REC LIMITED

(Formerly Rural Electrification Corporation Limited)
Core-4, SCOPE Complex, Lodhi Road, New Delhi-110003.
CIN: L40101DL1969GOI005095

COMPANY SECRETARY'S DIVISION

No. SEC-1/8(1)/2019/379(a) **Dated: December 17, 2019**

Loan Policy Circular No. 008/2019

Sub: Revision in lending rates of REC Limited.

The Sub-Committee of the Directors for Review of Lending rates of Term Loans/Short Term Loans, in its 145th Meeting held on December 13, 2019 has *inter-alia* approved reduction in the rates of Short Term Loan and Medium Term Loan by 25 bps and 50 bps, respectively, across all categories and for all tenures.

The revised rates will be applicable with effect from December 17, 2019, till further notification.

Sr. CPM/CPMs and other officers in Corporate Office issuing sanction letters are requested to ensure that applicable interest rates and other terms & conditions are duly informed to all concerned and correctly incorporated in the sanction letters.

(J.S. Amitabh)
Executive Director & Company Secretary

Encl.: Annexure-A & B

Distribution:

1. O/o CMD & D(F), D(T) and CVO.
2. All Executive Directors / General Managers at Corporate Office, REC.
3. All Addl. GMs / Dy. GMs at Corporate Office, REC.
4. All Sr. CPM/ CPMs in ROs/POs, Incharge RECIPMT and State Offices, REC.
5. GM (IT) – for arranging uploading on REC website and intranet.
6. AGM (Rajbhasha), REC - For Translation into Hindi.

Annexure A

(LPC No. 008/2019 dated December 17, 2019)

REC LIMITED

Lending Rates effective 17.12.2019 till further notification

I - a. TERM LOANS - (With reset after every 3 years)

Sl. No.	Category of Loans /Schemes	State Sector Borrowers & Identified CPSUs (Category "A++") and AAA Rated Companies		State Sector Borrowers & Identified CPSUs (Category "A+")		State Sector Borrowers & Identified CPSUs (Category "A" & "B") and Central Sector Borrowers (other than Identified CPSUs and AAA Companies)		Private Sector Borrowers: With Integrated Rating of IR-1		Private Sector Borrowers: (a) With Integrated Rating of IR-2 (b) Entity Grade: I& II		Private Sector Borrowers: (a) With Integrated Rating of IR-3 (b) Entity Grade:III&IV (c) DISCOM Grade-A		Private Sector Borrowers: With Integrated Rating of IR-4		Private Sector Borrowers: (a) With Integrated Rating of IR-5 (b) Entity Grade: V (c) DISCOM Grade-B (d) Non Graded	
		(% p.a. with quarterly rests)	(% p.a. with monthly rests)	(% p.a. with quarterly rests)	(% p.a. with monthly rests)	(% p.a. with quarterly rests)	(% p.a. with monthly rests)	(% p.a. with quarterly rests)	(% p.a. with monthly rests)	(% p.a. with quarterly rests)	(% p.a. with monthly rests)	(% p.a. with quarterly rests)	(% p.a. with monthly rests)	(% p.a. with quarterly rests)	(% p.a. with monthly rests)	(% p.a. with quarterly rests)	(% p.a. with monthly rests)
A)	**Term Loan/Schemes**																
1	Conventional Generation	11.65	11.54	11.90	11.78	12.15	12.03	11.90	11.78	12.40	12.27	12.65	12.52	12.90	12.76	13.15	13.01
2	R&M & R&U of Generation Projects	11.40	11.29	11.65	11.54	11.90	11.78	12.15	12.03	12.40	12.27	12.65	12.52	12.90	12.76	13.15	13.01
3	Non-Conventional Generation - a) Renewable Energy Projects except Biomass Projects (within purview of MNRE)	10.10	10.02	10.25	10.16	10.50	10.41	10.25	10.16	10.50	10.41	10.75	10.66	11.00	10.90	11.50	11.39
	b) Biomass Projects	11.00	10.90	11.25	11.15	11.50	11.39	11.50	11.39	11.75	11.64	12.00	11.88	12.25	12.13	12.50	12.37
	c) Renewable-RPO	11.75	11.64	11.75	11.64	12.00	11.88										
4	Transmission Schemes	11.00	10.90	11.25	11.15	11.50	11.39	12.00	11.88	12.25	12.13	12.50	12.37	12.75	12.62	13.00	12.86
5	Distribution & other Schemes	-	-	10.75	10.66	11.00	10.90	11.50	11.39	11.75	11.64	12.00	11.88	12.25	12.13	12.50	12.37
6	Funding Against Regulatory Assets	11.65	11.54	11.90	11.78	12.15	12.03	12.40	12.27	12.65	12.52	12.90	12.76	13.15	13.01	13.40	13.25
7	Computerization	12.15	12.03	12.15	12.03	12.15	12.03	-	-	-	-	-	-	-	-	-	-
B)	**Loan to Equipment Manufactures**																
1	Upto 1 year	12.00	11.88	12.25	12.13	12.50	12.37	13.15	13.01	13.15	13.01	13.25	13.11	13.50	13.35	13.75	13.60
2	More than 1 year and up to 3 years	11.65	11.54	11.90	11.78	12.15	12.03	13.15	13.01	13.15	13.01	13.15	13.01	13.15	13.01	13.40	13.25

