



Endless Energy. Infinite Possibilities

RURAL ELECTRIFICATION CORPORATION LIMITED
(A Government of India Enterprise)

Registered Office: Core – 4, SCOPE Complex, 7, Lodi Road, New Delhi – 110 003.

Tele-Fax: 24313978 E-Mail: reccorp@recl.nic.in Gram: RECTRIC

Website: www.recindia.com & www.recindia.nic.in

NO: REC/Fin./ECB-II/09-10

Date: July 20, 2009

To,

All Participating Banks

Dear Sir,

Sub: Invitation of offer for external commercial borrowing

Rural Electrification Corporation Limited (REC) was incorporated on July 25, 1969 under the Companies Act 1956. REC is a listed Government of India Public Sector Enterprise with a “Navratna” status having a net worth of Rs. 6190 Crore. Its main objective is to finance and promote power sector projects all over the country. It provides financial assistance to State Electricity Boards, State Government Departments, Private Sector and Rural Electric Cooperatives for rural electrification projects.

REC has a AAA (triple A) rating for domestic borrowing programme for the financial year 2009-10 from CRISIL, CARE, ICRA & FITCH and International rating equivalent to Sovereign Rating from Moody's & Fitch

As part of its resource mobilization programme for 2009-10, REC intends to go in for foreign currency borrowing equivalent up to USD 500 Million through Syndicated term loan/ R 144A & Reg S. Offers for amounts in excess of the aforementioned may also be considered at the sole discretion of the Company. We accordingly invite you to submit your offer(s) involving borrowing in an appropriate currency (USD/Japanese Yen/EURO), and through suitable instrument(s), with bullet maturity of 5 years and above. Your offer should clearly indicate the all-in-cost with detailed break up as per annexure “A” & “B”.

The scope of work will include helping REC for getting the documents prepared, preparation of presentation of road shows, organizing road shows, appointment of legal counsel, listing formalities, appointment of trustee & paying agent etc.

Payment of arrangement fee will be on success basis.

For better presentation, following may be submitted:

1. Experience as Arrangers in the relevant market
2. Highlights of recent issues arranged
3. Ranking in the relevant league tables
4. Strategy with respect to timing of the proposed issue
5. Marketing strategy
6. Distribution capabilities
7. Detailed time line for the proposed issue
8. Post issue strategy with respect to investor relationship

You are free to submit offers involving borrowing in different currencies / instruments, but the required details need to be furnished separately in respect of each of such offer.

It may please be ensured that your sealed offer reaches the undersigned latest by 27th July 2009 and remains valid for 30 days. REC reserves the right to accept or reject any or all the offers. Final decision regarding the quantum of fund to be mobilized, tenor, timing and the options will be purely on REC's discretion. For any clarification, you may feel free to contact Shri Awanish Bharati (9868140099) or the undersigned.

Kindly acknowledge receipt.

Yours faithfully,

Sd/-

(Vijay Kumar)

Dy. General Manager (Finance)

Tel. No. 24313978/9810896363,

vij_kr1960@yahoo.co.in

Annexure- "A"**Option I For Syndicated Term Loan upto equivalent US\$ 200 million**

The basic structure of the said ECB is as under: -

Amount	Upto equivalent USD 200 million
Currency	USD/JPY/Euro
Tenor	5 years
Payment	Bullet
Interest payment	Semi-annual
Withholding tax	as applicable
Draw down	Within 30 September, 2009

(Firm bid)

1.	Name of bank giving quote	Amount	
2.	Currency		USD/JPY/EURO **
3,	Tenor		5 year one month
			%
3.	Spread	-	
	Breakup of other cost component as a %age should be indicated		
	All-in-cost	-	
4.	Applicable withholding tax		
	Total cost to REC		

** The choice of currency will be at REC's discretion

Option II R144A & Reg S equivalent to US\$ 300 to US\$ 500 million

1.	Name of bank giving quote				
2.	Currency	USD/JPY/EURO **			
3	Tenor	5 years		10 years	
		Amount	%	Amount	%
4	Arrangement Fees (firm bid)				
5	Upfront costs with expenses cap:				
	International Counsel				
	International Counsel acting for Trustee				
	Local Legal Counsel				
	Printer				
	Trustee				
	Listing Expenses				
6	Other Annual Cost:				
	Trustee Annual Fee				
	Updating programme				
	Subsequent Drawdown Legal Cost				
	Subsequent Fiscal & Principal paying agent fee				
7.	Indicative Pricing				
	Reference Treasury benchmark				
	Bench mark yield				
	Indicative spread to Treasury benchmark				
	Indicative spread to mid swap (bps)				
	Indicative yield to investor				
8	Applicable withholding tax				
	Total cost to REC				

** The choice of currency will be at REC's discretion