

## ***MoU Activity***

**Develop strategic partnership with other Banks & FIs to leverage syndication/ co-financing of large scale solar power projects**

## Background

Prior to JNNSM, Banks/FIs in India had no experience in funding solar grid connected PV projects, hence risks perceptions of solar PV power projects was considered higher as compared to other sectors at that time. As on date, IREDA has funded 45 no. of solar PV projects under JNNSM and various state solar policies and has gained adequate experience in last 3-4 years. After having experience in funding solar PV power projects, the risks perceptions of solar projects is actually found minimal as compared to other renewable energy sectors considering a short gestation period of 4-6 months, project size being modular in nature and technology is fully established with world-wide installations of more than 170000 MW and about 3000 MW in India.

Being a financial institution exclusively for funding RE projects, IREDA has been playing a pioneering role in the past to finance RE projects in wind, hydro, co-generation and biomass etc. IREDA has also been actively funding Solar PV projects since launch of JNNSM both under Central and State Policies.

With successful implementation of JNNSM Phase I, Batch I & II, response for Phase II has been extremely overwhelming. Phase II has attracted big business houses and at the same time, the size of the projects has increased manifold from 1 MW to 50 MW and above. In state policies also, the size of the projects has increased many times. Hence, to support accelerated growth in line with revised target of JNNSM from 20,000 MW to 100,000 MW by 2022, IREDA has signed MoU with other Lenders such as PFC, IIFCL, US Exim Bank etc. The highlights are as under:-

S.No.	Parties	Purpose
1.	PFC	To consider participative approach for financing of power sector, particularly in consortium lending
2.	IIFCL	To finance RE & EE projects as a part of infrastructure projects
3.	US EXIM Bank	To establish a framework for cooperation in the financing of creditworthy entities for renewable, energy efficiency and other clean energy projects to facilitate the export of goods and services of US origin or manufacture to India, and various forms of collaboration between the participants.

Based on growth rate in the last 3-4 years, growth in Solar PV power generation is going to increase. To enhance business in solar space, IREDA has signed the above MoUs by the way of which IREDA shall be having the following advantages:-

- 1) IREDA can act as Lead FI in some of the projects and can earn non-fund based fee.
- 2) IREDA will have an access to the norms, procedures and conditions followed by other leading lenders.
- 3) Sharing of risk exposure for large projects with other lenders.
- 4) It will also help IREDA to scale up to larger projects which would open new avenues for having business with big players with better credentials etc.
- 5) Other institutions like IIFCL have a mandate for take-out finance and can extend longer repayment period wherein loan can be structured such that IREDA's loan can be front loaded and IIFCL's loan back loaded to support large projects which require structured loan.

Based on the above MoUs, IREDA has already sanctioned loan to the following projects under consortium :-

<b>S.No.</b>	<b>Company's Name</b>	<b>Consortium Members and Loan Amount</b>	<b>Total Loan Amount</b>
1.	M/s Azure Clean Energy Pvt, Ltd.	<ul style="list-style-type: none"> <li>➤ IREDA – Rs. 8749 Lakhs</li> <li>➤ IFC – Rs. 8610 Lakhs</li> <li>➤ IIFCL/Azure Power – Rs. 3140 Lakhs</li> </ul>	Rs. 20499 Lakhs
2.	M/s Azure Sun Shine Pvt. Ltd.	<ul style="list-style-type: none"> <li>➤ IREDA – Rs. 5341 Lakhs</li> <li>➤ CBI – Rs. 6394 Lakhs</li> </ul>	Rs. 11735 Lakhs
3.	M/s Azure Green Tech Pvt. Ltd.	<ul style="list-style-type: none"> <li>➤ IREDA – Rs. 10568 Lakhs</li> <li>➤ CBI – Rs. 13063 Lakhs</li> </ul>	Rs. 23631 Lakhs
4.	M/s Today Green Energy Pvt. Ltd.	<ul style="list-style-type: none"> <li>➤ IREDA – Rs. 10000 Lakhs</li> <li>➤ REC – Rs. 9800 Lakhs</li> <li>➤ PFC GEL – Rs. 6212 Lakhs</li> </ul>	Rs. 26012 Lakhs