Debt Refinancing Policy

PFC may consider refinancing existing project debt extended by any regulated institution to all types of commissioned projects in power sector and allied sectors having forward / backward linkages with power sector, subject to following:

1. **Eligibility Criteria**
   a) Project should be a commissioned asset
   b) Borrower should not be in default to any Bank/FI/NBFC.
   c) Loan assets of borrower's group companies should be a 'Standard' Asset in the books of PFC.

2. **Extent of Financing**
   a) Govt. Sector- refinancing of upto 100% of the outstanding loan amount.
   b) Private Sector- refinancing of up to 100% of the outstanding loan amount shall be allowed where outstanding loan amount is only upto Rs. 500 crore. For other cases, extent of funding shall be decided on case to case basis on merits.

3. **Debt Equity (D/E) Ratio**
   Debt Equity ratio (D/E) of the project company should not exceed 4:1.

4. **Repayment Period of Loan**
   The tenor of the loan could be considered in such a manner that total repayment period including moratorium period post COD does not exceed 85% of economic life of project. PFC may allow a moratorium for repayment of principal for a period not exceeding 1 year.

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

6. Private sector borrowers with external credit rating of Investment Grade (i.e. BBB minus and above) shall be considered.

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

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

9. PFC shall have a right to appoint LE, LFA, LIA etc. wherever felt necessary.

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