

Power Finance Corporation Limited

Interest Rates (effective from September 21, 2023)

BORROWER SCHEME/PRODUCT		State Sector Borrowers / CPSUs / JVs			Private Sector Borrowers		
		Category A++	Category A+	Category A	Category IR-1	Category IR-2	Category IR-3
I. On Monthly rest basis, with 1 year reset							
A	Generation Projects	10.40	11.15	11.40	10.90	11.15	11.40
B	Generation Projects - R&M & R&U	10.00	10.75	11.00	10.50	10.75	11.00
C	Distribution Projects	--	10.25	10.75	10.25	10.75	11.00
D	Transmission Projects (including TBCB route Projects)	9.50	10.00	10.25	10.00	10.25	10.50
E	Pollution Control Equipments like Flue Gas Desulfurization (FGD) etc. (Refer note 4)	9.50	10.00	10.25	9.75	10.00	10.25
F	Non-Conventional Energy - Renewable (Wind/Solar) (Refer note 4)	8.95	9.45	9.70	9.20	9.45	9.70
II. On Monthly rest basis							
G	Short Term Loans (STL) and Revolving Bill Payment Facility (RBPF)				Refer Note 8		
	(a) Tenor upto 6 months (with 90 days reset)	8.75	9.00	9.25			
	(b) Tenor > 6 months upto 12 months (with 90 days reset)	9.00	9.25	9.50			
H	Medium Term Loans (MTLs) for tenor upto 3 years (Refer Note 4)	9.50	10.00	10.25	--		

Notes:

1	Applicability: ♦ Above interest rates will be applicable on all disbursements w.e.f. September 21, 2023. ♦ Only 1 year reset option is available for RTLs/MTLs whose documents are executed on/after December 26, 2022. ♦ Quarterly rates are to be derived from above rates & to be rounded off (refer Annexure-A). Further, interest rates for 3 year reset shall be higher by 25 bps.
2	Borrower Categories & Rates: ♦ State Sector categories 'A++', 'A+', 'A', 'B', 'C', 'D' and Private Sector Categories IR-1 to IR-5 are based on PFC's internal categorization methodology. ♦ Interest rates for State Sector Borrowers/JVs/CPSUs Category 'B', 'C' & 'D' shall be higher by 25 bps, 50 bps & 75 bps respectively than the interest rates applicable to Category 'A' borrowers. ♦ Interest rates for Private Sector Category IR-4 & IR-5 borrowers shall be higher by 25 bps & 50 bps respectively than the interest rates applicable to Category IR-3 borrowers. ♦ Interest rates for 'AAA' rated State Sector borrowers shall be that of rates applicable to State Sector Category 'A++'. ♦ Interest rates for Government Sector entities (other than Identified CPSUs & AAA rated) not being rated shall be that of rates applicable to State Sector Category 'A'.
3	Following are applicable on Sanctions w.e.f. April 1, 2021: ♦ For all Loans (excepting STL, RBPF, MTL & loans for 6(i) below), 25 bps and 50 bps rebate shall be allowed for providing Government Guarantee as security and for entering into Tripartite Agreement (TPA) for payment security through RBI backstop arrangements respectively; subject to maximum rebate of 50 bps. However, the said rebates are available for MTLs (tenor of more than 3 years) whose documents are executed on/after December 26, 2022. ♦ Post COD rebate of 25 bps shall be allowed after 6 months of satisfactory commercial operations for Conventional Generation and Renewable Energy Projects (except PSPs). In case of Private Sector, external rating (investment grade) needs to be submitted within 1 year of COD and thereafter every year as per guidelines so as to avail the rebate continuously. ♦ A rebate of 10 bps shall be allowed for all Solar projects, if the domestic content is 75% or more.
3(a)	The following shall be applicable to borrowers/loans categorized as Stage-2 / Category 'D' [on all existing / future loans] :- If a borrower is downgraded to Stage-2 category as per Ind-AS / Category 'D' as per internal categorization methodology, the benefit of rebates/discounts (other than timely payment rebate, wherever applicable) like special discount, CoD rebate etc. shall not be available to the loans (which are in default) for the period of such downgrades. Benefit of such rebates/discounts will again be allowed prospectively on the entire eligible outstanding loan amounts effective from the date of upgrade from Stage-2 and Category 'D', whichever is later. Further, an additional interest of 25 bps shall be charged on the entire outstanding amounts of Stage-2 Category loans (which are in default) for the period of such downgrade.

