



इरकॉन रिन्यूएबल पावर लिमिटेड
IRCON RENEWABLE POWER
LIMITED



Information Memorandum

Date: 07.06.2022

Subject: Request for In-Principal Bid: (i) Non Fund based facility (Performance Bank Guarantees) of INR 240.00 Crores for IRCON Renewable Power Ltd. (IRPL) and (ii) Derivative limits to hedge potential foreign exchange exposure of up to USD 100 Million

Brief Background on the Project:

MNRE has issued the "Central Public Sector Undertaking (CPSU) Scheme Phase-II (Government Producer Scheme) for setting up 12,000 MW grid-connected Solar Photovoltaic (PV) Power Projects by the Government Producers with Viability Gap Funding (VGF) support for self-use or use by Government/Government entities, either directly or through Distribution Companies (DISCOMS)" vide No. 302/4/2017-GRID SOLAR dated 05.03.2019. These Guidelines have been issued under the provisions of Section 63 of the Electricity Act, 2003 for long term procurement of electricity by the 'Procurers', from grid-connected Solar PV Power Projects. 12,000 MW capacity will be added in 4 years' period i.e. from financial year 2019-20 to 2022-23.

As part of the Government of India's target to achieve a cumulative capacity of 100 GW Solar PV installation by the year 2022, IREDA invited proposals for setting up of Grid Connected Solar PV projects anywhere in India on "Build Own Operate" (B-O-O) basis for an aggregate capacity of 5,000 MW under Phase-II (Tranche-III) vide request for selection (RFS) No. 23016/1/2020-IREDA/RfS/5000 MW/012021.

Ircon International Limited ('IRCON', "IIL") and Ayana Renewable Power Private Limited ('Ayana', "ARPL") had signed a memorandum of understanding ('MOU') in May 2020 to explore and collaborate on opportunities in the solar energy sector. Subsequently, IRCON had participated in the CPSU bid floated by IREDA on 31st August 2021, and upon qualifying, had won the bid via an e-reverse auction (e-RA, conducted on 23.09.2021) for setting up solar power capacity of 500 MWac ('Project'). The estimated project cost of the Solar Project is ~INR 2600 crore. As per the provisions of the RFS, the successful bidder can also execute the project through a Special Purpose Vehicle (SPV). For this purpose, IRCON had formed the SPV – IRCON Renewable Power Limited (IRPL) with Ayana with a shareholding pattern of 76:24 (together referred as "Shareholders"). Project will be located in Pavagada Karnataka, private Land (~ 2300 Acres) which will be obtained on a leasehold basis:



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Project Overview

Particular	INR (crores)
Project Scheme	5000 MW Grid connected solar PV power projects in India (Tranche III) under CPSU scheme Phase-II (govt. producer scheme)
Project Capacity	500 MW AC (600 MWp)
Letter of Award (LOA) Date	04th Oct 2021
Project SCOD	04th April 2024 (30 Months from LOA date)
Tariff	₹ 2.45 /kWh fixed for 25 years
Project SPV	<p>IRCON Renewable Power Limited, a Joint venture between IRCON International Limited ('IRCON', 'IIL') & Ayana Renewable Power Private Limited ('Ayana', 'ARPPL')</p> <ul style="list-style-type: none">IRCON is a Government of India undertaking incorporated by the Ministry of Railways and is a leading turnkey construction company. IRCON is held ~73% by Govt. of India and is externally rated AAA by CARE as on date.ARPPL is held 51% by National Investment & Infrastructure Fund (NIIF) and balance by CDC UK (100% subsidiary of Govt. of UK) and Green Growth Equity Fund.
PPA counterparty	25 year power purchase agreement signed with South Western Railway on 4 th May, 2022.
Project Location & Land	Pavagada Karnataka, private Land (~ 2300 Acres)
Power Evacuation Arrangement	At 400 KV through PCGIL grid sub-station located at Pavagada
Estimated Project Cost and Viability Gap Funding (VGF)	<p>Estimated Project Cost: ~INR 26,000 Million</p> <p>VGF: INR 4.494 Million/MW amounting to INR 2,247 Million to be used towards project equity.</p> <p>1st tranche of 50% will be released by IREDA on signing of EPC agreement within 12 months from LOA date and balance 50 % will be released on COD of project. PBG equivalent to 50% of VGF for a tenure of 39 months to be submitted before VGF disbursement</p>
Proposed Debt Equity Ratio	Upto 80:20, to be decided upon financial closure
Project Implementation Strategy	Project is likely to be implemented under split EPC contracting structure with separate contracts for land, evacuation infrastructure, modules, balance of plants etc. All Modules & Cells to be used in project need to be domestically manufactured. Project contractors identification/shortlisting to commence upon PPA execution



