

Guidelines for Funding Grid Connected Solar Thermal Private Sector Power Generation Projects

Considering risk perception in the solar power generation projects, PFC may consider providing financial assistance in case of Grid Connected Solar Thermal Private Sector Power Generation Projects, inter alia, subject to the following minimum eligibility conditions : -

- i. The minimum size of the project to be considered for appraisal/financing of all Grid connected Solar Thermal Private Sector Power Generation Projects shall be 5 (five) MW.
- ii. 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.
- iii. Debt Equity (D/E) Ratio of the project shall not exceed 70:30 (i.e. equity not lower than 30% of project cost).
- iv. The borrow shall make the equity contribution as under:
 - a) Projects with Entity Rating E1, E2 and E3 – 50% of equity to be brought in upfront. Balance 50% in proportion of the Debt Equity Ratio.
 - b) Projects with Entity Rating E4 – 75% of equity to be brought in upfront. Balance 25% in proportion of the Debt Equity Ratio.
 - c) Projects with Entity Rating E5 – 100% equity to be brought in up front.
- v. Power Purchase Agreement (PPA) for the entire Generation should have been signed upfront for a period of not lower than PFC's loan repayment period.
- vi. 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.
- vii. The following additional collateral security shall be taken in all the cases irrespective of the Integrated Rating of the project:
 - a) 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.
 - b) 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.

- viii. 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.
- ix. 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.
