

RURAL ELECTRIFICATION CORPORATION LIMITED
Lending Rates effective from 21st August, 2012

ANNEXURE "A"
(LPC No.004 /2012 dated 21st August, 2012)

I - TERM LOANS

		State Sector Borrowers (Category "A+")				State Sector Borrowers (Category "A" & "B"), Central Sector Borrowers (other than identified CPSUs & AAA Companies) [AND]				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 (a) 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			
		[AND] Identified CPSUs [AND] AAA Rated Companies				Private Sector Borrowers with Integrated Rating of IR-1																			
Sl. No.	Schemes	With reset after every 3 years		With reset after 10 years		With reset after every 3 years		With reset after 10 years		With reset after every 3 years		With reset after 10 years		With reset after every 3 years		With reset after 10 years		With reset after every 3 years		With reset after 10 years		With reset after every 3 years		With reset after 10 years	
		Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD
		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.	
A)	Term Loan/Schemes																								
1)	Conventional Generation-Large	12.50	12.50	12.75	12.75	12.75	12.75	13.00	13.00	13.25	13.25	13.50	13.50	13.50	13.50	13.75	13.75	13.75	13.75	14.00	14.00	14.00	14.00	14.25	14.25
2)	Generation-Others (excluding Non-conventional)	12.50	12.50	12.75	12.75	12.75	12.75	13.00	13.00	13.25	13.25	13.50	13.50	13.50	13.50	13.75	13.75	13.75	13.75	14.00	14.00	14.00	14.00	14.25	14.25
3)	Non-Conventional Generation (Renewable Energy)	12.25	12.25	12.50	12.50	12.50	12.50	12.75	12.75	13.00	13.00	13.25	13.25	13.25	13.25	13.50	13.50	13.50	13.50	13.75	13.75	13.75	13.75	14.00	14.00
4)	R&M, R&U, Transmission, Distribution and other Schemes	12.25		12.50		12.50		12.75		12.75		13.00		13.00		13.25		13.50		13.75		13.75		14.00	
5)	Computerization	12.25				12.50																			
B)	Loan to Equipment Manufacturers																								
1)	Upto 1 year	12.50				12.75				13.25				13.50				13.75				14.00			
2)	More than 1 year and up to 3 years	13.00				13.25				13.75				14.00				14.25				14.25			
C)	Transitional Financing																								
1)	Upto 5 years (including Moratorium period)	12.25				12.50																			
2)	More than 5 years (including Moratorium period)	12.50				12.75																			

II - SHORT TERM LOANS (STL)

Sl. No.	Category of Borrower	Rate of interest for STL for more than 3 months and upto 6 months, with monthly Rest (%)	Rate of interest for STL for more than 6 months & upto 1 year, with monthly Rest (%)
1	Central Sector Borrowers/ Identified CPSUs/ State Sector Category "A"	13.00	13.25
2	State Sector Borrowers- Category "A" and other CPSUs	13.25	13.50
3	State Sector Borrowers- Category "B" / Private Sector Borrowers ("AAA")	13.50	13.75
4	State Sector Borrowers- Category "C"/Private Sector Borrowers other than "AAA"	13.75	14.00

Notes:

- The above rates are effective rates on quarterly rest basis except for STL / Medium Term Loans where rates are with monthly rest.
- Identified CPSUs are NTPC,NLC,DVC,NHPC,NPCIL,PGCIL,SJVNL, THDC or any other entity as identified by the Corporation from time to time.
- The rates mentioned as above for Computerisation 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 21st August, 2012.
- Definition for large Generation Projects as at A(1) above stands revised to Sanction amount of Rs.500 Crores and above both in respect of State / Central Sector Borrowers as well as Private Sector Borrowers.
- 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", "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 crores in case of Discoms & Transco and Rs.1000 crores for an integrated SEB for the combined disbursement for its Distribution and Transmission schemes. For this purpose, borrowers shall be required to sign an 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 crores / Rs.1000 crores as applicable. The Total disbursement made during the specified period shall be eligible for a discount of 25 bps from the applicable rate of interest.
- 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 27th November, 2006 and No.SEC-1/8(1)/2008/1165 dated 9th June, 2008.
- In case of Joint Venture 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 51% or more equity in the said JV.
- 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.
- For corresponding effective annualized interest rates Annexure-B attached to this Loan Policy Circular may please be referred to.

Not Applicable

Effective Annualized Interest Rates

Interest Rate on Quarterly Rest (%)	Effective Annualize Interest Rate (%)	Interest Rate on Monthly Rest (%)	Effective Annualize Interest Rate (%)
12.25	12.82	12.25	12.96
12.50	13.10	12.50	13.24
12.75	13.37	12.75	13.52
13.00	13.65	13.00	13.80
13.25	13.92	13.25	14.09
13.50	14.20	13.50	14.37
13.75	14.48	13.75	14.65
14.00	14.75	14.00	14.93
14.25	15.03	14.25	15.22