I - b. TERM LOANS - (With reset after every 1 year)

Sl. No.	Category of Loans /Schemes	State (A++/AAA) quarterly	State (A++/AAA) monthly	State (A+) quarterly	State (A+) monthly	State (A & B) quarterly	State (A & B) monthly	IR-1 quarterly	IR-1 monthly	IR-2 quarterly	IR-2 monthly	IR-3 quarterly	IR-3 monthly	IR-4 quarterly	IR-4 monthly	IR-5 quarterly	IR-5 monthly
1	Non-Conventional Generation - a) Renewable Energy Projects except Biomass Projects (within purview of MNRE)	10.00	9.92	10.00	9.92	10.25	10.16	10.00	9.92	10.25	10.16	10.50	10.41	10.75	10.66	11.25	11.15
	b) Renewable-RPO	10.75	10.66	11.00	10.90	11.25	11.15										

II - TERM LOANS - (With reset after every 1 year, on monthly rest)

Sl. No.	Category of Loans /Schemes	State Sector Borrowers & Identified CPSUs (Category "A++") and AAA Rated Companies	State Sector Borrowers & Identified CPSUs (Category "A+")	State Sector Borrowers & Identified CPSUs (Category "A" & "B") and Central Sector Borrowers (other than identified CPSUs & AAA Companies)	Private Sector Borrowers: IR 1 or Entity Grade I	Private Sector Borrowers: IR 2 or Entity Grade II	Private Sector Borrowers: IR 3 or Entity Grade III	Private Sector Borrowers: IR 4 or Entity Grade IV	Private Sector Borrowers: IR 5 or Entity Grade V
		(% p.a.)	(% p.a.)	(% p.a.)	(% p.a.)	(% p.a.)	(% p.a.)	(% p.a.)	(% p.a.)
1	Transmission Schemes (only for Inter State Transmission Scheme/projects awarded through TBCB route)	-	-	-	10.65	10.90	11.15	11.40	11.64

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III - SHORT TERM LOANS (STL) / MEDIUM TERM LOANS (MTL)

