

**Policy for "Setting up of production facility/ unit of Sustainable Aviation Fuel (SAF) as biofuel from renewable feedstocks such as, agricultural residues, biomass, waste oils, and municipal waste, etc. including Bioethanol"**

**Purpose**

Loan scheme for "Setting up of production facility/ unit of Sustainable Aviation Fuel (SAF) as biofuel from renewable feedstocks such as, agricultural residues, biomass, waste oils, and municipal waste, etc. including bioethanol.

**Broad Terms and Conditions**

<b>S. No</b>	<b>Parameter</b>	<b>Condition</b>
(I)	Extent of debt funding	Upto 70% of the eligible project cost.
(II)	Exposure norms	As per financing norms.  Quantum of loan amount will be governed by IREDA exposure norms.
(III)	Moratorium and repayment periods	<b>Moratorium:</b> The moratorium period for principal repayment would be maximum of twelve (12) months from Date of Commencement of Commercial Operations (DCCO) as defined in Loan Agreement.  <b>The repayment period:</b> Shall be minimum of 10 years or 80% of economic life of the project whichever is lower, with offtake agreement covering the proposed loan tenure.  In case of consortium/ co-financing, terms and conditions can be aligned with lead FI/Banks/Underwriters/ Syndicators.
(IV)	Construction period	Upto 48 months depending on type of technology proposed and capacity of production facility/ unit.
(V)	Front end fee, appraisal fee, other fees/ liquidated damages/ penal charges etc.,	As per policy and as applicable to new and emerging technology.
(VI)	Interest rate matrix	Interest rate matrix for the sector will be decided by the IREDA's "Committee for fixing interest rates".

(VII)	Prepayment and prepayment charges	As per policy
(VIII)	Base Case Financial Indicators	<p>Compliance of following financial indicators:</p> <ul style="list-style-type: none"> <li>➤ Average DSCR &gt; 1.30</li> <li>➤ Minimum annual DSCR &gt; 1.20</li> <li>➤ FACR &gt; 1.17</li> </ul>
(IX)	Securities and additional securities	<p>As per IREDA financing norms.</p> <p>Further, this being a new sector, additional securities:</p> <ol style="list-style-type: none"> <li>1) Deposit of Fixed Deposit Receipt (FDR) /Bank Guarantee (BG) to IREDA equivalent to 10% of loan amount with lien marked to IREDA. The same will be extinguished on prorata basis, upon repayment of 50% of IREDA loan amount and if the loan account is regular in repayment obligations.</li> <li>2) Debt Service Reserve Amount (DSRA) as per policy to be provided. However, one quarter Interest to be created upfront upon commissioning of project.</li> <li>3) The title to the land for the proposed project should be free from all encumbrances and marketable, over which valid mortgage can be created. The title to the land shall be verified by the lender legal counsel (LLC).</li> <li>4) The land for the proposed project should preferably be freehold land.</li> <li>5) Personal Guarantee of Promoters/ Promoters Director.</li> <li>6) Corporate Guarantee (CG) from the promoters.</li> <li>7) Minimum 51% pledge of shares/promoter's contribution in terms of pledgeable instruments</li> </ol> <p><b>Note:</b> BG/ FDR to be obtained/ provided from Scheduled Commercial Banks.</p>
(X)	Eligibility conditions	(a) As per IREDA financing norms.

		<p>(b) Further, External Credit Rating (ECR) of Promoter(s) which is/are Company(ies) to be obtained/provided in following two scenarios:</p> <p>(i) In New and Emerging sector with project cost of Rs.1000 Crore and more.</p> <p>(ii) Where Promoter or Promoter's group companies have undergone OTS with any lender(s) during the preceding 3 financial years.</p> <p>(The promoter company shall have ECR not below investment grade).</p>
(XI)	Additional conditions related to sector	<p><b>Appraisal and sanction:</b></p> <p>(1) Quantum of loan amount will be governed by IREDA exposure norms.</p> <p>(2) Techno-Economic Viability (TEV) report of the project will be obtained, as there are various pathways for production of Sustainable Aviation Fuel. Advancements in technology is likely to make chosen pathway obsolete in future, hence TEV report to include the following:</p> <ul style="list-style-type: none"> <li>• Technology</li> <li>• sensitivity analysis,</li> <li>• degradation assumptions,</li> <li>• replacement economics,</li> <li>• feedstock stress,</li> <li>• minimum offtake assumptions,</li> <li>• fallback revenue,</li> <li>• carbon-credit dependence,</li> </ul> <p>(3) Details of operational projects, if any using similar technology to be obtained.</p> <p>(4) Resource/ Raw material assessment report for its utilisation in the project.</p> <p>(5) Market assessment report for proposed sale of SAF.</p>

