

Operating Guidelines / Standard Operating Procedure – IREDA Global Green Energy Finance IFSC Ltd. (IGGEFIL)

Purpose

The purpose of this document is to describe the procedures for end-to-end processing of loans by **IREDA Global Green Energy Finance IFSC Ltd. (IGGEFIL)**.

It covers the complete project cycle including Project loan application, Project Screening, Appraisal & Sanction, Documentation (including security creation), Disbursement, Review, Monitoring & Evaluation, and recovery actions (Pre-payment, Reschedule/Restructuring, etc.), in line with IGGEFIL's role as green energy financing platform located at Gift City, Gujarat. The SOP ensures that operations comply with applicable IFSCA, RBI and other related regulations, and meet internal credit, compliance, and risk management standards for financing.

Scope

This SOP applies to all loan financing activities of IGGEFIL. It encompasses following borrower archetypes:

- **Indian Entity:** Indian-incorporated entities (including private/public limited companies, joint ventures, and LLPs) executing renewable energy projects within India that are focused on manufacturing / trading products relating to renewable energy or services. These entities earn revenue in foreign freely convertible currency.
- **Indian Entity Developing / setting up Projects outside India:** Indian-incorporated entities (including private/public limited companies, joint ventures, and LLPs) that are planning to develop/ setting up project or are already executing renewable energy projects outside India. These projects are physically located outside India and generate revenue in foreign freely convertible currency from their operations.
- **Foreign Entity:** Foreign-incorporated entities (or equivalent legal entities) undertaking **renewable energy project in or outside India** (i.e. projects located in or outside India).

All stages from initial application to final loan closure are covered. The SOP is to be followed by IGGEFIL staff and any collaborating departments (e.g. IREDA's Technical Services, Legal, Finance & Accounts) for processing, sanctioning, and managing loans denominated in foreign currency.

The procedures integrate additional requirements specific to the IFSC operating environment – including compliance with International Financial Services Centres Authority (IFSCA) norms for Finance Companies, RBI ECB guidelines for Indian borrowers with enhanced monitoring and reporting obligations.

(Note: While aligned with IREDA's overall policies, this SOP is tailored to IGGEFIL's operations at GIFT City and supersedes any conflicting provisions in domestic SOPs for activities conducted through the IFSC.)

Roles and Responsibilities

ROLES	RESPONSIBILITIES
Dealing Officer (IGGEFIL)	<ul style="list-style-type: none">✓ Scrutinize and appraise loan applications from initial receipt through detailed analysis.✓ Coordinate with applicants to obtain required information.✓ Prepare appraisal notes and recommendations for sanction, detailing compliance with IGGEFIL's credit criteria and regulatory requirements.✓ After sanction, process disbursement requests, and conduct ongoing monitoring, including follow-ups for recovery or special situations.✓ Ensuring AML compliance for each loan prior to disbursement.

Group Head / Review Officer	<ul style="list-style-type: none"> ✓ Review the Dealing Officer's appraisal for quality and completeness. ✓ Ensure proposals meet internal norms (e.g. DSCR thresholds, security requirements) and regulatory guidelines. ✓ Verify that risks (credit, FX, compliance) are adequately assessed and mitigated. ✓ Endorse the proposal and forward through the Department Head to the Competent Authority for approval.
Entity Appraisal	<ul style="list-style-type: none"> ✓ Appraisal and Due Diligence of Promoters ✓ Preparation of Entity Appraisal Report ✓ Appraisal of Financial Statements of Promoters and Borrower Companies ✓ Checking CIBIL / Default status / Litigations status / Standard terms conditions ✓ KYC and work related to PMLA and CFT ✓ Activities related to the Credit Risk Rating System (CRRS) ✓ Examining various proposals related to Promoters / Borrower Company, etc. and ✓ Monitoring of Credit rating/Financials/Status of Promoters/Borrower Company. ✓ Any other work assigned from time to time.
Compliance Officer	<ul style="list-style-type: none"> ✓ Ensure that all IFSCA and RBI regulatory requirements are complied with at each stage. This includes IFSC prudential norms (capital adequacy, exposure limits, etc.), RBI's ECB conditions and internal policy limits. ✓ Oversee regulatory reporting (e.g. IFSCA quarterly returns, RBI filings) and promptly communicate any changes in regulations to the team. ✓ Vet compliance aspects of each proposal (permissible activities, end-use, borrower eligibility) before sanction. ✓ Any other applicable compliance
Principal Officer	<ul style="list-style-type: none"> ✓ Responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations. ✓ Ensure timely reporting of suspicious activity/ transaction and appearance if any individual/ entity in banned list mentioned in IFSCA Guidelines 2022 to FIU, India ✓ Training of employees involved in KYC AML process, on the internal policies, procedures & controls on AML/CFT and changes in regulatory requirements, if any. ✓ Reporting regularly on key AML/CFT risk management and control issues, and any necessary remedial actions, arising from audit, inspection, and compliance reviews to the Company's Senior Management.
Finance & Accounts (F&A)	<ul style="list-style-type: none"> ✓ Manage IGGEFIL's bank accounts (with IFSC Banking Units for foreign currency and Indian currency) and coordinate fund flows. ✓ Execute disbursements after approval, ensuring correct routing (e.g. via SWIFT to Indian borrower's Authorized Dealer bank, or to foreign borrower's designated bank account). ✓ Handle loan repayments, interest receipts, and maintain financial records in required currencies. ✓ Maintenance of Books of Record, Accounts, Taxation and Audit as per regulation.
Resource	<ul style="list-style-type: none"> ✓ Assist with financial regulatory reporting and monitor FX exposure and hedging transactions as per policy. ✓ Manage borrowings and raise funds as required to meet financing needs.
Legal Officer/Legal Group	<ul style="list-style-type: none"> ✓ Appointment of LLC/ Foreign Counsels and through their assistance, Legal will do the following: <ul style="list-style-type: none"> ○ Prepare and vet all loan documentation. This includes the loan agreement, security documents (e.g. charge/mortgage deeds, guarantees), and covenants ensuring enforceability across jurisdictions. ○ Ensure documentation complies with IFSCA regulations and any RBI/FEMA requirements (e.g. ECB loan agreement clauses).