Sl. No.	Category of Borrower	STL: Interest Rates for STL for more than 3 months and upto 6 months, with monthly rests (%)	STL: Interest Rates for STL for more than 6 months and upto 1 year, with monthly rests (%)	MTL (only for State Sector Borrowers): Interest Rates for MTL for more than 1 year and upto 3 years, with monthly rests (%)	MTL (only for State Sector Borrowers): Interest Rates for MTL for more than 1 year and upto 3 years, on quaterly rests (%)
1	Identified CPSUs & State Borrowers-Category 'A++"	10.75	11.00	11.75	11.87
2	Identified CPSUs, Central Sector Borrowers & State Sector Borrowers-Category "A+"	11.00	11.25	11.75	11.87
3	Identified CPSUs & State Sector Borrowers-Category "A" and other CPSUs	11.25	11.50	12.00	12.12
4	State Sector Borrowers Category "B"	11.50	11.75	12.50	12.63
5	State Sector Borrowers Category "C"	11.75	12.00		
6	Private Sector Borrowers ("AAA")	11.25	11.50		
7	Private Sector Borrowers other than "AAA"	12.75	13.00		

IV - TRANSITIONAL FINANCING LOANS - (With reset after every 3 years)

Sl. No.	Particulars	Category A++	Category A+	Category A	Category B	Category C
1	To State Sector Discoms (If interest is paid Quarterly)	-	11.90	12.15	12.40	12.65
2	To State Sector Discoms (If interest is paid Monthly)	-	11.78	12.03	12.27	12.52
3	In case of Newly incorporated GENCOs/TRANSCOs/DISCOMs formed out of Bifurcation/Re-organisation of state (On Monthly rests)	12.15	12.40	12.65	12.90	13.15

Notes:

1	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 & IR-4, subject to the terms and conditions as approved by the Board of Directors in its Meeting held on 11th July, 2017 and 22nd June, 2018.
2	Interest rate for Term Loans with "Reset after every 10 Years" shall be 15 bps higher than the rates of Term Loans with "Reset after every 3 years".
3	Identified CPSU is any CPSU as identified under various grades by the Corporation from time to time. Presently, A++ graded identified CPSUs are NTPC, NLC, DVC, NHPC, NPCIL, PGCIL & RITES. A+ graded Identified CPSUs are THDC, SJVNL, BHEL & EESL. A graded Identified CPSU is IFCI.
4	The rates mentioned as above for Computerisation are not applicable for AAA Private Sector Borrowers.
5	**The revised interest rates as above will be applicable in respect of all disbursements made on or after 17.12.2019 till futher notification.**
6	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.
7	In respect of State Sector Borrowers,the rating "A++", "A+","A","B","C" are based on the REC's internal grading methodology.
8	For State Sector category "C" borrowers, the applicable rates would be 0.50% higher than the applicable rates for State Sector category "A" Borrowers.
9	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 & Transco 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 drawal 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.
10	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.
11	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 10/50 basis points.
12	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.
13	For corresponding effective annualized interest rates **Annexure-B** attached to this Loan Policy Circular may please be referred to.

ANNEXURE - B

Effective Interest Rates

Interest Rate		
On Quarterly Rest (%)	Effective Interest Rate on Monthly Rest (%)	Effective Annualize Rate (%)
10.00	9.92	10.38
10.10	10.02	10.49
10.25	10.16	10.65
10.50	10.41	10.92
10.75	10.66	11.19
11.00	10.90	11.46
11.25	11.15	11.73
11.40	11.29	11.90
11.50	11.39	12.01
11.65	11.54	12.17
11.75	11.64	12.28
11.90	11.78	12.44
12.00	11.88	12.55
12.15	12.03	12.71
12.25	12.13	12.82
12.40	12.27	12.99
12.50	12.37	13.10
12.65	12.52	13.26
12.75	12.62	13.37
12.90	12.76	13.54
13.00	12.86	13.65
13.15	13.01	13.81
13.25	13.11	13.92
13.40	13.25	14.09
13.50	13.35	14.20
13.75	13.60	14.48

Interest Rate	
On Monthly Rest (%)	Effective Annualize Interest Rate (%)
10.75	11.30
11.00	11.57
11.25	11.85
11.50	12.13
11.75	12.40
12.00	12.68
12.50	13.24
12.75	13.52