

GUARANTEE ASSISTANCE

A. DEFFERED PAYMENT GUARANTEE

PFC may issue guarantees on behalf of projects to guarantee their payment obligations. Such guarantees may enable projects to secure financing from a wider spectrum of sources at more competitive rates, including borrowings from commercial banks, foreign lenders and the debt capital markets.

B. GUARANTEE FOR PERFORMANCE OF CONTRACT / OBLIGATIONS W.R.T. FUEL SUPPLY AGREEMENT (FSA)

1. Purpose

To provide non-fund based assistance by way of guarantees for performance of activities/contractual obligations under Fuel Supply Agreement (FSA) for facilitating procurement of raw material like gas, oil, coal or any other form of fuel. Performance guarantee is restricted to COD of the project and related to milestones during construction.

2. Eligible entities

All power utility companies / entities (excluding state sector and municipal bodies).

3. Extent of exposure

Sanction of guarantee to a company / entity under this policy shall be within the maximum exposure as per policy of the Corporation.

4. Period of guarantee

Upto the scheduled date of Commercial Operation Date.

5. Guarantee fee and other charges

The borrower shall pay guarantee fee quarterly in advance on standard due dates of 15/1, 15/4, 15/7 and 15/10 every year, at the prevailing rates. In addition, the borrower shall be liable to pay any management fee and other charges like processing fees etc., as applicable.

6. Securities

Combination of following securities :

- (i) State / Central Government Guarantee
- (ii) Charge on assets
- (iii) Corporate Guarantee
- (iv) Personal Guarantee of Promoters
- (v) Pledge of shares
- (vi) Charge on Revenue
- vii) Any other security acceptable to PFC