- Oversee security creation (registration of charges with relevant authorities, e.g. ROC for Indian collateral) and confirm completion of all conditions precedent before allowing disbursement.

4. Tasks

4.1 Project Screening

A. Application Receipt & Initial Scrutiny

Upon receiving a loan application (offline or online), the Dealing Officer logs it and performs a preliminary check for completeness. If documents are missing or clarification is needed, the applicant is promptly informed.

B. Eligibility Verification (Borrower & Project)

- Check if the borrower's legal documents (MoA/AoA) authorize them to undertake the project and borrow. Indian companies must have relevant object clauses and borrowing powers. Foreign entities must be legally incorporated and eligible to borrow.
- Confirm if the applicant is a resident Indian entity/ Foreign Entity. Offshore subsidiaries may need special approval.
- Verify alignment with IGGEFIL's mandate (e.g. solar, wind, etc.). Ensure sector-specific and technical criteria are met.
- Indian projects must demonstrate foreign exchange earnings potential.

In addition, eligibility criteria for the Promoters/Sponsors shall be assessed separately.

C. Regulatory Compliance – ECB for Indian Entities

- Confirm compliance with RBI's ECB norms
- Ensure loan use is permitted under ECB
- Review proposed interest rates, fees, and tenors to ensure they meet RBI's ECB cost ceilings and minimum maturity norms.
- Check borrower's ECB cap

D. Preliminary Creditworthiness & Project Viability

- Review sponsor track record, financials, and credit history
 - Audited financials under IFRS or Ind-AS
 - Proven FX repayment capacity with audited foreign currency cashflows or external buyer agreement
 - Preferably 3 years of operational track record OR
 - Investment-grade rating (internal or external) OR
 - Co-lender may be preferred
- A Consider combined stress scenarios for capital adequacy and DSCR/LLCR impact. Conduct project-level sensitivity analysis on:
 - Revenue assumptions ($\pm 10\%$)
 - Operating expenses (OPEX shocks $\pm 10\%$)
 - FX and interest rate movement (at least $\pm 10\%$)
- Screen for sanctions, AML concerns, or fraud history

If eligible, the application proceeds with detailed appraisal.

Before submission of online loan application, prospective borrowers are encouraged to send brief synopsis of the proposal for prima facie review and initial feedback.

4.2 Project Appraisal & Sanction

Once a project passes initial screening, IGGEFIL undertakes a comprehensive appraisal covering KYC, credit, technical, financial, and compliance checks. Below is a condensed step-by-step breakdown:

A. KYC & Due Diligence

- Collect certified documents for borrowers, sponsors, and directors.

- Identify beneficial owners, screen key individuals for adverse records.
- Check all relevant names against global/domestic watchlists (UN, RBI, etc.).
- Assigns risk level; high-risk cases may require enhanced checks and controls.

B. Credit Bureau and Reference Checks

For domestic applicants, obtain credit bureau reports (e.g. CIBIL) via IREDA's ITS or other channels to assess exposure, repayment history, and defaults. For foreign borrowers, they seek credit references or international agency reports, wherever applicable. Any adverse history may affect deal structure or lead to rejection.

C. External Credit Rating (if applicable)

Review any available external ratings for the borrower's debt from Indian or global agencies. These offer an independent risk view. Note the rating, outlook, and any recommended covenants. Unrated cases may still proceed on a case-to-case basis.

D. Internal Risk Rating

Apply IGGEFIL/IREDA's internal credit rating model to evaluate financial, viability, and risk factors. This score guides exposure categorization, pricing, and provisioning. Ratings should be validated by the Group Head.

