



Ref:KSFC/HO/CMD/ED(F)/493/2010-11

Date: 27.07.2010

CIRCULAR No.912 (A)

Sub: Scheme for financing Wind Mill Power projects – modified scheme.
Ref: Circular No.912 dated 07.07.2010.

-:o:0:o:-

As you are aware, a scheme for financing wind mil power projects was implemented in the Corporation vide above referred circular. Subsequently, detailed discussions were held with senior officers of M/s Suzlon Energy Limited, and M/s ENERCON, who are major turnkey suppliers of windmill plants and developers for entering into MoU with them. Further, based on inputs from Tamil Nadu Industrial Investment Corporation who have successfully assisted a number of windmill projects, and KREDL, certain modifications to our aforesaid scheme were considered necessary. In this regard, a note was placed before the Board in its meeting held on 27.07.2010. The Board upon discussion has approved the modifications and the modified scheme is enclosed herewith. With this, the guidelines given vide circular No.912 stands modified.

All the BMs and concerned HODs at HO are hereby advised to give vide publicity to the scheme and mobilize substantial business under this scheme. The contents of this circular shall be brought to the notice of all the concerned in your office / department.

Sd/-
CHAIRMAN & MANAGING DIRECTOR

To:
All BMs
All ZMs / DGMs of Super 'A' Branches / IA cells
All Principal Officers / Section Heads in HO
All General Managers
Library
Executive Directors - for information



SCHEME FOR FINANCING WIND MILL PROJECTS (MODIFIED)

01. Title of the Scheme “Scheme for assisting Wind Mill projects”.

Financial assistance to Wind Mill Projects shall be extended under this scheme, where upto 75% of the cost of the project is financed, subject to meeting overall DER/DSCR norms.

02. Eligibility:

Proprietary concerns, Partnership firms, Private and Public Limited companies, who are already in business and running with net profit for the past 3 consecutive years.

Note: Technical endorsement for Wind Turbine Generator (WTG) and site will be decided on the basis of guidelines issued by MNRE (Ministry of New & Renewable Energy) / KREDL. The selection of the machinery supplier is left to the discretion of the borrower, subject to the condition that the supplier should be reputed.

03. Promoters contribution:

Minimum 25% of the cost of the project.

04. Rate of Interest:

Applicable rate of interest will be 12.5% p.a. No separate interest concession or ECS rebate shall be extended.

Penal interest of 2.00% p.a will be charged in case of default in payment of principal/interest.

05. Repayment period:

7 Years from the date of disbursement excluding moratorium period of 06 months to 1 year. However, CMD is empowered to extend higher repayment period on case to case basis purely on merits.

06. Financial parameters:

Project DER : 3.00:1.00

Overall DER : 2.00:1.00

Overall DSCR: 1.25:1.00



-: 2 :-

07. Security:

- (i) Mortgage of freehold (if available)/ leasehold rights of the land (with right of entry) where the Wind Mill is installed and Hypothecation of the Block assets.
- (ii) Personal guarantee of the promoters.
- (iii) Collateral security to an extent of **25%** of the loan amount. There shall be no relaxation in collateral security. However, the CMD is empowered to relax the collateral security on case to case basis purely on merits.

08. Legal Documentation:

The financed assets along with the freehold/leasehold rights of the land together with the collateral securities shall be secured to the Corporation by way of a registered simple mortgage.

09. Special Conditions:

(a) The unit should open an ESCROW account with its Bank into which all the receivables from concerned ESCOMs are remitted and the proceeds of the ESCROW account should be remitted to the Corporation. Money received through the ESCROW account will be adjusted to the installments of interest and principal of the loan account. Any surplus after such adjustment shall be refunded to the borrower.

(b) The borrower shall pay 25% of the project cost OR his / its entire contribution whichever is higher to the turnkey supplier before seeking any disbursement from the Corporation. After arrival of the equipment at the site / work completed and after inspection of the same by the officers of the Corporation, the Corporation shall disburse upto 90% of the term loan sanctioned. The balance 10% of the amount sanctioned will be released after erection and commissioning of the plant.

(c) Locational map/ surveyor's sketch issued by the concerned statutory authorities should be collected and recorded

(d) The project site should be inspected by the concerned Branch Head or Head of the department at the HO along with a technical officer, before effecting the release of loan amount.

(e) The Borrower shall execute a Power of Attorney authorizing the Corporation to receive any incentives/grants/ subsidies from the Government/Non-Government agencies for the project and adjust the same towards the loan amount.

(f) The promoter should furnish details of the Power Purchase Agreement (PPA) intended to be entered into and copy of the same shall be made available to KSFC.



-: 3 :-

10. Limit of Assistance:

The maximum exposure should not exceed **Rs 10.00 Crore** in respect of companies and **Rs 2.00 Crore** for in respect of others. If the loan requirement is more than this, with the prior approval of SIDBI it can be considered upto Rs 20.00 Crore and Rs 8.00 Crore respectively.

11. Delegation of sanctioning powers:

For all the projects upto Rs 8.00 Crore – Chairman & Managing Director

For all the projects over and above Rs.8.00 Crore – Executive Committee

-:o0o:-