

Annexure 13.5

ANNEXURE "A"
(LPC No. 003/2018 dated October 22, 2018)

REC LIMITED (formerly Rural Electrification Corporation Limited) Lending Rates effective from October 22, 2018, till further notification.

I - A TERM LOANS - (With reset after every 3 years)					(Rates in %)				
Sl. No.	Category of Loans /Schemes	State Sector Borrowers (Category "A++") Identified CPSUs and AAA Rated Companies	State Sector Borrowers (Category "A+")	State Sector Borrowers (Category "A" & "B"), Central Sector Borrowers (other than identified CPSUs & AAA Rated Companies)	Private Sector Borrowers				
					With Integrated Rating of IR-1	(a) With Integrated Rating of IR-2 (b) Entity Grade: I& II	(a) With Integrated Rating of IR-3 (b) Entity Grade: III & IV (c) DISCOM Grade- A	With Integrated Rating of IR-4	(a) With Integrated Rating of IR-5 (b) Entity Grade: V (c) DISCOM Grade- B (d) Non Graded
a.	Term Loan/Schemes								
1	Conventional Generation	11.40	11.65	11.90	11.65	12.15	12.40	12.65	12.90
2	R&M and R&U of Generation Projects	11.15	11.40	11.65	11.90	12.40	12.65	12.90	13.15
3	Non-Conventional Generation – a) Renewable Energy Projects except Biomass Projects (within purview of MNRE)	9.85	10.00	10.25	10.00	10.25	10.50	10.75	11.25
	b) Biomass Projects	10.75	11.00	11.25	11.25	11.50	11.75	12.00	12.25
4	Transmission Schemes	10.75	11.00	11.25	12.00	12.25	12.50	12.75	13.00
5	Distribution & other Schemes	-	10.75	11.00	11.50	11.75	12.00	12.25	12.50
6	Funding Against Regulatory Assets	11.40	11.65	11.90	12.15	12.40	12.65	12.90	13.15
7	Computerization	11.90	11.90	12.15	-	-	-	-	-
b.	Loan to Equipment Manufacturers								
1	Upto 1 year	12.00	12.25	12.50	12.75	13.00	13.25	13.50	13.75
2	More than 1 year and up to 3 years	11.65	11.90	12.15	12.40	12.65	12.90	13.15	13.40
I - B TERM LOANS - (With reset after every 1 year)									
1	Non-Conventional Generation – Renewable Energy Projects except Biomass Projects (within purview of MNRE)	9.75	9.75	10.00	9.75	10.00	10.25	10.50	11.00
I - C TERM LOANS - (With reset after every 1 year, on monthly rest)									
	Category of Loans /Schemes	State Sector Borrowers (Category "A++") Identified CPSUs and AAA Rated Companies	State Sector Borrowers (Category "A+")	State Sector Borrowers (Category "A" & "B"), Central Sector Borrowers (other than identified CPSUs & AAA Rated Companies)	Private Sector Borrowers				
					Integrated Rating of IR-1 or Entity Grade I	Integrated Rating of IR-2 or Entity Grade II	Integrated Rating of IR-3 or Entity Grade III	Integrated Rating of IR-4 or Entity Grade IV	Integrated Rating of IR-5 or Entity Grade V
1	Transmission Schemes (only for Inter State Transmission Schemes/projects awarded through TBCB route)	-	-	-	10.00	10.25	10.50	10.75	11.25

(P.T.O)

II - SHORT TERM LOANS (STL) / MEDIUM TERM LOANS (MTL) (Rates in %)					
Sl. No.	Category of Borrower	STL		MTL (only for State Sector Borrowers)	
		Interest Rates for STL for more than 3 months and upto 6 months, with monthly rests	Interest Rates for STL for more than 6 months and upto 1 year, with monthly rests	Interest Rates for MTL for more than 1 year and upto 3 years, with monthly rests	Interest Rates for MTL for more than 1 year and upto 3 years, on quarterly rests
1	Identified CPSUs/ State Sector Borrowers Category "A++"	9.75	10.00	11.00	11.10
2	Central Sector Borrowers/ State Sector Borrowers Category "A"	10.00	10.25	11.00	11.10
3	State Sector Borrowers Category "A" and other CPSUs	10.25	10.50	11.25	11.36
4	State Sector Borrowers Category "B"	10.25	10.50	11.50	11.61
5	State Sector Borrowers Category "C"	11.00	11.25	-	-
6	Private Sector Borrowers ("AAA")	11.00	11.25		
7	Private Sector Borrowers other than "AAA"	11.50	11.75		

III - TRANSITIONAL FINANCING LOANS - (With reset after every 3 years) (Rates in %)						
Sl. No.	Particulars	Category A++	Category A+	Category A	Category B	Category C
1	To State Sector DISCOMs (If interest is paid Quarterly)	-	11.65	11.90	12.15	12.40
2	To State Sector DISCOMs (If interest is paid Monthly)	-	11.54	11.78	12.03	12.27
3	In case of Newly incorporated GENCOs/TRANSCOs/ DISCOMs formed out of Bifurcation/Re-organization of state (On Monthly rests)	11.90	12.15	12.40	12.65	12.90

Notes:

- The above rates are effective rates on quarterly rest basis except for STL/Transitional Financing Loans/MTL (if interest is paid monthly) where rates are with monthly rest.
- (a) 25 bps discount shall be allowed for Financial Assistance under schemes of (i) Short Term Loans (ii) Medium Term Loans (iii) Transitional Financing to DISCOMs; and (iv) Funding Against Regulatory Assets, where such Financial Assistance is secured by the State Government Guarantee;
- (b) 25 bps discount shall be allowed for post COD private sector renewable energy (solar/wind only) projects having Integrated Rating of IR-1, IR-2& IR-3, subject to the terms and conditions as approved by the Board of Directors in its Meeting held on 11th July, 2017.
- For funding the loan portion of Government of India schemes viz. R-APDRP, IPDS, DDUGJY, etc., the applicable interest rate shall be 75 bps below their applicable rate of interest for all categories/grade of borrowers.
- Interest rate for Term Loans with "Reset after every 10 Years" shall be 15 bps lower than the rates of Term Loans with "Reset after every 3 years".
- Identified CPSUs are NTPC, NLC, DVC, NHPC, NPCIL, PGCIL, SJVNL, THDC, RITES, BHEL, IFCI, EESL or any other entity as identified by the Corporation from time to time.
- The rates mentioned as above for Computerization are not applicable for AAA private sector borrowers.
- The revised interest rates as above will be applicable in respect of all disbursements made on or after October 22, 2018, till further notification.**
- In respect of Private Sector Borrowers, Grades-I, II, III, IV & V and Borrowers with Integrated Rating of IR-1 to IR-5 as stated above are based on REC's internal categorization methodology.
- In respect of State Sector Borrowers, the rating "A++", "A+", "A", "B", "C" are based on the REC's internal grading methodology.
- For State Sector Category "C" borrowers, the applicable rates would be 0.50% higher than the applicable rates for State Sector Category "A" Borrowers.
- A volume discount of 25 bps on applicable interest rates can be offered in case of loans for distribution & transmission schemes on future sanctions, if disbursements under these schemes reach target amount within specified period. The minimum disbursement amount to be considered for offering this discount is Rs.700 crore in case of DISCOMs & TRANSCOs and Rs.1000 crore for an integrated SEB for the combined disbursement for its Distribution and Transmission schemes. For

this purpose, borrowers shall be required to sign a MoU with REC, committing to draw the required amount within a period of two and half years from the date of signing of MoU. The Transmission and Distribution loans sanctioned after signing of MoU with REC would be eligible for the benefit under this policy. The discount under the policy shall be passed on to the borrowers only on the interest due on or after drawl of Rs.700 crore/Rs.1000 crore as applicable. The total disbursement made during the specified period shall be eligible for a discount of 25 bps from the applicable rate, till it is repaid.

12. A general rebate of 25 bps on the prevailing interest rates for T&D projects / schemes and additional rebate of 25 bps for compliance with reform conditionalities as stipulated by Ministry of Power from time to time, is applicable to North Eastern States only in line with our existing Loan Policy Circulars No.SEC-1/8(1)/2006/342 dated November 27, 2006 and No.SEC-1/8(1)/2008/1165 dated June 9, 2008.
13. In case of Joint Venture (JV) being formed by Identified CPSUs / State Sector Borrowers / Central Sector Borrowers among themselves, the applicable rate of interest for such JV entity shall be same as applicable to the entity holding 49% or more equity in the said JV.
14. In case of Transmission Schemes (only for Inter State Transmission Schemes/projects awarded through TBCB route) if a borrower wishes to have the interest reset at 3/10 year intervals, the interest rate may be increased by 25/50 basis points, respectively.
15. In case of Generation projects, if there is a Government Sector entity (Other than identified CPSUs /rated State entities and AAA rated companies) which has presently not been rated, interest rates as applicable to the GENCO of the respective State would apply to such entities, till it is rated.
16. For corresponding effective annualized interest rates Annexure-B attached to this Loan Policy Circular, may please be referred to.



Effective Interest Rates

Interest Rate			Interest Rate		
On Quarterly Rest (%)	Effective Rate on Monthly Rest (%)	Effective Annualize Rate (%)	On Monthly Rest (%)	Effective Rate on Quarterly Rest (%)	Effective Annualize Rate (%)
9.50	9.43	9.84	9.50	9.58	9.92
9.60	9.52	9.95	9.60	9.68	10.03
9.75	9.67	10.11	9.75	9.83	10.20
10.00	9.92	10.38	10.00	10.08	10.47
10.10	10.02	10.49	10.10	10.19	10.58
10.25	10.16	10.65	10.25	10.34	10.75
10.50	10.41	10.92	10.50	10.59	11.02
10.75	10.66	11.19	10.75	10.85	11.30
10.90	10.80	11.35	10.90	11.00	11.46
11.00	10.90	11.46	11.00	11.10	11.57
11.15	11.05	11.62	11.15	11.25	11.74
11.25	11.15	11.73	11.25	11.36	11.85
11.40	11.29	11.9	11.40	11.51	12.01
11.50	11.39	12.01	11.50	11.61	12.13
11.65	11.54	12.17	11.65	11.76	12.29
11.75	11.64	12.28	11.75	11.87	12.40
11.90	11.78	12.44	11.90	12.02	12.57
12.00	11.88	12.55	12.00	12.12	12.68
12.15	12.03	12.71	12.15	12.27	12.85
12.25	12.13	12.82	12.25	12.38	12.96
12.40	12.27	12.99	12.40	12.53	13.13
12.50	12.37	13.10	12.50	12.63	13.24
12.65	12.52	13.26	12.65	12.78	13.41
12.75	12.62	13.37	12.75	12.89	13.52
12.90	12.76	13.54	12.90	13.04	13.69
13.00	12.86	13.65	13.00	13.14	13.80

13.15	13.01	13.81	13.15	13.29	13.97
13.25	13.11	13.92	13.25	13.40	14.09
13.40	13.25	14.09	13.40	13.55	14.25
13.50	13.35	14.20	13.50	13.65	14.37

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