E. Sponsor/Promoter Evaluation

- Outline the borrower's operations, group structure, and project relevance.
- Review 3 years of financials (borrower and guarantor), focusing on profitability, leverage, and cash flows.
- Assess management's project experience and governance standards (e.g. independent directors, litigation history).
- Verify promoter's equity source is legitimate and unleveraged.
- Lender Track Record with other banks/FIs

F. Technical Appraisal of the Project: IGGEFIL relies on technical due diligence to ensure the project is feasible and well-planned:

- Location of the Project w.r.t
 - Requisite NOC/ Clearance / Approvals
 - Raw material / Resource Availability/ Independent Resource Assessment, wherever required
 - Proximity to the Grid / Sub-station
 - Connectivity to the Site
 - Nearby similar types of Projects, if any etc.
 - Location of project specific to country specific risk analysis
- Land requirement for the Project, type & status of acquisition
- Technology selection / Technical Process / Third Party Assessment of Quality of Equipment, wherever required
- Equipment Sizing, Configuration & Specification
- Proposed raw material / resource availability in the region & for sustainable operation, third party assessment, wherever required
- Water source & availability (Quality / Quantity etc.)
- Power evacuation facilities, if applicable
- Existing & Proposed Infrastructural facilities (Land & site development, Buildings Utilities including construction power etc.)
- Availability of Manpower (Managerial, Technical, Administrative / Trained / Skilled / Semi-skilled / Un-skilled etc.)
- Procedure for selection / purchase of Plant & Machinery
- Present status of implementation and schedule

G. State Profile & Assessment of financial health of Utilities/Off-taker with the following check-point:-

- End-use of power/ fuel / product generated, (as applicable) i.e.,
 - For Captive Use
 - For Sale
 - For Captive & for Sale
 - Sale to utilities / SEB/3rd Party/Sister Concern/Group-Captive etc.
 - Demand / Supply Pattern (For the State and Industry)
 - State / Central Governing Policies & its impact on the Project
 - Selling arrangement made (PPA or MoU / Agreement for Sale, Banking & Wheeling Charges etc.)
 - Power/ Fuel/ Product Purchase Price, Tenure, Payment Terms

- ix. Payment track record of Utility
- x. PPA Termination, Exit Clauses in case of Third Party PPAs
- xi. **Inputs from Indian Embassy:** In case of projects being implemented in foreign jurisdictions, inputs from the Indian Embassy/High Commission in the concerned country may be obtained. Such inputs shall be used to assess country-specific risks, local regulatory considerations, and the overall business environment relevant to the proposed project.
- xii. In addition to the above, **the broad structure of the power sector** in the relevant jurisdiction shall be examined to ensure adequacy of institutional and market mechanisms for timely payment to the Borrower Company.

H. Financial Appraisal of the Project with the following check-points: -

Use of Proceeds & defined Waterfall Monitoring may be clearly defined for the project.

Metric	Guideline / Requirement
Internal Rate of Return (IRR)	Project IRR > 8% is generally considered acceptable based on cost of capital and associated risks. However, in any case shall not be less than Interest Cost plus minimum 20 bps.
Debt Service Coverage Ratio (DSCR)	Average DSCR should be > 1.20 over the loan tenure. Yearly DSCR should not fall below ~1.05. In case of mismatch in earning in foreign currency, minimum DSCR shall be >1.20. Higher DSCR may be required for foreign/currency-risk projects.
Break-Even Point (BEP)	< PLF (As per assumption)
Net Present Value (NPV)	> 0 when calculated at an appropriate discount rate
Asset Coverage Ratio	Minimum of 1.2x required (Asset value / Loan amount), particularly when collateral is offered in the form of project assets.

- Mandate that guarantor rating \geq borrower rating, both internally and from external agencies
- I. Compliance with Prudential Norms:** Ensure that after appraisal, the proposal also meets any prudential norms set by IFSCA or internal policy:
- **Single Borrower Limits:** Check that the exposure to this borrower/group will remain within IGGEFIL's exposure ceiling (25% of eligible capital) or any relaxation as prescribed by IFSCA.
 - **Leverage Limits:** If IFSCA imposes any leverage or capital ratio constraints (e.g. Capital Adequacy Ratio of 8%), confirm the loan doesn't breach those upon sanction.
 - **Permissible Activity:** Confirm that lending to this project is allowed activity under IFSCA (Finance Company) Regulations.
- J.** Social & Environment Screening of the Project.
- K.** Grading by the KYC Risk Assessment Committee and its approval by the Competent Authority.
- L.** Review of the Appraisal and Recommendations by the Screening Committee.
- M.** Finalization of the Security Matrix and Terms & Conditions of the Loan.
- N.** Sharing draft term sheet with the Applicant.
- O.** Financial concurrence of the proposals.
- P.** Proposal to be put up for approval "or" inclusion of the Agenda Item for approval by the Competent Authority.
- Q.** Review / Approval of the Agenda Item by the Competent Authority
- R.** Post approval by the Competent Authority, preparation of the Sanction Letter by the Dealing Officer by entering the requisite details in the online formats, generating the Sanction Letter, approval from the Competent Authority and issuance of the Sanction Letter to the Applicant Company.
- S.** Sanction Letter along with the Appraisal Note shall be forwarded to the Legal Group for documentation and security completion.