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Debt Requirements

1. Non Fund Based Facility (Performance Bank Guarantee)

Ircon Renewable Power Ltd ('SPV', 'Borrower') is required to furnish Bank Guarantees in favour Govt./regulatory agencies in terms of the contracts entered into/to be entered in future. Total Non-Fund Based facility limit of Rs 240.00 Crore for issuing Performance Bank Guarantees for a period up to 39 months shall be required. Details of same is given below;

Sr No.	Purpose	Govt./Regulatory agency	Amount (Approx) (In CR Rs)	Tenure (approx.)
1	PPA Performance PBG	Southern Western Railways	40.00	Up to 39 Months
2	PBG under various transmission contracts	CTUIL	37.00	Up to 39 Months
3	PBG towards VGF	IREDA	113.00	Up to 39 Months
4	As per renewable energy policy of Karnataka Government	Karnataka Renewable Energy Development Limited	50.00	Up to 39 Months
Total			240.00	

2. Derivative/Treasury Limits

SPV may be required to import equipment's in relation to the solar modules/other components of the Project. To hedge the foreign exchange exposure for such import, derivative/treasury lines are required which shall be adequate to hedge upto USD 100 Million of foreign exchange exposure. Derivative limits are required for a tenure of upto 12 months with subsequent roll-overs. Banks are advised to determine the sanction amount of derivative limits basis the envisaged foreign exchange exposure. The credit margin for such derivative limits is expected to NIL.

Evaluation Criteria of the Bid:

The bids received will be evaluated by the SPV solely based on the per annum commission/charges (%) for the non-fund based limit (performance bank guarantee) proposed by the bidder under Category A and Category B and SPV's decision to go for any one of the two category shall be final and binding. The lowest quote in the category decided by the SPV shall be



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the successful bidder. The selected bidder shall also mandatorily provide sanction for the derivative limits as required in section 2 above with nil credit charges/margin. The Bidder has to prudently furnish all information as required. Any incomplete information or changes at a later stage will disqualify the bid.

Basic Conditions:

1. The non-fund based facility limit of Rs 240.00 Crore and derivative/treasury limit to hedge foreign exchange exposure of up to USD 100 Million is only indicative and subject to change as per requirement. SPV shall utilized the agreed limit as per requirement.
2. Per annum commission/charges in percentage (%) is to be quoted by the bidder for the non-fund based limit.
3. Bids for the non-fund based facility is invited under the following two categories, participating banks have to necessarily bid under both category:
 - (i) Category A: Proposed non-fund based facility shall be backed by Letter of Comfort from IRCON and Ayana in the ratio of their shareholding in the SPV
 - (ii) Category B: Proposed non-fund based facility shall be unsecured
4. Derivative/treasury limits shall be unsecured and credit charges/margin shall be NIL.
5. No margin Money shall be provided for non-fund based facility and derivative limits.
6. SPV shall undertake that Ircon International Ltd and Ayana Renewable Power Pvt. Ltd. shall on a combined basis hold 51 % shareholding of the SPV over facility tenure.
7. No upfront/processing fee/other fees/commitment fees/documentation charges or any other fee shall be paid for non-fund based facility and derivative limits.
8. Commission on the non-fund based limits shall be payable upfront on quarterly basis.
9. In case of deviations in rates quoted in words and rate quoted in numerals, the rate quoted in words shall prevails and considered for evaluation.
10. Any material terms and conditions should be explicitly brought about by the bidder. Selected Bank through the evaluation process is required to provide/issue, on behalf of SPV, PPA Performance Bank Guarantee to South Western Railways within 10 days from the issue of Letter of Acceptance by SPV.

