Summary of Major Modifications in Financing Norms

S. No	Existing Clauses	Revised
1.	**5.1. Minimum Promoter Contribution, Quantum of loan & Maximum Debt Equity Ratio.** a) The quantum of loan from IREDA shall be normally upto 70% of the total project cost. b) Typically, the minimum promoter contribution shall be 30% of the project cost and the maximum Debt Equity Ratio (DER) shall not be more than 3:1 c) However, in case of Solar & Wind Sector projects, IREDA may consider the minimum promoter contribution as 25% of project cost and may extend loan up to 75% of the project cost subject to meeting the following conditions: o In case of repeat borrowers of IREDA with an operational RE/EE project, should have a good track record w.r.t. repayment to the satisfaction of IREDA. o In case of new clients, the average Debt Service Coverage Ratio (DSCR) of the project should not be less than 1.3.	**5.1. Minimum Promoter Contribution, Quantum of loan & Maximum Debt Equity Ratio.** a) No Change b) No Change c) In Solar, Wind and **Energy Efficiency & Conservation projects,** IREDA may consider the minimum promoter contribution as 25% of project cost and may extend loan up to 75% of the project cost subject to meeting the following conditions: o No change o The average Debt Service Coverage Ratio (DSCR) of the project should not be less than **1.2**. o **Only in Case of Energy Efficiency and Conservation Technology Projects wherein the underlying Contract/Project is with Government/ Government owned entity.** <u>**New Addition**</u> **d) D: E to 4:1 and Quantum of loan upto 80% of Project Cost be allowed in Solar, Wind Energy, Hydro, Transmission and Energy Efficiency and Conservation Technology meeting following criteria: -** **I. Promoter experience in successful implementation of 100 MW Renewable Energy Generation Capacity for the technology for which loan is applied. In case of Energy Efficiency & Conservation, applicant should have experience of successfully executing 2 projects of similar nature.**

		II. Internal Risk Rating of Grade-III or better. **III. The average Debt Service Coverage Ratio (DSCR) of the project should not be less than 1.2 for tenure of loan.** **IV. In Case of Energy Efficiency and Conservation Technology Projects the underlying Contract/Project must be with Government/ Government owned entity.** **For accessing experience as per clause I above, relevant Documents/Experience Certificate be mandatorily obtained.**
2.	**5.1 f) IREDA support to Hydro Projects**: i. For Greenfield large/medium Hydro including SHP projects, IREDA loan exposure may be limited upto 50% of the project cost. ii. However, IREDA's Loan exposure may be considered upto 70% of the project cost for SHP projects upto 15 MW, subject to meeting the following conditions/guidelines: • **Eligibility:** Promoters having experience in the field of Small Hydro Power with at least 1 operational Project. • **Additional Security** of Minimum 10% FDR / BG/ Surety Bond of the loan amount **OR** • Security in the form of charge on residential house/commercial property at circle rate equivalent to at least 10% of loan amount, which falls within municipal range as per IREDA norms. **OR** • Charge on Project assets equivalent to at least 10% of loan amount (at any point of time during the tenure of the loan) of existing commissioned renewable energy project of applicant company or promoter company. For the above purpose, any other debt free renewable energy project (s) of applicant/ promoter company apart from existing IREDA funded project (s) would be considered, and this shall be based on Operational performance/ merits of that project	**5.1 g) IREDA support to Hydro Projects**: i. For Greenfield large/medium Hydro projects, IREDA loan exposure may be limited upto 50% of the project cost. ii. However, IREDA's Loan exposure may be considered upto 70% of the project cost for SHP projects **upto 25 MW**, subject to meeting the following conditions/guidelines: • **Eligibility:** Promoters having experience in the field of Hydro Power with at least 1 operational Project (**This condition will not be applicable for Projects upto 5 MW).** • No Change **OR** • No Change **OR** • No Change.

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Terms and conditions:

a) Upfront Equity of 70% of total contribution to be brought in and spent by the promoters’ towards implementation of the project

b) Cash sweep in by IREDA of minimum of 50% from the surplus amount in the TRA after creation of DSRA as per the Waterfall arrangement
c) Disbursement to be regulated as per the following:

<table>
<tr><th>Promoters’ Contribution (%)</th><th>IREDA’s loan (%)</th></tr>
<tr><td>• Upfront Equity/contribution of 70% of total contribution</td><td>Upto 30%</td></tr>
<tr><td>• 80%</td><td>Upto 55%</td></tr>
<tr><td>• 90%</td><td>Upto 75%</td></tr>
<tr><td>• 100%</td><td>Upto 95%</td></tr>
</table>
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<td>
Terms and conditions in case of borrowers not having experience in the sector:

a) Upfront Promoter Contribution of 70% of total contribution to be brought in and spent by the promoters’ towards implementation of the project

b) No Change

c) No Change

d) Management Experience be also considered.

In cases of borrowers not having experience in the sector, all other terms and conditions, as per regular disbursement procedure/ guidelines of IREDA to be followed, in addition to above.

<u>Note:</u>

In other cases, disbursement would be regulated as per regular disbursement procedure/ guidelines of IREDA i.e., on pro rata basis.
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<td>3.</td>
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5.2 Moratorium & Repayment Period

A. For Solar/ Wind/Hydro Power Projects

i. The repayment periods shall be maximum upto 25 years or 80% of the balance PPA period, whichever is lower, depending on the project cash flows, DSCR of the project etc., and it shall be after the construction & moratorium, with a condition that IREDA shall have the right to call option after 15 years of repayment.
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<td>
5.2 Moratorium & Repayment Period

A. For Solar/ Wind/Hydro Power Projects

i. The repayment periods shall be maximum upto 25 years, depending on the project cash flows, DSCR of the project etc., and it shall be after the construction & moratorium, with a condition that IREDA shall have the right to call option after 15 years of repayment. However, total loan to be amortized within 85% of the balance useful life period as per CERC.
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<td>4.</td>
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LOC/LUT Fee Structure: -
<table>
<tr><th>LoC Type</th><th>Applicable Fee plus applicable taxes</th></tr>
<tr><td>For Short Term LoC
(upto 1 year)</td><td>0.50%
(i.e. the Minimum applicable fee)</td></tr>
<tr><td>For Long Term LoC
(beyond 1 year period and maximum upto 3 years</td><td>Depending upon CRRS rating of the project, as under.
Grade I – 0.65 % p.a.
Grade II – 0.80 % p.a.
Grade III – 1.0 % p.a.
Grade IV – 1.25 % p.a.</td></tr>
</table>
</td>
<td>
LOC/LUT Fee Structure: -
<table>
<tr><th>LoC/LUT Duration</th><th>Minimum Applicable Fee</th></tr>
<tr><td>Upto 1 Year</td><td>0.50%</td></tr>
<tr><td>Upto 2 Years</td><td>0.75% p.a.</td></tr>
<tr><td>Upto 3 Years</td><td>1.00% p.a.</td></tr>
</table>
Note: Applicable taxes to be charged on the Fee amount.
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Updated Financing Norms have been uploaded on IREDA Website