4.3 Documentation & Security Creation

For all cross-border or complex project finance cases, IGGEFIL shall mandate engagement of independent Third-Party Advisors/ Legal Advisors (domestic/other jurisdictions). Such advisors will be responsible for:

- Vetting all loan and security documents to ensure compliance with applicable laws.
- Reviewing enforceability of contracts across relevant jurisdictions.

– Providing independent confirmation to IGGEFIL that documentation standards meet both regulatory requirements and industry best practices.

4.4 Disbursement

This stage outlines the procedure from borrower's request for disbursement to the actual release of funds from IGGEFIL's account to the borrower.

A. The borrower must submit a Disbursement Request (drawdown notice) as per the format in the loan agreement, addressing it to IGGEFIL. The request should specify the amount to be disbursed, the date, and certify that funds will be utilized for the project.

B. Scrutiny of Disbursement Request: The TS/Dealing Officer examines the request for completeness:

- Check that the requested amount is within the available limit (not exceeding the sanctioned amount or the tranche limit).
- Verify all required enclosures are provided.
- Ensure the borrower has satisfied all **Conditions Precedent** (cross-check the CP checklist). For first disbursement, all CPs must be met. For subsequent disbursements, ensure any conditions specific to those (like achieving certain progress) are met.
- Confirm that the sanction is still valid (within loan validity period). If the sanction validity expired, borrower should have obtained an extension approval – otherwise, disbursement cannot proceed until that is resolved

C. Coordination with Legal on Security Status: Check with Legal whether all security creation is formally completed or if any post-disbursement security timing was allowed.

If some collateral was allowed to be perfected post-disbursement (unusual, but e.g. creation of security after first tranche), confirm that an undertaking is in place and timeline agreed. If critical security is incomplete, hold the disbursement and inform borrower that compliance is needed.

Appointment of Domestic/Foreign Legal Counsel (LLC): Depending on the application of law (whether domestic/other jurisdictions) where the project is implemented, a qualified local legal counsel may be engaged as Lender's Legal Counsel (LLC). The LLC shall assist in reviewing and drafting documentation, examining the local legal and regulatory framework, and ensuring enforceability of loan and security agreements in the host jurisdiction. Their inputs will complement IGGEFIL's Legal Group review and will be a mandatory requirement before disbursement.

D. Pre-Disbursement Site Inspection: Especially for project finance, prior to each major disbursement, IGGEFIL will conduct a **site inspection** or have the **Lender's Independent Engineer** provide a progress report. This is to verify that the project is progressing as reported and that the funds requested correspond to actual work done.

- The Technical Officer or LIE checks the site, takes photographs, and compares progress against the project schedule (BAR chart or milestones plan).
- Key points: Ensure that "necessary infrastructure has been established to absorb the funds" being disbursed (i.e. the project work is ready for the next stage funding). Also verify no serious delays or issues that would derail project.
- The inspection report should confirm physical progress matching the expenditure incurred and note if the project is on schedule or if there's any time/cost overrun. If overruns are observed, evaluate if they are within contingency or if they trigger a need for project review.
- For foreign projects, if IGGEFIL staff cannot inspect easily – necessary to do joint inspection with partner institutions in foreign countries with virtual proofs for reference.

E. Progress Documentation Verification: Along with or after inspection, examine documents substantiating project progress:

- **Project Progress Reports:** Require the borrower to submit an **Item-wise progress report** of project cost and physical progress. Also, if a Project Management Consultant or Technical Consultant is on board, get their independent progress report.
- **Certified Invoices and Bills:** For reimbursement requests (if borrower already paid some suppliers), check copies of contracts, invoices, and receipts for major expenditures. Ensure they align with the project cost heads financed by IGGEFIL.
- **Statutory Auditor's Certificate:** For projects, a CA certificate is needed to confirm the expenditure already incurred and the proportionate promoter's contribution spent. It usually certifies: (i) total cost incurred till date, (ii) that promoter's minimum contribution as required has been brought in and used, (iii) the remaining cost to complete and sources of funds for that.
- **No-Lien Account statements:** Verify the no-lien account (if used for equity) transactions, to ensure equity funds have been routed properly into the project. The certificate of no-lien account from the bank (showing inflow of equity and outflow to project vendors) gives confidence that promoter equity is indeed in place.

- If this is not the first disbursement, also confirm that prior disbursed funds were utilized correctly for the project. Borrower's utilization certificates or auditor verification might be requested for each tranche.

If any discrepancy or shortfall is found in the above (e.g. promoter hasn't put in full equity share, or invoices don't support the requested amount), communicate to the borrower that those must be corrected before disbursement. Essentially, IGGEFIL disburses proportionately and only against established progress to maintain financing discipline.