Disputes:

In case of all tender conditions, the decision of IRCON Renewable Power Limited (SPV) shall be final and binding. In case of any dispute arising out of the bid, such will be subject to jurisdiction in New Delhi



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General Terms and Conditions:

1. It is to be duly noted that the submission of offers has no cause of action or claim against either the SPV or the Shareholders. Any bid, whose offer has not been accepted shall not be entitled to claim any costs, charges and expenses incidental to or incurred by them in connection with submission of their offer or its consideration by Borrower.
2. SPV, in its full capacity, shall have the rights to modify/withdraw the Invitation to Tender or has the right to not accept the offer or cancel the Tender as a whole.
3. The SPV/Shareholders does not take any responsibility for delays in transmission, loss or non-receipt of the bids by email/courier/post.
4. The SPV shall be at liberty to accept or reject any offer or offers or part at its sole discretion and the same shall not be claimable at the behest of the bid.
5. After the issuance of acceptance to the successful bid, Final sanctions would have to be submitted within a period of 10 calendar days unless extended due to unforeseen circumstances.
6. SPV and Shareholders reserves the right to reject any tenders or all tenders received at its discretion without assigning any reason whatsoever.
7. By participating in the bid, the prospective bid is understood to abide by the ethics of confidentiality.

Other Conditions:

1. Last date for receiving the bids is 27th June, 2022 by 3:00 p.m. IST. Bids shall be opened at 3:30 p.m on the same day.
2. The offers should be sent through sealed envelopes by the above-mentioned timings. Sealed Envelopes should be addressed to Sh. Abhishek, JGM/Fin, Ircon International Limited, C-4 District Centre, Saket, New Delhi-110017.
3. No further extensions to the bids will be provided.
4. All queries to the bid will be addressed to abhishek.raghuvanshi@ircon.org/priya.chauhan@ircon.org/atul@ayanapower.com/rmayank@ayanapower.com

Enclosed: Bid Submission form.

For and on behalf of Ircon Renewable Power Limited


(Mugunthan Boju Gowda)
Director
(DIN: 08517013)



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(Annexure 1) (to be submitted on the letterhead of the bank)

BID FORM

Ref No: _____

Date: _____

Bidding for Non Fund based facility (Performance Bank Guarantees) of INR 240.00 Crores and Derivative/Treasury Limits to hedge foreign exchange exposure of upto USD 100 Million for IRCON Renewable Power Ltd. (IRPL)

S.No	Description	Particulars
1	Non-fund based (Performance Bank Guarantee) Limit	Rs. 240 Crore
2	<u>Category of Bidding for Non-Fund based Limit</u>	A
2 (i)	<u>Per Annum Commission/Charges</u>	_____ %
(ii)	<u>Per Annum Commission/Charges (In words)</u>	_____ Percent
3	<u>Category of Bidding for Non-fund based Limit</u>	B
3 (i)	<u>Per Annum Commission/Charges</u>	_____ %
3 (ii)	<u>Per Annum Commission/Charges (in words)</u>	_____ Percent
4	<u>Amount of Derivative/Treasury Limits</u>	Rs. _____ Crore
4 (i)	<u>Credit charges/margin on derivative/treasury limits</u>	NIL

The bids should be sent along with the signed acceptance of the Information Memorandum.