4	♦ Rates for Pollution control equipments are applicable for Commissioned thermal projects only. In other cases, Generation projects rates shall be applicable.					
	♦ Interest rates for Renewable Projects - Hydro (upto 25 MW) / Biomass / Waste to Energy shall be higher by 50 bps as compared to respective applicable Renewable Energy rates at Point F above. For Hydro Projects > 25 MW, respective Generation category rates are applicable.					
	♦ For MTLs having tenor of more than 3 years, interest rates shall be 50 bps higher as compared to applicable rates of respective schemes above and should be with 1 year reset clause.					
5	Interest rates for Pump Storage Projects (PSPs) shall be higher by 25 bps as compared to respective applicable Renewable Energy (Solar/Wind) projects; and after 6 months of satisfactory commercial operations, the same shall be aligned with Post COD rates applicable for Renewable Energy (Solar/Wind) projects. In case of Private Sector, external rating (investment grade) needs to be submitted within 1 year of COD and thereafter every year as per guidelines so as to avail the rebate continuously.					
6	Interest Rates applicable to other Loan Products are :					
	Particulars		Applicable Interest rates (Monthly rest basis, with 1 year reset)			
	For State Sector borrowers / CPSUs / JVs					
(i)	Electro/Hydro Mechanical components in Large Irrigation Projects (with Govt. Guarantee)		Conventional Generation "A+" rate across all grades			
(ii)	Financial Assistance for Computerisation/Studies		Generation Projects - R&M / R&U			
(iii)	Transitional Financing		Distribution Projects + 75 bps			
(iv)	Buyers Line of Credit		Rates for respective schemes			
	For all borrowers					
(v)	Project Specific Funding (PSF)		Non-Conventional Energy + 50 bps			
(vi)	Equipment Manufacturing (Other than Renewable)		Generation Projects + 50 bps			
(vii)	Equipment Manufacturing (Renewable)		Non-Conventional Energy + 50 bps			
(viii)	Funding against Regulatory Assets		Distribution Projects + 190 bps			
7	For all outstanding loans where borrower has availed 5/10 year resets, 3 year reset rates from above shall apply at the time of reset. However, reset period shall continue to be as per the terms of respective Loan Agreements.					
8	Interest rates for STL to Private Sector borrowers with A1, A2 & A3 external credit ratings shall be 10.40%, 10.90% and 11.40% respectively .					
9	For corresponding rates for quarterly rests and effective annualized interest rates, Annexure-A attached to this circular may please be referred.					

		Annexure - A
Effective Interest Rates		
Monthly rests (%)	Effective rate on Quarterly rests (%) (rounded off)	Effective annualized rates (%)
8.00	8.05	8.30
8.25	8.30	8.57
8.35	8.40	8.68
8.45	8.50	8.79
8.50	8.55	8.84
8.60	8.65	8.95
8.65	8.70	9.00
8.70	8.75	9.06
8.75	8.80	9.11
8.85	8.90	9.22
8.90	8.95	9.27
8.95	9.00	9.33
9.00	9.05	9.38
9.10	9.15	9.49
9.15	9.20	9.54
9.20	9.25	9.60
9.25	9.30	9.65
9.35	9.40	9.76
9.40	9.45	9.82
9.45	9.50	9.87
9.50	9.60	9.92
9.65	9.75	10.09
9.70	9.80	10.14
9.75	9.85	10.20
9.90	10.00	10.36
9.95	10.05	10.42
10.00	10.10	10.47
10.15	10.25	10.64
10.20	10.30	10.69
10.25	10.35	10.75
10.40	10.50	10.91
10.45	10.55	10.97
10.50	10.60	11.02
10.65	10.75	11.19
10.70	10.80	11.24
10.75	10.85	11.30
10.90	11.00	11.46
11.00	11.10	11.57
11.15	11.25	11.74
11.25	11.35	11.85
11.40	11.50	12.01
11.50	11.60	12.13
11.65	11.75	12.29
11.75	11.85	12.40
11.80	11.90	12.46
11.90	12.00	12.57
12.05	12.15	12.74
12.15	12.25	12.85
12.30	12.45	13.02
12.40	12.55	13.13
12.55	12.70	13.30
12.65	12.80	13.41
12.80	12.95	13.58