E. Compliance with Disbursement Guidelines: IGGEFIL will follow disbursement norms adapted for IFSC:

- Ensure the borrower has paid any interest or fees due up to date (for example, if interest during construction is capitalized, maybe not applicable; but any front-end fee not paid would be a showstopper).
- Ensure disbursement sequence is as per sanction (e.g. if certain conditions were attached to multi-tranche disbursement, those are respected).
- Check if disbursement is going to a specific project escrow or designated account of the borrower. Typically, IGGEFIL will disburse foreign currency to the borrower's specified account
- IGGEFIL's F&A will handle the actual remittance, but the Dealing Officer must ensure the payment instructions are correct and comply with any RBI/IFSCA reporting. E.g., for an ECB to India, the remittance should mention the LRN and purpose code (like an ECB code) so the AD bank and RBI can track it.

G. Approval for Disbursement: Once all checks are satisfactory, the Technical/Credit department prepares a **Disbursement Note/Checklist** and recommends the disbursement of amount. As per internal protocol:

- If the disbursement is routine and within sanction terms, it may be signed off by a designated authority without needing higher approval. However, for significant disbursements or first disbursement, IGGEFIL may require approval from the Competent Authority to release funds. This ensures that all conditions are met.
- The note will list the amount to be disbursed, status of project, and confirm CP compliance. The Competent Authority approves by signing or via an approval memo.

H. Fund Transfer Execution: With approval in hand, the F&A department proceeds to execute the disbursement.

- F&A to ensure mandatory hedging for at least 70–80% of loan exposure in case of revenue mismatch in line with board approval policy.
- The FX risk buffer may be dynamically calibrated based on country risk ratings, hedge cost benchmarks, and borrower revenue currency while pricing loans

I. Post-Disbursement Documentation: After disbursement:

- Update the loan account in the system – amount disbursed, date, applicable interest from that date, next due dates for interest, etc.
- Send a Disbursement Advice to the borrower, detailing the disbursed amount, the value date, and an updated amortization schedule if partial disbursements affect it.
- If it was full and final disbursement (project now fully funded), ensure the borrower is aware of any conditions for subsequent phase (like when repayment starts, etc.).

The disbursement stage may recur multiple times if the loan is drawn in tranches. Each time, all the steps (especially progress verification) are repeated to the extent relevant. Strong control at this stage protects IGGEFIL's funds from being disbursed into a project that is not progressing or is deviating from plan.

4.5 Project monitoring & evaluation

Once loans are disbursed (even partially), IGGEFIL enters a crucial phase of **monitoring** to ensure the project is implemented successfully and the borrower meets all obligations.

A. Loan Effectiveness & Execution Monitoring: After sanction, track the **loan effectiveness**:

- Check if the borrower **accepted the sanction** and executed the loan agreement within the validity period. If the sanction letter had validity (3 months to sign the agreement), ensure the borrower signed in time. If delays occur, the borrower should request an extension and pay any front-end fee for extending as per norms. Competent Authority approval may be needed to extend the sanction validity.

- If the borrower was slow to comply and the sanction nearly expired, decide (in consultation with management) whether to extend or cancel the sanction. Document the follow-up communications urging the borrower to complete formalities.

B. Construction Period Monitoring: During project implementation (construction period):

- **Quarterly progress reports** from the borrower should cover physical milestones (% completion), financial status (expenditure vs. budget), and key issues. The Dealing Officer must compare these against the original project plan.
- **Site inspections** at critical phases (such as foundation laying, equipment installation, or commissioning) should be continued. Each visit must yield a status report noting progress and any red flags.
- Where a Concurrent Engineer or monitoring consultant (LIE and LFA) is appointed, involve them early to **provide independent assessments** and flag technical issues. Coordination with other stakeholders like Project Monitoring Agencies, Financial Advisors, or Insurance Consultants ensures holistic oversight.
- **Internal IGGEFIL/TS team reviews, held fortnightly or monthly**, help track delays or cost overruns across all active projects, enabling timely corrective actions.
- **Covenant compliance** should be verified consistently: ensure no fund diversion (via account reviews), that insurance requirements are met, and that all permits are in place.
- For each disbursement, **validate fund utilization** through borrower-submitted certificates or auditor confirmations. Idle or unused funds must be promptly identified and addressed.

If any **problems or delays** are identified:

- Communicate formally to the borrower's management seeking clarification and remedial action.
- If a project is significantly delayed or faces cost overrun, IGGEFIL can consider corrective steps: e.g. ask promoters to bring additional equity, rephase the loan disbursement schedule, or in extreme cases, halt further disbursements until issues are resolved.
- Document all such follow-ups and actions.

C. Commissioning and Post-Completion: When the project achieves commissioning or completion:

- Obtain the **Commissioning Certificate** or Completion Certificate from relevant authority
- Ensure a **Project Completion Report** is submitted by the borrower, summarizing final project cost and key outcomes. Compare final costs with original estimates and note any overruns and how they were funded.
- Update the loan record: after commissioning, typically the loan enters repayment mode (if there was a moratorium, it ends). IGGEFIL should send the borrower a final repayment schedule if needed.
- If any small retention (like last 5% of loan) was to be disbursed upon completion, verify all completion documents and then disburse that balance as per procedure. Often the last tranche is only given after full commissioning and satisfaction of all formalities.

