

Special product for funding renewable energy projects through bonds/banks loans/other financial instruments

1. Title

Special product for funding renewable energy projects through bonds/banks loans/other financial instruments against commissioned and operationally viable Renewable Energy Projects.

2. Objective

- i. To fund commissioned renewable energy projects at competitive rates by linking the rate with the back to back fund raising
- ii. It will help the project developers to avail funds from IREDA at a comparatively lower rate.
- iii. To provide option of fixed and floating rate to the borrower

3. Eligibility Criteria

- i. Commercially viable Renewable Energy projects, the projects should have minimum average DSCR of 1.2.
- ii. The minimum loan should not be less than Rs. 500 Cr. to be eligible under the scheme.
- iii. The minimum stand-alone credit rating (external) of the RE project should be at least "A-", such rating should currently be valid.
- iv. The promoters of the project should not be on the defaulters list of Reserve Bank of India (RBI) or Credit Information Bureau (India) Limited (CIBIL) and no criminal proceeding should be pending against the promoters.
- v. The borrower i.e. SPV/holding Company and its subsidiary should not be in default list of IREDA/Banks/FIs as on date of application.
- vi. All other eligibility conditions as per financing norms of IREDA.

4. Fee Charged by IREDA

The front end fees charged by IREDA for such transaction shall be 0.5% of the total loan amount. However all other fees shall be charged as per IREDA guidelines from time to time.

5. Net Interest margin for loan:

The rate of interest charged for the loan shall be based on the external rating of the project, off taker, external rating of the company, market conditions, Risk analysis, etc. Details of margin structure is as follows:

Pricing matrix for loans under scheme to be followed by IREDA

External Rating of the Project	Net Margin applicable (Fixed rate for 5 years)	Net Margin applicable (Fixed rate for 3 years)	Net Margin applicable (Variable rate)
AAA	1.00%	1.10%	1.25%
AA+	1.25%	1.35%	1.50%
AA	1.30%	1.40%	1.55%
AA-	1.35%	1.45%	1.60%

A+	1.65%	1.75%	1.90%
A	1.70%	1.80%	1.95%
A-	1.75%	1.85%	2.00%

6. Other Conditions:

- i. The borrower shall be given a rate of interest linked to the bond/loan being raised by IREDA and that shall be matched to tenure of such bonds/loans. However, once the bonds/loans tenure is over then the rate is to be linked with IREDA prevailing rate of interest as per internal rating at such time.
- ii. If the rating of the project falls below A- than the rate of interest for the project shall be transferred from this regime to IREDA applicable rate of interest.
- iii. In case of prepayment, borrower shall be permitted to replace assets with same or higher loan amount, however minimum rating of A- is to be maintained to replace the assets. Further, incase of prepayment before reset 5% prepayment penalty to be charged. However, in case of replacement of assets borrower has to deposit upfront payment of 5% plus applicable taxes and the same will be refunded once the assets are replaced.
- iv. For replacement of assets, new appraisal of the project shall be carried out as per IREDA guidelines.
- v. On the date of reset, borrower shall have option to convert loan to IREDA's rate of interest as per applicable grading or prepay IREDA's loan after paying prepayment premium as per IREDA policy.
- vi. Reset shall be post initial financing period.
- vii. No further rebate will be extended to the borrower as per IREDA guidelines from time to time.
- viii. External rating to be submitted by atleast two credit rating agencies and lower of the two rating shall be considered for funding.
- ix. Borrower to submit external rating every year.
- x. All other terms and conditions shall be guided by IREDA's guidelines.