Annexure 13.9

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)/2020/291 **Dated: September 1, 2020**

Loan Policy Circular No. 001/2020

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 150th Meeting held on September 1, 2020 has *inter-alia* approved reduction in the interest rates (with quarterly rest) for some categories of loans, introduced interest rates for new category, as summarized below:

a. Reduction in the interest rates for Conventional Generation projects by 40 bps, across all categories.
b. Introduction of rates for funding under Flue-Gas Desulfurization (FGD) category.
c. Rates of R&M & R&U of Generation Projects aligned with Conventional Generation Projects.
d. Reduction in the interest rates for Transmission Schemes by 50 bps, across all categories.
e. Reduction in the interest rates for Renewable Energy Projects except Biomass Projects by 10 bps across all categories (*with no change for IR-5 category*) including term loans with reset every 1 year; except term loans with reset every 1 year with grading IR-3, IR-4 & IR-5 where rates are reduced by 15 bps.
f. Reduction in the interest rates for Transmission schemes (ISTS and projects awarded through TBCB route) by 40 bps, across all categories.
g. Reduction in the interest rates for STLs by 50 bps across all categories. Further, STL upto 6 months and more than 6 months but upto 1 year, have been merged as STL upto 1 year.
h. MTL rates are revised in such manner that the rates are higher than STL by 25 bps for the corresponding category.
i. For new renewable solar projects having at least 75% domestic content usage out of the total project scope, 15 bps rebate on the card rate is allowed, across all categories.

Further, some Headings & Notes of the Loan Policy Circular, are also revised consequent to the aforesaid changes and earlier approvals of the said Sub-Committee.

The revised rates will be applicable with effect from September 1, 2020, 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.

(M.L.Kumawat)
Sr. General Manager (Fin.) - CS

Encl.: Annexure-A & B

<u>Distribution</u>:

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

Annexure A
(LPC No. 001/2020 dated September 01, 2020)

REC LIMITED

(formerly Rural Electrification Corporation Limited)

Lending Rates effective from 01.09.2020 till further notification

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

Sl. No.	Category of Loans /Schemes	State Sector Borrowers & CPSUs (Category "A++") and AAA Rated Companies		State Sector Borrowers & CPSUs (Category "A+")		State Sector Borrowers & CPSUs (Category "A")		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	
		(% 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)
1	Conventional Generation	11.25	11.15	11.50	11.39	11.75	11.64	11.50	11.39	12.00	11.88	12.25	12.13	12.50	12.37	12.75	12.62
2	Flue-Gas Desulfurization (FGD)	10.50	10.41	10.75	10.66	11.00	10.90	10.75	10.66	11.25	11.15	11.50	11.39	11.75	11.64	12.00	11.88
3	R&M & R&U of Generation Projects	11.25	11.15	11.50	11.39	11.75	11.64	11.50	11.39	12.00	11.88	12.25	12.13	12.50	12.37	12.75	12.62
4	Non-Conventional Generation - a) Renewable Energy Projects except Biomass Projects (within purview of MNRE)	10.00	9.92	10.15	10.07	10.40	10.31	10.15	10.07	10.40	10.31	10.65	10.56	10.90	10.80	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										
5	Transmission Schemes	10.50	10.41	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	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
7	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
8	Computerization	12.15	12.03	12.15	12.03	12.15	12.03										
9	Loan to Equipment Manufactures																
	a) 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
	b) 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																
1	Non-Conventional Generation																
	a) Renewable Energy Projects except Biomass Projects (within purview of MNRE)	9.90	9.82	9.90	9.82	10.15	10.07	9.90	9.82	10.15	10.07	10.35	10.26	10.60	10.51	11.10	11.00
	b) Renewable-RPO*	10.75	10.66	11.00	10.90	11.25	11.15										

* Applicable only for existing Loans

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

Sl. No.	Category of Loans /Schemes	State Sector Borrowers & CPSUs (Category "A++") and AAA Rated Companies	State Sector Borrowers & CPSUs (Category "A+")	State Sector Borrowers & CPSUs (Category "A")	Private Sector Borrowers				
					IR 1 or Entity Grade I	IR 2 or Entity Grade II	IR 3 or Entity Grade III	IR 4 or Entity Grade IV	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)				10.25	10.50	10.75	11.00	11.24

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III - SHORT TERM LOANS (STL) / MEDIUM TERM LOANS (MTL)			
		STL	MTL (only for State Sector Borrowers & CPSUs)
Sl . No.	Category of Borrower	Interest Rates for STL upto 1 year, with monthly rests (%)	Interest Rates for MTL for more than 1 year and upto 3 years, with monthly rests (%)
1	CPSUs & State Borrowers-Category "A++"	10.25	10.50
2	CPSUs, Central Sector Borrowers & State Sector Borrowers-Category "A+"	10.50	10.75
3	CPSUs & State Sector Borrowers-Category "A"	10.75	11.00
4	State Sector Borrowers Category "B"	11.00	11.25
5	State Sector Borrowers Category "C"	11.25	
6	Private Sector Borrowers ("AAA")	10.75	
7	Private Sector Borrowers other than "AAA"	12.25	

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	**The revised interest rates as above will be applicable in respect of all disbursements made on or after September 1, 2020 till futher notification.**
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" on quarterly rests. This shall be effective for terms loans sanctioned with 10 year reset option before the date of this Circular, both for undisbursed commitments as well as at the time of reset.
3	The interest rates for Category 'B' of State Sector Borrowers shall be higher by 25 bps than the interest rates applicable to Category 'A' of State Sector Borrowers for loans sanctioned on or after the date of this circular. For loans sanctioned before the date of this circular, the applicable rates for B category borrowers will be same as that of A category borrowers. The interest rates for Category 'C' of State Sector Borrowers shall be higher by 50 bps than the interest rates applicable to Category 'A' of State Sector Borrowers.
4	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.
5	15 bps rebate shall be allowed on the card rate for all new Solar projects sanctioned on or after the date of this circular, if the domestic content is 75% or more.
6	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 July 11, 2017 and June 22, 2018.
7	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 for loans sanctioned before the date of this circular.
8	FGD rates are applicable for Commissioned projects only. In other cases, Conventional Generation rates shall be applicable.
9	The rates mentioned as above for Computerisation are not applicable for AAA Private Sector Borrowers.
10	In respect of State Sector Borrowers,the rating "A++", "A+","A","B","C" are based on the REC's internal grading methodology.
11	CPSU is any CPSU as graded by the Corporation from time to time, as per REC's internal grading methodology.
12	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.
13	In case of Generation projects, if there is a Government Sector entity (other than AAA rated Companies) which has presently not been rated, interest rates as applicable to the Category 'A' State Sector Borrowers would apply to such entities, till it is rated.
14	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 (%)
9.90	9.82	10.27
10.00	9.92	10.38
10.15	10.07	10.54
10.35	10.26	10.76
10.40	10.31	10.81
10.50	10.41	10.92
10.60	10.51	11.03
10.65	10.56	11.08
10.75	10.66	11.19
10.90	10.80	11.35
11.00	10.90	11.46
11.10	11.00	11.57
11.25	11.15	11.73
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
13.15	13.01	13.81

Interest Rate	
On Monthly Rest (%)	Effective Annualize Interest Rate (%)
10.25	10.75
10.50	11.02
10.75	11.30
11.00	11.57
11.24	11.84
11.25	11.85
12.25	12.96