years and upto 9 years	2.25 %
More than 9 years and upto 15 years	2.75 %
More than 15 years and upto 20 years	3.00%
More than 20 years	3.5%
B) SHORT TERM LOAN	
With committed repayment period of 180 days or more and balance loan maturity period (period to be counted from the date of prepayment) not exceeding 30 days	-
Other Cases	0.25 %

Note: No payment should be remitted based on above rates. In case any prepayment is to be made by the borrower, he should contact PFC for the actual calculation.
