

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> <ol 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> <ol 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	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.
2(b)	Additional Interest in case of Delay in Payment (Liquidated Damages)	<p>In the event of the interest or the principal not being paid to the Corporation by the Borrower on the due date , the Borrower shall pay to the Corporation additional rate of interest of 2.0%* over and above the rate of interest at which the loan is disbursed/reset, 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	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.
2(d)	Additional Interest for non-creation of security	<p>In cases, where the borrower fails to create all securities as per terms of sanction by the stipulated date, the Corporation shall charge an additional interest on the outstanding loan amount at the prevailing rate (presently 1% p.a.) from the date of expiry of the stipulated period allowed (as per terms of sanction) for creation of mortgage. The additional interest however shall not be charged in case substantial security for the loan has been created. Substantial security is defined as:</p> <ul style="list-style-type: none"> • Mortgage of at least 80% of land necessarily including main plant land and • Creation of all other securities as per terms of sanction

		In case the disbursement against the loan increases beyond 75% of the loan amount and entire security as per terms of sanction has still not been created, additional interest shall be levied on the amount outstanding, from the date the disbursement against the loan exceeds 75% limit.”												
3	Interest Reset	Corporation shall have a right to reset the rate of interest, at its discretion, at the end of every tenth year/ every 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/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.												
4	Last date of Drawal	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"> <thead> <tr> <th>S.No.</th> <th>Types of Projects / Schemes</th> <th>Maximum Repayment Period up to (Years)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Hydro Generation schemes</td> <td>20</td> </tr> <tr> <td>2</td> <td>Metering, studies, consultancy, training, R&D, survey & investigation, communication and computerisation schemes</td> <td>5</td> </tr> <tr> <td>3</td> <td>All schemes/projects including thermal generation, other than (1) and (2) above</td> <td>15</td> </tr> </tbody> </table> <p>The repayment period of a project loan may be extended beyond the limits stated above based on appraisal and on the merits of each case subject to the repayment period of a project loan not exceeding 80% of the economic life of the project. The periods stated above are ceiling limits and based on appraisal PFC may provide a lower period depending upon the useful life of the project and other project parameters.</p>	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	The Borrower may prepay the outstanding principal amounts of the loan only after obtaining the prior written approval from the Corporation which will be at the sole discretion of the Corporation. The approval for prepayment may be granted subject to such conditions as the Corporation may deem fit including prepayment premium.												