D. Operational Monitoring (Post-Commissioning): Once the project is operational and generating revenue (power or otherwise), monitoring shifts to performance and cash-flow:

- For power projects, collect **Monthly or Quarterly Generation Reports**. Borrowers should provide generation data. Compare performance against the expected Plant Load Factor (PLF). If generation is consistently below projections, investigate causes.
- Monitor **Payment Inflows**: Ensure the off taker (e.g. power purchaser) is paying on time. If payments are routed through an escrow account, check escrow statements. Delayed payments from off-takers (common if the buyer is a state utility) can strain the borrower's ability to service debt. Note any accumulating receivables.
- Obtain the borrower's **audited financial statements** and interim financials. Analyze their financial health – profit/loss, debt levels, DSCR from actual operations, etc. This helps verify if the project's cash flows are as expected and if the company overall remains stable.
- If the loan covenants require maintaining a **Debt Service Reserve** (e.g. 1 quarter of debt service in a DSRA account), check that this is maintained. Also, test the actual DSCR periodically. If DSCR falls below the covenant level, it's a trigger for corrective action (the borrower might need to cure by infusing funds, or we classify it accordingly).
- Conduct **periodic site visits** even during operations, albeit less frequently (maybe annual or if issues arise). This helps maintain relationships and firsthand insight. For foreign projects, periodic visits might be combined with travel or done by a local representative if possible.
- Inter-creditor arrangements, if perused may be shared, eg. joint surveillance of DSRA, escrow accounts, default resolution, step-in rights, voting rights and other project KPIs

E. Regulatory and Compliance Monitoring: IGGEFIL must ensure ongoing compliance with external regulations (of RBI, IFSCA, FIU or any other relevant regulatory or operational body) throughout the loan life:

F. Periodic Portfolio Review: IGGEFIL's management will conduct periodic reviews of all loans:

- **Quarterly Review Meetings:** A high-level review of the loan portfolio is done quarterly (or more often). Each active account is discussed for progress or issues. Problem accounts (if any) are flagged for special attention.
- **Early Warning Signals:** Set up an internal mechanism to spot early warning signals of stress. When such signals appear, IGGEFIL should engage with the borrower early to understand and mitigate.
- **Non-Performing Assets (NPA) Monitoring:** As per prudential norms, if a borrower misses payments beyond the allowed duration (e.g. 90 days overdue for interest or principal), the loan would be classified as NPA. Track any overdue closely.
- **Stressed Account Management:** For any account that is in default or likely to, form a strategy: increased follow-ups (letters, meetings), offer assistance like rescheduling if viable, or prepare for legal action if needed. IGGEFIL will coordinate with IREDA's recovery/legal department in severe cases, especially if enforcement of security or international legal steps are required.

4.6 In case of pre-payment

Borrowers may at times seek to **pre-pay** the loan (pay off earlier than scheduled), either in part or in full. This section outlines how IGGEFIL handles prepayment requests while ensuring compliance with policy and regulations:

A. Borrower's Request for Pre-payment: The borrower must give a formal written request if they intend to prepay. The request should indicate whether it's a full prepayment (entire outstanding) or partial, and the proposed date of prepayment. Most loan agreements will stipulate a notice period for prepayment – the borrower should adhere to that.

B. Policy Check – Prepayment Penalty/Charges: IGGEFIL's financing norms should be consulted to see if a **prepayment charge** is applicable. Also, check if any lock-in period applies (perhaps no prepayment allowed in first 1 year, etc., as per sanction conditions).

C. Regulatory Compliance for Prepayment (ECB):

For Indian borrowers under ECB: RBI's ECB guidelines should be checked for prepayment rules. Under automatic route, generally borrowers are allowed to prepay ECBs **without prior RBI approval** as long as they comply with minimum average maturity or other conditions. However:

- The AD bank handling the ECB will need to clear the remittance (in this case, reverse flow – the borrower sending money out to IGGEFIL). The AD will likely require the borrower's request letter, a calculation of interest due up to prepayment date, and may check that required **hedges** are available.
- **IGGEFIL's role:** Provide any documentation the AD bank needs, like outstanding balance confirmation. Ensure coordination so that when borrower remits funds to IGGEFIL's account, proper referencing (LRN etc.) is done.

For foreign borrowers, ensure no contractual or local regulatory issues with them prepaying.

D. Calculation of Dues: Upon intended prepayment date, IGGEFIL calculates the total amount payable:

- **Outstanding Principal** to be prepaid.
- **Accrued Interest** up to the prepayment date (including any interest since last payment).
- **Prepayment penalty or breakage cost** if applicable (as per above).
- Any other fees or charges due

This statement of dues is communicated to the borrower. The borrower should confirm acceptance and arrange to remit the funds on the agreed date.

E. Internal Approval: Check internal requirements – small prepayments may be routine, but if a prepayment is being done with some waiver of charges or any negotiation (say IGGEFIL agrees to waive half the penalty as a goodwill), that likely needs approval from the Competent Authority. Also, if the prepayment involves IGGEFIL needing to find alternative deployment for funds (affecting interest income forecasts), the management should be informed as part of asset-liability planning.