		<p>(6) Availability of legally binding long-term raw material supply covering at least the proposed loan tenure.</p> <p>(7) Availability of legally binding long-term offtake agreement(s) covering at least the proposed loan tenure.</p> <p>(8) Due diligence of vendors/ suppliers of raw material and offtakers for their capabilities to supply the raw material and offtake of SAF respectively including assess their payment strengths.</p> <p>(9) The promoter's contribution and/ equity to be brought in, must be clearly demarcated along with source and timelines for infusion.</p> <p>(10) The core promoters share in promoter's contribution should be a minimum of 10% of the approved total project cost.</p> <p>(11) In case, EPC Contractor/ vendor is an associate / group company, the applicant will maintain an arm length in business transactions. Further, in such instances, financial health and experience of EPC Contractor/ vendor in implementing similar or related projects will be assessed.</p> <p>(12) Date of Commencement of Commercial Operations (DCCO) to be detailed in Loan agreement)</p> <p>(13) Project Milestones to be aligned with PERT chart and disbursements may accordingly be linked to achieving such milestones.</p> <p>(14) Environmental, Social and Governance (ESG) assessment to be carried out.</p> <p>(15) In case of any change / scope of project, the same will be brought to the notice of IREDA by the borrower for approval of same including re-appraisal of project, if required.</p> <p>(16) If project is in consortium funding or cofinancing arrangement, the exposure</p>
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of IREDA will not exceed the limits as per specified in RBI master directions.

**Disbursement:**

- (1) All securities to be completed to the satisfaction of IREDA.
- (2) 75% of promoter's contribution to be infused with 100% expenditure incurred on the project, before release of first disbursement.
- (3) Compliance of Pre-disbursement conditions.
- (4) Proposed utilisation of funds requested with timelines duly certified by Director of the borrower company. In case of funds not disbursed as proposed or supplies not effected against payments effected, the vendor/ contractor will be liable to refund the amount received back into TRA. Accordingly, a letter from the suppliers/ vendors/ contractors with TRA account number will be submitted along with request letter for disbursement.
- (5) Physical progress of project to be reviewed by IREDA officials along with site visit, if required
- (6) IREDA will appoint LIE/ LFA/ Project Monitoring Agency (PMA) for the project will provide a report before proposed loan disbursement.
- (7) Any advance payment to EPC contractor/ vendor will be backed by Guarantee acceptable and assigned to IREDA till project is commissioned and begins Commercial operations.
- (8) The project assets to be adequately insured and names of lender(s) mentioned in Insurance policy. Copy of valid insurance policy to be obtained.
- (9) Within sixty (60) days of date of each instalment of loan disbursement, end

		<p>use certificate of disbursed amount will be submitted for each instalment of loan disbursement from IREDA along with confirmation from respective vendor/contractor.</p> <p>(10) The end use of funds disbursed by IREDA shall be verified by LIE / LFA/ PMA during visit to project and reviewed at IREDA.</p> <p>(11) In case of any change / scope of project, the same will be brought to the notice of IREDA by the borrower for approval of same including re-appraisal of project, if required.</p> <p><b>Monitoring:</b></p> <p>Monitoring will be carried out.</p> <p><b>Disclaimer:</b></p> <p>The above is only indicative and any further due diligence / checks can be carried out by IREDA as per requirement.</p>
(XII)	Prepayment/ Premature Repayment	As per the prevailing policy.
(XIII)	Other terms and conditions	All other terms and conditions as per existing guidelines and financing norms

**Note: Being a new sector for debt funding, no deviation to be considered.**

The above will be effective from date of approval i.e. 29.05.2026.

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