

**POWER FINANCE CORPORATION LIMITED
LENDING POLICY UNIT**

(I) RUPEE TERM LOANS: (effective from 14.09.2016)								3 Year Reset Rate
BORROWER	State Sector Borrowers (Category 'A+') [AND] Identified CPSUs [AND] AAA rated Companies	State Sector Borrowers (Category 'A') [AND] Central Sector Borrowers (Other than Identified CPSUs & AAA rated)	Private Sector Borrowers :	Private Sector Borrowers :	Private Sector Borrowers :	Private Sector Borrowers	Private Sector Borrowers	
			Gen. Projects with IR-1	(a) Gen. Projects with IR-2 (b) Entity Grade : E I & E II	(a) Gen. Projects with IR-3 (b) Entity Grade : E III & E IV (c) Discom : Grade A	(a) Gen. Projects with IR-4	(a) Gen. Projects with IR-5 (b) Discoms : Grade B. (c) Entity Grade : E V (d) Non-graded.	
LOAN / SCHEME / PRODUCT								
A) Project Loans / Schemes:								
1)	Generation Projects & Corporate Loans	11.40	11.65	11.90	12.40	12.65	12.90	13.15
2)	R&M & R&U of Generation Projects	11.15	11.40	11.65	12.15	12.40	12.65	12.90
3)	Non-Conventional Energy and R&M & R&U of Generation Projects under Non-Conventional Energy (within the purview of MNRE):	9.75	10.00	9.75	10.25	10.50	10.75	11.00
	(a) Renewable Energy Projects except Biomass Projects (b) Biomass Projects	10.75	11.00	11.00	11.25	11.50	11.75	12.00
4)	Transmission, R&M/R&U of Transmission, P.I.F., Other Transmission Schemes	11.25	11.50	N.A.	12.00	12.25	N.A.	12.75
5)	Distribution, R&M/R&U of Distribution, Metering, Shunt Capacitor, S.S.E.R., other asset based Distribution schemes	10.75	11.00	N.A.	11.50	11.75	N.A.	12.25
6)	Funding against Regulatory Assets	11.40	11.65	N.A.	12.15	12.40	N.A.	12.90
7)	Financial Assistance for Computerisation	11.65	11.65	NOT APPLICABLE				
8)	Financial Assistance for Studies	11.15	11.15					
9)	Lease Financing	As applicable to Generation Projects						
B) Bill Discounting / Equipment Manufacturing:								
1)	Upto 1 year	STL Rate (Bullet Repayment more than 6 months - without 90 days reset option) as applicable to State Sector Category 'A+' Borrowers	STL Rate (Bullet Repayment more than 6 months - without 90 days reset option) as applicable to State Sector Category 'A' Borrowers	125 bps over the rate applicable to State Sector Category 'A' Borrowers (Generation Scheme)				
2)	More than 1 year	11.65	11.90					

C) Buyer's Line of Credit : Only for State Sector Borrowers					
1)	Upto 1 year	STL Rate (Bullet Repayment more than 6 months - without 90 days reset option) as applicable to State Sector Category 'A+' Borrowers	STL Rate (Bullet Repayment more than 6 months - without 90 days reset option) as applicable to State Sector Category 'A' Borrowers	NOT APPLICABLE	
2)	More than 1 year	RTL Rate for Respective Scheme(i.e. Generation, Transmission, Distribution, etc.)	RTL Rate for Respective Scheme (i.e. Generation, Transmission, Distribution, etc.)		
D)	Transitional Financing to Discoms : Only for State Sector Borrowers (other than 'E' below)	11.40	11.65	NOT APPLICABLE	
E) Transitional Financing : Only for State Sector Borrowers					
1)	in case of newly incorporated Gencos/ Transco/ Discoms formed out of Bifurcation/Re-organization of state	11.90% p.a. on monthly rests	12.15% p.a. on monthly rests	NOT APPLICABLE	
(II) SHORT TERM LOANS (STL) : (effective from 23.09.2016)					
	Category	Sector	Rate of Interest (% p.a., net of timely payment rebate wherever applicable, payable monthly)		
			Bullet Repayment upto 6 months / STL upto 1 year - EMI Option having moratorium upto 6 months	Bullet Repayment more than 6 months/ STL upto 1 Year-EMI Option having moratorium more than 6 months	Flexi-Line of Credit Option
			Without Reset	Without Reset	
1)	Category - 'A+' / Identified CPSUs	State Sector, Central Sector	10.75	11.00	10.75
2)	AAA rated Companies	Private Sector	11.00	11.25	NA
3)	Category - 'A' and other CPSUs	State Sector & Central Sector	11.00	11.25	11.00
4)	Category 'B'	State Sector	11.25	11.50	NA
5)	Category 'C'	State Sector	11.50	11.75	NA
6)	Other than AAA rated companies	Private Sector	12.50	12.75	NA
Note: The Interest Rates given at I & II are subject to Terms & Conditions as below					

