

Policy for Takeout Financing

Under this scheme, PFC will enter into a contractual agreement to take over the loan of a power project from the books of existing lenders. Such agreement will be entered at the time of financial closure of the project. Further, PFC can enter into the takeout agreement after financial closure in cases where PFC has underwritten the loan and such takeout of loan is against the amount proposed to be downsold. The loan shall be taken over after a fixed time period and when the project reaches certain previously defined milestones like the project should have minimum 2 years of post Commercial Operation Date (COD) experience.

Takeout Agreement shall be a tripartite agreement between PFC, the identified Lender(s) and the Borrower and is to be signed along with the Common Loan Agreement (CLA) for the project. All costs including stamp duty shall be borne by the Borrowers.

PFC shall Takeout the rupee term loans only in projects where it is an existing lender, subject to compliance with the following conditions:

- i. Project should be commissioned with 2 years post COD experience and with debt servicing, including principal, as per the terms of agreement for atleast 1 year post commissioning.
- ii. The loan asset is a Standard Asset and is not classified as Special Mention Account (SMA) in the books of any lender.
- iii. The project should have a minimum credit rating of 'BBB(+-) stable',
- iv. No event of Force Majeure has occurred which is expected to have a material adverse impact.

The amount of project loan to be taken out by PFC shall be determined at the time of entering into the takeout financing agreement. PFC can provide takeout finance to the extent of 100% of the total principal amount of project loan of the Lender as on the date of entering into the takeout agreement, subject to PFC's internal exposure limits.

The funds shall be paid directly to the lender against whose loan PFC is providing takeout finance. Takeout Financing shall be provided for a minimum period of 2 years.

Interest and financial charges for Takeout Financing shall be as per the prevailing policies.