F. Receipt of Prepayment: On the date of prepayment:

- IGGEFIL (F&A) will receive the payment from the borrower. For an Indian borrower, it will come via the AD bank in foreign currency (which the AD would have debited from the borrower's INR account if needed). For a foreign borrower, it will be a direct transfer. F&A should look after the credit and confirm when received.
- Once funds are received in full as per calculation, issue a receipt or acknowledgement to the borrower.

G. Closure of Loan Account:

If it's full prepayment:

- Apply the funds to the loan account, closing out the principal and interest. Ensure no minor residual interest is left.
- Mark the loan account as closed in systems as of that date.

- Issue a No Dues/ Closure Letter to the borrower stating that the loan has been fully repaid and there are no outstanding dues.
- Release securities: Instruct the Legal team to prepare documentation to release charges and liens. For Indian security, file satisfaction of charge with ROC. Return any original documents or title deeds to the borrower as per release process (after ensuring account closed). For securities created in foreign land, to complete the release formalities as per applicable laws in that country with the help of foreign legal counsel as may be required. For guarantees, issue release letters.
- Update records for IFSCA and internal reporting – this loan will move to closed status in the next return.
- For ECB, the final ECB-2 will show loan closed; RBI's records will reflect closure (the borrower's AD usually notifies RBI in ECB-2 that no further outstanding).

If it's a partial prepayment:

- Recalculate the amortization schedule going forward (unless the loan structure allows part prepayments without re-scheduling, but typically it would either reduce tenure or future installment amounts). Communicate the revised payment schedule to borrower.
- Ensure partial release of security if applicable (for example, if prepayment was sizable and borrower requested release of some collateral, decide as per policy).
- Update internal records and continue monitoring for the reduced loan.

4.7 One time settlement

A. On receipt of the request for One Time Settlement from the Borrower, examine the request as per the prevalent Financing Norms along with reasons with documentary evidence if any, Cash Flows submitted by the company, Balance Sheets, Net worth statements and Valuation Report:

- a. Status of Account (NPA etc.)
- b. Reasons for default
- c. Status of unit
- d. Cases filed (Criminal, DRT, NCLT, in any foreign court etc.)
- e. Cut-off date
- f. Payment terms
- g. Settlement amount
- h. Sector specific requirements
- i. Value of available securities

B. If the Borrower's request does not meet the eligibility criteria, reject the proposal and inform borrower for further compliance otherwise examine and review financial issues, Overdue since when, Recall Notice etc., with the Finance Department.

C. Interact with Legal Group and examine the legal issues including the cases where recovery actions have been initiated.

D. OTS proposal along with observations of Technical Department in the requisite format to be put up to the SAM Group who shall review and put up the proposal to the Settlement Advisory Committee (SAC).

E. SAC to take decision on this:-

- a. In case SAC rejects the request, inform borrower for further compliance, otherwise a Board Note with OTS proposal for approval, if Board does not approve, inform to borrower for further compliance, if it is accepted follow the process from Point No.
- b. In case recommended for OTS by SAC, take approval of CMD, if CMD does not approve inform to borrower for further compliance, if it is accepted follow the process from Point No. F.

F. OTS Proposals having deviation (s) from the above policy shall be put up to Board of Directors (BoD) for approval

G. After approval, prepare draft OTS Sanction Letter and inform to Board. Interact with Legal & Finance department for Legal & Finance verification issues.

H. Issue Sanction Letter of compliance and take acceptance and compliance by borrower. Once compliance is satisfactory OTS to be effected.

4.8 In Case of Reschedule & Restructuring

If a borrower faces difficulties in meeting the original terms of the loan but the project is still viable with some modifications, IGGEFIL may consider **reschedule (extension of repayment period)** or broader **restructuring** of the loan. The goal is to support the project through temporary hurdles while protecting IGGEFIL's interest. This section describes the process:

A. Triggers for Reschedule/Restructuring: Typical triggers include:

- The project has faced delays in commissioning or temporary shutdown, affecting cash flow.
- The off-taker is defaulting or market prices changed, reducing revenue.
- Cost overruns leading to higher debt requirement or inability to service as per original schedule.
- Macro factors like currency volatility (for instance, INR depreciation making ECB servicing costlier for an Indian borrower, who may seek longer tenor or moratorium).

The borrower usually **requests** restructuring, providing reasons and a plan. In some cases, IGGEFIL might initiate discussion if it foresees a looming default that could be averted by adjustment.

B. Evaluation of Restructuring Request: The dealing team will perform a **fresh appraisal** focusing on:

- Revised cash flow projections under the proposed restructured terms.
- Project's status and future prospects. Ensure the underlying issue is temporary or solvable. If the project is fundamentally unviable, restructuring may just postpone the inevitable default; in such a case, alternative measures (like OTS or enforcement) might be better.
- **Additional funds:** If the project needs additional funding (debt or equity) to complete or to support operations, confirm sources.
- Check if additional collateral or guarantees are available to secure the restructured loan, especially if more debt or time is given.
- Compliance with any regulatory guidelines on restructuring

C. Restructuring Plan & Approval: Formulate a restructuring plan detailing new repayment schedule, interest adjustments, moratorium, covenant changes, promoter actions, additional security.

