

IREDA SCHEME FOR DISCOUNTING OF ENERGY BILLS

Item no.  
213.4.5

**1. PURPOSE**

The credit under the bill discounting 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 bill discounting 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 borrower of IREDA (Sole/co-financing/consortium financing)
- The borrowers should not be declared NPA by any of the lenders
- The discounted amount will be utilized only for clearance of dues of Term Lenders of the project and also Working Capital lenders overdue, if any on prorated 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 bill discounting 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 to be discounted 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 inter alia stipulate that the proceeds to be received from UTILITIES against the discounted bills will be used on first priority basis towards clearance of IREDA outstanding dues against the said discounting 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 to be discounted, by the respective UTILITIES.

- (iv) The applicant will submit an undertaking that the bills submitted for discounting are not under any dispute and eligible for receipt of payment from UTILITIES.
- (v) The borrower will also undertake that the proceeds from the discounted bills will be remitted in the designated TRA Account only and shall be appropriated towards loan against bills discounted on first priority basis.
- (vi) IREDA will discount the bills and lend the eligible amount to the borrower.
- (vii) The discounted amount will be utilized for clearance of lenders' dues only 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. SECURITY

- A. IREDA will have first right on payments to be received from Utilities against the discounted bills.
- B. NOC will be obtained from the co-lenders in case of co-financed projects.
- C. Post Dated Cheques (PDCs) for amount of respective bills being discounted
- D. Personal/Corporate Guarantees
- E. IREDA charge on the project security shall continue till the time bill discounting facility is fully closed.

## 9. 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 discounting 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.

## 10. DOCUMENTATION

- A. Bill Discounting Agreement
- B. Bill of Exchange
- C. Endorsement of bills being discounted by the borrower
- D. Any other document and/or condition, as per requirement