

Issuance of Letter of Undertaking (LoU)/ Pay on Order Instrument (PoI)

A. Objective

- To provide LoU/PoI to new/existing renewable projects with Letter of Award from NTPC/SECI or any other central government agencies
- LoU/PoI could be used in lieu of Performance Bank Guarantee (PBG). Accordingly, the instrument shall have terms and conditions similar to Bank Guarantee issued by any bank

B. Eligibility Criteria

- LoU Borrower should have positive net worth in the last three financial years
- LoU Borrower must have a credit rating of at least BBB+/A3+ from CRISIL/CARE/India Ratings and Research /ICRA
- Project(s) requiring LoU should have been awarded under SECI/NTPC/other central government agency tender only

C. Limits

- The maximum group exposure to any group shall be as per RBI group exposure limits applicable to the corporation. No group may have LoU limits of more than Rs 500 cr
- An overall cap of Rs 1500 cr may be applicable for all LoU limits provided by the corporation to all borrowers

D. Validity & Tenor

- The limit may be sanctioned for up to 18 months and renewed thereafter. The limit may be utilized for issuance of LoU in line with the corporation's policy as modified from time to time
- The tenor of the LoU shall be in line with the letter of award issued by the Project Awarding Agency (PAA)

E. Security

- The requirement of securities & collaterals shall be as per the corporation's policy as modified from time to time

F. Pricing

- In addition to the upfront fee, and processing fee, the borrower shall be required to pay the commission and other charges in line with the corporation's policy as amended from time to time