Present this plan to the Competent Authority for approval. **High-level approval is needed** because restructuring often means the loan's risk has increased (it could be considered an NPA or re-aged loan). The authority will consider whether the restructuring is in IGGEFIL's best interest versus other options.

If approved, classify the loan appropriately:

- If the loan was standard and now just extended due to external reasons, IGGEFIL might still consider it **standard** (subject to regulator rules). But often, a restructured loan is tagged and monitored closely as a "restructured asset".
- If the loan was NPA, many times a successful restructuring can upgrade it if performance is as per new terms for a period, but IGGEFIL will likely follow conservative accounting (keeping it NPA until demonstrated performance).

D. Documentation of Restructuring:

Once approved, legal will prepare an **Amendment Agreement** or "**Supplemental Loan Agreement**" to document the revised terms with the help of legal counsel (domestic or from other jurisdictions depending on the requirement) :

- It will reference the original loan agreement and amend relevant clauses (payment schedule, interest rate, etc.).
- Any new security documents (if taking new collateral) are executed.
- Ensure that RBI is informed if required: For an ECB, **any change in terms** like interest rate, tenor, amount, etc., should be reported through the ECB-2 return.
 - If the changes are beyond certain limits, RBI prior approval might be needed (e.g. if extending average maturity significantly, or changes in recognized lender, etc.). Work with the borrower's AD bank to ensure compliance – they may need to file a revised ECB form reflecting the changes.

Borrower signs the amendment. All parties should have clarity that old terms are superseded by new ones.

4.9 Amendments in Financing Policy

- A. Receipt, Examination and Compilation of suggestions from Internal Departments/feedback from the Borrowers
- B. Review of suggestion and conducting internal discussions
- C. Seek comments and suggestions from concerned Departments.
- D. Prepare and put up draft proposing revisions/changes in Financing Policy to Group Head.
- E. Seeking Concurrence from Finance Department and vetting from Chief Risk Officer of the proposed revisions/changes.

- F. Approval/ Review by the CMD/BOD, as applicable.
- G. Upon approval, circulation of revised Guidelines to all Departments.
- H. Circulation of revised Financing Policy to IT Department, uploading on website and Intranet Portal, as applicable.

4.10 Citizen's Charter of IREDA

- A. Notify Citizen's Charter of IREDA after approval of the Competent Authority.
- B. Upon receipt of complaints against commitments made in Citizen's Charter, if any, investigate the same in terms of IREDA Financing Guidelines, Recovery Manual, Legal Manual etc.
- C. Submission of Report to Competent Authority.
- D. Follow-up Action.

5. Time Standard for Work/Job

S. No	Main Services	Standard (No. of working days)
1	Conveying the Application Registration Number (ARN) to applicant	Within 1-3 days from the receipt of application
2	Screening of documents and seeking essential additional details	Within 14 days from the date of ARN
3	Sanction by competent authority	Within 90 days from date of ARN
4	Issue of Sanction Letter	Within 7 days from the date of approval
5	Signing of Loan Agreement	Within 60 days from the date of Sanction Acceptance
6	Creation of Mortgage	Within 7 days from the acceptance of Title Report
7	1st Disbursement	Within 15 days from the date of receipt of Disbursement Request
8	Subsequent and final Disbursement	Within 15 days from the date of receipt of Disbursement Request
9	Issue of NoCs in respect of:	Subject to approval of competent authority after receipt of all necessary documents and applicable fee:
9.i	Amalgamation/Merger/De-merger	Within 30 days from the date of receipt of request
9.ii	Change of Management	Within 30 days from the date of receipt of request
9.iii	Stock-listing/IPO/Bonds	Within 30 days from the date of receipt of request
9.iv	Working Capital	Within 15 days from the date of receipt of request
9.v	Ceding 2nd Charge	Within 15 days from the date of receipt of request
9.vi	Appraisal Sharing	Within 15 days from the date of receipt of request

6. Reference Documents

- IFSCA (Finance Company) Regulations, 2021
- IFSCA AML/CFT and KYC Guidelines, 2022
- Reserve Bank of India Master Direction – External Commercial Borrowings (Updated periodically)
- IREDA Financing Norms & Credit Policy
- IGGEFIL Board Resolutions/Delegation of Powers
- Legal Documentation Standards (IREDA/IGGEFIL)
- Citizen's Charter of IREDA/IGGEFIL
- Any Subsequent Amendments/Circulars from IFSCA or RBI

7. Process Control

- IREDA's Financing Norms and Schemes
- IREDA's Operational Guidelines
- Online Controls
- Other Applicable Guidelines/Compliances

8. Records

- Sanction Letter
- Online documentation and records