



## **CANADA AVIATION AND FINANCE MANAGEMENT LTD.**

### **SELF LIQUIDATING CAPITAL SCHEME**

The proposal is to arrange Financial Assistance for Viable Projects. The procedures to be followed are outlined below: -

#### **Assumptions:**

- |                     |                    |
|---------------------|--------------------|
| a) Project cost     | US\$ 50.00 Million |
| b) Repayment Period | 15 years           |

#### **Proposal Summary: -**

Project Cost	US\$ 50.00 Million
Deposit from Promoters (By Bank Guarantee)	33% of the Project cost = US\$ 16.50 Million. Guarantee period depends on the type of project. (Maximum period from 3 years upto 10 years.)
Funding offered by Funding Group	Total US\$ 66.50 Million (US\$ 50 Million towards project loan + US\$ 16.5 Million) towards margin money for Capital Guarantee Insurance Scheme.
Capital Insurance	US\$ 16.50 Million (This sum will be released from the total loan amount of US\$ 66.50 Million. Accordingly the balance left with the borrower will be US\$ 50.00 Million, which is the amount required for the project.)
Period of funding	15 years
Interest + Management Fees	8% on Total Loan amount (US\$ 66.50 Million) = US\$ 5.32 per annum for 15 years. Interest for 15 years = US\$ 5.32 x 15 = US\$ 79.80 Million



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Repayment of Principal	The principal repayment is not applicable. According to this scheme, as it has already been secured Capital Insurance Scheme.
Retainer & Management Fees	The Retainer & Management Fees shall be 3% of the value of the loan amount.
Security	The security for the due payment of interest shall be the lien on the assets to be created or any other suitable security, to be agreed on mutual discussions.

### HIGHLIGHTS OF THE SCHEME (SUMMARY)

- According to the scheme, the Capital repayment is not applicable. (The Insurance Guarantee Scheme shall cover the Capital Repayment.)
- The Bank Guarantee furnished by the borrower will be returned upon maturity period.
- Interest plus Management fees to be paid on the full funding extended US\$ 66.50 Million at 8% per annum, for 15 years.
- Considering the principal repayment as US\$ 50 Million, the Interest plus Management Fees shall be US\$ 29.80 for 15 years (i.e. US\$ 79.80 less US\$50.00 Million = US\$ 29.80).
- The interest plus Management fees for one year shall be US\$ 29.80 divided by 15 = US\$ 2.00 (approximately) Million which works out to be 4% Principal loan amount of US\$ 50.00 Million.