

**Scheme**

**POWER FINANCE CORPORATION LTD (PFC).  
MINI SHORT TERM LOAN (MSTL)**

**1. Objective and Purpose of Loan**

The mini short term loan scheme envisages providing finance to the existing borrowers in the State / Central Sector to meet their immediate requirement of funds. The loan under the scheme shall be provided for meeting general corporate purpose.

**2. Eligible entities**

All the existing state / central sector borrowers, who have made payments of PFC dues on or before the due date during the last one year and have been rated as 'A' or above by PFC.

**3. Extent of assistance & Exposure limit:**

Extent of financing for state/central sector borrowers shall be limited to the maximum of Rs. 75 crore for each borrower. Total outstanding principal against the Mini Short Term Loan (MSTL) at any point of time will not exceed Rs.750 crore. No rollover of the loan will be allowed under MSTL.

**4. Period of loan**

The loan under the scheme shall be for a period of 7 to 45 days from the date of disbursement. Borrower will have to pay principal amount at the end of the period alongwith interest.

**5. Interest rate & other charges**

Interest rates, as declared by PFC from time to time.

**6. Sanction and loan administration:**

Application for Mini Short Term Loan (MSTL) will be made by the utility in the prescribed format. Application could be made for sanction of loan for 7 to 45 days. The amount to be sanctioned shall be subject to the availability of funds/exposure with PFC.

## **7. Repayment Mechanism**

The borrower shall furnish the following securities:

1. Tripartite Escrow account agreement in the prescribed format. **and**
2. Post dated Cheques to be issued in favour of Power Finance Corporation Limited.

## **8. Documents:**

The borrower shall be required to execute the following documents against the loan:

- 1) Memorandum of Agreement (MOA),
- 2) Terms & conditions of Loan,
- 3) Escrow Account Agreement in the prescribed format.
- 4) Any other document that may be required by PFC under the loan.

Documentation will be for continuous operation of the loan.

## **9. Disbursement mechanism**

The amount is to be drawn by the borrower as per their requirement and availability of surplus funds with PFC. The period of loan will be decided by PFC.

## **10. Cost, charges, commission and expenses:**

All cost, charges, commissions, expenses, duties and taxes, if any shall be borne by the borrower availing facility under this scheme.

## **11. Remedial Actions & Penal Interest**

In the event of default in payment of dues, the interest rate as applicable for Short Term Loan (STL) will be charged from date of disbursement. Penal interest @2.5% over and above the normal interest rate of STL will also be levied.