TERMS AND CONDITONS:	
1	The interest rates for 5 year reset shall be 10 bps lower than the interest rates for 3 year reset and the interest rates for 10 year reset shall be 15 bps lower than the interest rates for 3 year reset,for all new disbursements to be made w.e.f 04.07.2014 and on all outstanding loans due for reset.
2	For Counterpart Funding to Part-B (Distribution Strengthening Schemes) Loans under R-APDRP/IPDS, the applicable interest rate shall be 50 bps below the notified rate of interest for all categories/ grade of borrowers.
3	The interest rates for Category 'B' of State Sector Borrowers shall be higher by 25 bps than the interest rates applicable to Category 'A' of State Sector Borrowers while the interest rates for Category 'C' of State Sector Borrowers shall be higher by 50 bps than the interest rates applicable to Category 'A' of State Sector Borrowers.
4	The interest rates for Grade 'A' of Private Sector Discoms shall be the same as that of Category 'A' of State Sector Discoms, in case such entities provide the Escrow coverage.
5	The interest rates for Short Term Loans (STL) applicable to Gencos / Transcos against Identified Receivables shall be equal to the interest rates of STL as applicable to the "Bullet Repayment upto 6 months (without reset option)" of respective category of the borrower.
6	The interest rate under the "Policy for providing Non-revolving Rupee Line of Credit to Power Sector Utilities for Import of Coal" for State/ Central Sector Borrowers shall be 25 bps less than STL Lending Rates for Bullet Repayment upto 6 months/ STL upto 1 year - EMI Option with Moratorium upto 6 months , without reset. For Private Sector Borrowers, the interest rate shall be STL Lending Rates for Bullet Repayment upto 6 months/ STL upto 1 year - EMI Option having moratorium upto 6 months, without reset.
7	25 bps discount shall be allowed for Financial Assistance under schemes of (i) Short Term Loans, (ii) Regulatory Assets of Discoms and (iii) Transitional Financing to Gencos/Transco/Discoms (iv) Non-revolving Rupee Line of Credit to Power Sector Utilities for Import of Coal, where such Financial Assistance is secured by the State Government Guarantee.
8	In case of State Sector Utilities, the interest rates for Transmission, Distribution and R&M Schemes under ADB Loan-II shall continue to be lower by 0.25% than the applicable interest rates.
9	The same interest rates for STL shall continue to be applicable for the loans sanctioned with "90 days reset" and "without 90 days reset" options.
10	The interest rates prevailing as on the date of disbursement/ reset/ rollovers shall be applicable.
11	The above interest rates are net of timely payment rebate (0.25 % at present) in case of Govt./State Sector Borrowers, wherever applicable (except for borrowers under Direct Discounting of Bills).
12	In case of Govt. / State sector borrowers, the loans shall be eligible for timely payment rebate in interest rate on timely payment of dues as per applicable policy. Timely payment of dues means payment of all dues on all loans outstanding against a borrower on a standard due date.
13	The timely payment rebate shall not be applicable in case of Private Sector Borrowers and accordingly such interest rates shall not be grossed up and shall be offered as net of rebate.
14	All interest rates shall be payable on quarterly rest basis except for STL, Line of Credit for Import of Coal, BLC/Bill Discounting/Equipment Manufacturing upto 1 year and transitional financing loan in case of newly incorporated Gencos/ Transco/ Discoms formed out of Bifurcation/ Re-organization of state. In case of STL, Line of Credit for Import of Coal, BLC/Bill Discounting/Equipment Manufacturing (upto 1 year) and transitional financing loan in case of newly incorporated Gencos/ Transco/ Discoms formed out of Bifurcation/ Re-organization of state, the interest shall be payable on monthly rest basis. In case of Equated Monthly Installments (EMI) under STL, the interest rates shall be applicable for the purpose of calculation of EMIs.
15	AAA' rating is the highest credit rating assigned by approved credit rating agencies; and the categories 'A+', 'A', 'B', 'C', IR-1 to IR-5 and E-I to E-V are based on PFC's internal categorization methodology. Presently, the identified CPSUs are NTPC, NHPC, PGCIL, NLC, NPCIL, DVC, SJVNL, NEEPCO, THDC and any other entity as notified by the Corporation from time to time.

