

POWER FINANCE CORPORATION LIMITED

Description	Guidelines for Funding Grid Connected Solar PV Private Sector Power Generation Projects	Guidelines for Funding Grid Connected Solar Thermal Private Sector Power Generation Projects
Eligibility	<ul style="list-style-type: none"> • Projects having firm PPA for the entire generation with Discoms for tenure not less than the loan repayment period plus 24 months. • Other projects to be considered on case to case basis based on appraisal and with suitable conditions to ensure payment of lenders dues. • Projects for Captive consumption being set up through SPV route or on end consumer balance sheet subject to certain conditions. 	<p>Financing under this policy shall be restricted to only those projects in which Power Purchase Agreement has been signed with entities having cash profit during the last year for which annual accounts (provisional/audited) are available or are covered under Central Schemes such as Jawaharlal Nehru National Solar Mission (JNNSM), Generation Based Incentive (GBI) etc.</p>
Debt-Equity Ratio	<ul style="list-style-type: none"> ➤ It shall not exceed 75:25. ➤ However, a D/E ratio of 80:20 may be considered subject to certain conditions. 	<ul style="list-style-type: none"> • 70:30 (i.e. equity not lower than 30% of project cost). • Projects with Entity Rating E1, E2 and E3 – 50% of equity to be brought in upfront. Balance 50% in proportion of the D/E Ratio. • Projects with Entity Rating E4 – 75% of equity to be brought in upfront. Balance 25% in proportion of the D/E Ratio. • Projects with Entity Rating E5 – 100% equity to be brought in up front.
Project Funding	PFC may fund the project as a sole lender i.e. fund full debt component (upto Rs. 300 crore) of the project, subject to certain conditions.	-
Appointment of LA, LFC	<ul style="list-style-type: none"> • PFC shall appoint LE and LFA in all cases where it funds the project as a sole lender. • PFC shall have a right to appoint LE, LFA, etc. wherever felt necessary. 	-
Guarantees/Warrantees	It should be available under EPC Contract / Suppliers of panels, to the satisfaction of PFC.	-
Project Size	Minimum-1 MW	Minimum-5 MW
Moratorium Period	Maximum moratorium period for repayment of principal shall be 1 Year, but the actual shall be determined based on appraisal of the project.	<ul style="list-style-type: none"> • The moratorium period in repayment of loan shall be of upto one year. • However, a shorter moratorium period may be stipulated based on the appraisal of the project but there shall be no moratorium period on payment of interest.
Power Purchase Agreement (PPA)	-	PPA for the entire Generation should have been signed upfront for a period of not lower than PFC's loan repayment period.
Security	<ul style="list-style-type: none"> • Charge on assets subject to a minimum Asset Coverage Ratio (ACR). • Collateral security like personal/corporate guarantee, pledge of shares, etc. shall be obtained as per PFC's extant policy for the same, based on Integrated Rating of the project. 	<ul style="list-style-type: none"> • Requirement of Collateral securities shall be based on the arrived Integrated Rating (where PFC is Lead FI) i.e. deemed Project Rating as given in "Broad Criteria for Project Rating of Grid Connected Solar Thermal Private Sector Power Generation Projects" and the Entity Rating.

	<ul style="list-style-type: none"> • Adequate risk mitigation (including alternate security) shall be brought out, based on appraisal of the project, in case of projects being funded under any policy/scheme, which have the provision of termination of PPA. 	<ul style="list-style-type: none"> • additional collateral security: <ul style="list-style-type: none"> ➤ Personal guarantee of atleast two individual promoters of borrower/promoter Company or personal guarantee of atleast two promoter directors or corporate guarantee of a listed company or corporate guarantee of a promoter company shall be required. ➤ The borrowers of solar thermal power projects shall be required to maintain DSRA in Trust & Retention Account of at least 2 quarters (tentative demands including in respect of principal for 2 quarters) even during the period before COD of the project. Such DSRA shall not be treated as part of the project cost and will be brought before last tranche of disbursement which may not be less than 5% of the sanctioned loan amount.
<p>Miscellaneous</p>	<p style="text-align: center;">-</p>	<p>In case of Solar Thermal Power projects being funded under any policy other than the Jawaharlal Nehru National Solar Mission where such schemes have the provision of termination of PPA, PFC shall obtain some additional security such as second charge on the existing assets of the promoters, charge on some alternate revenue stream or any other suitable acceptable security based on the appraisal of the project.</p>