

PROJECT TERM LOANS

A. RUPEE TERM LOAN

1. Purpose

To provide finance to all types of projects in state & private sector viz. generation, transmission, distribution, renovation & modernization, uprating, environment upgradation, metering, etc. The infrastructure projects having forward and backward linkages with power projects are also covered.

2. Eligible entities

The entities engaged in generation, transmission, trading, distribution of power or any combination of these activities including captive / co-gen power producers. The entities engaged in the infrastructure projects with forward / backward linkages to power projects.

3. Extent of assistance (restricted to actual requirement of funds)

Central / State sector entities	- Upto 70% of the project cost
Reforming State sector entities	- Upto 80% of the cost of project.
Private sector entities*	- Upto 50% of the project cost.

The extent of funding may vary from project to project.

** In case of thermal generation projects and hydro projects, the financial assistance is generally up to 20% and 25% of the project cost respectively. However, the enhanced limit can be considered for loan size of Rs. 500 crs and above or where PFC is a lead institution. In case of infrastructure projects with forward / backward linkages to power projects the financial assistance is up to 20% of the project cost.*

4. Interest rates & Other charges

- Interest rates as notified by the Corporation from time to time. Special interest rates are also available for loans exceeding Rs. 700 crs for generation projects in state sector and Rs. 500 crs in private sector.
- Interest rates prevailing on the date of disbursement(s) shall be applicable.
- Incentive / rebate available for timely payment of dues for state/ central sector utilities.

- For all type of generation projects and infrastructure projects with forward and backward linkages to power projects, reduction in interest rate after commissioning of projects / COD as per prevailing policy.
- Penal interest payable on default-payments.
- Commitment fees / upfront fees as may be applicable for respective borrowers from time to time.
- Processing fee, Lead fee & facility Agent fee for private sector entities as applicable from time to time.

5. Interest rate reset option

- Option to avail interest rate with reset after every 3 years or with reset after 10 years.
- Interest reset condition to apply from the standard due date following the date of first disbursement after 3/10 years, as the case may be.

6. Moratorium

Moratorium on principal is available upto 6 months from the date of project commissioning / COD. There is no moratorium on interest payment.

7. Disbursement mechanism

Disbursement will be made, against bills, as per the ‘Disbursement Schedule’ submitted by the borrower. In case of small loans (below Rs. 20 crs.), simplified disbursement procedure is applicable. In the case of private sector borrower, disbursement is made through Trust and Retention Account mechanism.

8. Interest payment

Interest is to be paid quarterly, on standard due dates i.e. 15/4, 15/7, 15/10 and 15/1 every year.

9. Repayment

Repayment is to be made in maximum years of:

Type of Projects	State / Central Sector		Private Sector 3 Years/10 Years reset clause
	3 Years Reset Clause*	10 Years Reset Clause	
Hydro Generation Project	20	15	12
Thermal Generation Project	15	15	12
Studies, Consultancy, Training, R&D, S&I,	5	5	5

Computerisation, Meters			
All other Projects	15	12	10

** All such loans shall also have put and call option after the end of 12 years (thermal & other schemes) and 15 years for hydro schemes from the date of commissioning of project.*

The first repayment installment will become due on the standard due date immediately following the end of moratorium period. Borrower may also opt for a shorter repayment period.

10. Security requirements

- State / Central government or bank guarantee or charge on assets, for state and central sector entities, while charge on project assets for others.
- Letter of Credit or Tripartite Escrow Agreement amongst the borrower, the bank and PFC for state and central sector entities while Trust and Retention Account mechanism for others.
- Corporate and / or personal guarantee of the promoters for private sector, if the outcome of appraisal establishes a requirement for the same.
- Other securities, as may be necessary.

B. FOREIGN CURRENCY LOAN :

PFC sanction foreign currency loans based on the requirement of capital expenditure of the project subject to its ability to provide foreign currency loans. These loans are provided to power sector utilities for end use as permitted under the External Commercial Borrowing Guidelines issued by RBI as amended from time to time. The interest rates offered are based on six months US Dollar LIBOR or LIBOR in any other currency. The margin over LIBOR is generally reset at the end of every 5 years.

