

## IREDA Scheme for Bridge Loans against pending Energy Bills

### 1. Purpose

The credit under the scheme is available to all IREDA borrowers (sole/consortium lending) who are selling Energy to state DISCOMS/SECI/NVVN etc. (hereinafter referred to as 'Utilities')

### 2. Mechanism

Many of the RE project developers are exporting energy generated from their projects to the state Utilities and Energy bills/ invoices are raised by them against the number of units exported on monthly basis. The Utilities are liable to make payment against the eligible billed amount within stipulated time frame. However, it is observed that there has been inordinate delay in receipt of payment against Energy bills which is also impacting the debt servicing obligation of the borrowers. In view of the same, it is proposed to provide bridge loan facility for the Energy bills of IREDA borrowers which are pending for payment with Utilities for upto 6 months. However, IREDA may like to take the track record of Utility into consideration while providing the facility.

### 3. Eligibility Criteria

- The applicant should be existing Client/borrower of IREDA (Sole/co-financing/consortium financing)
- The borrowers should not be declared NPA by IREDA/any of the lenders in the Consortium/ Co - financing arrangement.
- The Bridge Loan will be utilized only for clearance of dues of Term Lenders of the project/ project within the Group and also Working Capital lenders overdue, if any on prorata basis, in terms of financing documents.

### 4. Extent of Assistance

Upto 75% of the invoice value pending for maximum 6 months from the date of application subject to a maximum Bridge Loan facility of Rs.20 crore. The minimum amount of transaction covering a set of bills shall not be less than Rs. 1 Crore.

### 5. Procedure

- (i) The applicant will approach IREDA with the bills against which Bridge Loan is sought in terms of eligibility criteria.
- (ii) They shall also submit NOC from the co-lenders in case of consortium or co-financing Projects which will interalia stipulate that the proceeds to be received from UTILITIES against the Bridge Loan will be used on first priority basis towards clearance of IREDA outstanding dues against the said Bridge Loan facility and thereafter the balance amount will be appropriated as per existing TRA mechanism.
- (iii) The applicant will provide the original acknowledgement of the receipt of bills against which Bridge Loan is sought, by the respective UTILITIES.
- (iv) The applicant will submit an undertaking that the bills submitted for Bridge Loans are not under any dispute and eligible for receipt of payment from Utilities.

- (v) The borrower will also undertake that the proceeds from the Energy bills will be remitted in the designated TRA Account only and shall be appropriated towards Bridge loan on first priority basis
- (vi) IREDA will provide Bridge Loan against the pending bills and lend the eligible amount to the Client/borrower.
- (vii) The Bridge Loan will be utilized for clearance of lenders' dues only for the project/project within the group as per eligibility criteria. The dues of lenders will be cleared on pro-rata basis.

## **6. Tenure**

Terminal date of repayment will be 12 months from disbursement date. The borrower/promoter will undertake to remit the amount from their own sources in case the same is not realized from the utilities within the terminal date.

## **7. Interest Rate**

- Prevailing highest interest rate for the Sector + 50 basis point.
- To be notified from time to time by the Interest Rate Fixing Committee.

## **8. Processing Fees (Front end fee): 0.25% of the sanctioned loan amount**

## **9. Security**

- A. IREDA will have first right on payments to be received from Utilities against the Bridge Loan.
- B. NOC will be obtained from the co-lenders in case of co-financed projects.
- C. Post Dated Cheques (PDCs) for amount of Bridge Loan
- D. Personal/Corporate Guarantees
- E. IREDA charge on the project security shall continue till the time Bridge Loan facility is fully closed.
- F. Any other security as may be deemed appropriate at the time of sanction of the facility.

## **10. Repayment**

Interest to be serviced on monthly basis by the promoter/borrower from their own sources whereas principal will be settled from time to time out of the proceeds received against Energy Bills from the respective utilities. However, the terminal date for repayment will be 12 months from the date of disbursement and thereafter the promoters / borrowers have to make payment of pending dues, if any, from their own sources.

In case the outstanding loan against the facility extended is not paid by the borrower, the same shall be classified as Non- Performing Assets.

## **11. Documentation**

- a. Bridge Loan Agreement
- b. Promisery Note
- c. Endorsement of bills by the borrower for which Bridge Loan is sought, by a way of a letter/undertaking.
- d. Any other document and/or condition, as per requirement