

Factoring Scheme for purchasing Receivables of Solar Power Developers payable by Eligible Entities (Central Govt. Entities/Govt. Owned Companies/State Entities with good payment track record).

BACKGROUND

Factoring is a financial transaction whereby business sells its account receivables (i.e. invoices) to a “Factor” for immediate money under a tripartite agreement between 3 parties: Seller of Goods/Services (Principal Borrower or Assignor), Buyer of Goods/Services (Debtor) and the Factor (Assignee). In factoring, receivables are purchased and the responsibility of collection of bills lies with the “Factor” and hence, purchasing of receivables is typically decided on the “Quality/Collectability of the Receivables” than merely the firm’s creditworthiness. Factoring services can be either, With Recourse or Without Recourse (Non-Recourse).

KEY FEATURES OF THE IREDA SCHEME

S.N.	Particulars	Details
1	Assignor	Solar Power Developer/ Manufacture/Contractor/Supplier
2	Factor (Assignee)	IREDA
3	Debtor	SECI/NTPC/REC/ or any other State/Central Govt. owned entity etc. as mentioned under Eligible Entities as under: a) Central Government/State Government b) Central Government Companies/Central Public Sector Undertakings c) Wholly Owned Subsidiaries of Central Govt. Companies/CPSUs d) State, Central, Joint Venture Entities with Good Payment Track Record such as State Discoms, State Nodal Agencies etc.
4	Scheme	Non-Recourse Factoring
5	Factor for Purchase of Annuity Payments	Percentage of discount factor of total annuity payments may vary which is depending upon the quality of debtor, period of annuity, annuity interest rate etc.
6	Security	Assignment of Charge on Annuity Payments to be deposited in a separate Bank Account
7	Other Conditions	NOC to be obtained from the existing lender(s) of the borrower, pertaining to the project
8	Fees	<ul style="list-style-type: none">• Registration fee as per the financing Norms of IREDA• Upfront fee @ 0.50% of the facility amount
9	Exposure Norms	IREDA shall restrict the cumulative factoring business receivables to 10% of its asset book as per audited results.
10	Other Terms and Conditions	All the other terms and conditions., as applicable would be as per extant Financing Norms and Guidelines of IREDA