16	Government Sector entities (other than Identified CPSUs and AAA rated companies) which are presently not being rated shall be applied interest rates as applicable to Category 'A' State Sector Borrowers.
17	The interest rates for Financial Assistance for Computerization and Studies shall not be applicable for Private Sector Borrowers.
18	The interest rates given for E I to E V will be applicable for all schemes/ policies where interest rates are linked to Entity Rating.
19	In case of Direct Discounting of Bills for Sellers, the existing policy of the Corporation to charge 0.50% interest over and above the normal rates indicated above, if the Bills are not co-accepted/guaranteed by banks and where the purchase of equipment is by any SEBs/SGCs/Central Generating or Transmission company or govt. undertaking upto an aggregate disbursement amount of Rs. 50 crore on security of escrow account, is continued. Since in case of Direct Discounting of Bills for Seller, the line of credit is available to the seller, the applicable rate of interest shall be determined on the basis of category of seller of equipment/materials.
20	Similarly in the case of Direct Discounting of Bills for Buyers, the applicable rate of interest shall be determined on the basis of category of buyer of equipment/materials where the line of credit being available to the buyer.
21	Under Buyers Line of Credit (BLC), the interest rates for loans given for projects undertaken by GENCO + DISCOM (i.e. GEDCO) would depend on the nature of equipment to be covered under the scheme.
22	For corresponding effective annualized interest rates Annexure-A attached to this Loan Policy Circular may please be referred to.

Effective Annualised Interest Rates

Interest Rate on Quarterly Rest	Effective Annualised Interest Rate	Interest Rate on Monthly Rest	Effective Annualised Interest Rate
9.60%	9.95%	10.75%	11.30%
9.65%	10.00%	11.00%	11.57%
9.75%	10.11%	11.25%	11.85%
9.85%	10.22%	11.50%	12.13%
9.90%	10.27%	11.75%	12.40%
10.00%	10.38%	12.00%	12.68%
10.10%	10.49%	12.05%	12.74%
10.15%	10.54%	12.15%	12.85%
10.25%	10.65%	12.25%	12.96%
10.35%	10.76%	12.30%	13.02%
10.40%	10.81%	12.40%	13.13%
10.50%	10.92%	12.50%	13.24%
10.60%	11.03%	12.55%	13.30%
10.65%	11.08%	12.65%	13.41%
10.75%	11.19%	12.75%	13.52%
10.85%	11.30%	12.80%	13.58%
10.90%	11.35%	12.90%	13.69%
11.00%	11.46%		
11.05%	11.52%		
11.10%	11.57%		
11.15%	11.62%		
11.25%	11.73%		
11.30%	11.79%		
11.35%	11.84%		
11.40%	11.90%		
11.50%	12.01%		
11.55%	12.06%		
11.60%	12.11%		
11.65%	12.17%		
11.75%	12.28%		
11.80%	12.33%		
11.85%	12.39%		
11.90%	12.44%		
12.00%	12.55%		
12.05%	12.61%		
12.10%	12.66%		
12.15%	12.71%		
12.25%	12.82%		
12.30%	12.88%		
12.35%	12.93%		
12.40%	12.99%		
12.50%	13.10%		
12.55%	13.15%		
12.60%	13.21%		
12.65%	13.26%		
12.75%	13.37%		
12.80%	13.43%		
12.90%	13.54%		
13.00%	13.65%		
13.05%	13.70%		
13.15%	13.81%		