

RURAL ELECTRIFICATION CORPORATION LIMITED

(A Govt. of India Enterprises)

Core-4, SCOPE Complex, Lodhi Road, New Delhi-110003.

COMPANY SECRETARY'S DIVISION

No. SEC-1/8(1)/2007

Dated: 26th April, 2007

LOAN POLICY CIRCULAR – No.004/2007

Sub: Revision in the lending rates of Term Loan.

Ref : Loan Policy Circulars –

(i) No.001/2007 dated 10th January, 2007

(ii) No.002/2007 dated 22nd March, 2007

(iii) No.003/2007 dated 30th March, 2007

1. The Sub-Committee of the Board of Directors of REC, in its 5th Meeting held on 19th April, 2007 has approved revision of lending rates of Loans / Schemes **as per details given in the Annexure.**
2. In case of fresh loans for all Generation Projects, it has been decided that:-
 - a) In case REC is the lead financier, the rate of interest applicable for 'Post-COD' will also be applicable for 'Pre-COD' period;
 - b) In case of consortium financing: -
 - (i) REC will charge the interest rate which is common/same for all Consortium Members including REC;
 - (ii) If the Consortium Members, other than REC, are charging common interest rates which is different from REC's interest rate, the higher of the two rates will be charged by REC;
 - (iii) If Consortium Members are charging different interest rates, then REC would charge highest of interest rates of REC, PFC, HUDCO and ICICI Bank, if any one or more among PFC, HUDCO and ICICI Bank are Consortium Members.
 - c) The interest rates can be negotiated, in respect of "Identified CPSUs and all AAA Companies".
- 3) In respect of Short Term Loans (STL) : -
 - (i) STL shall be allowed for a period upto One year only, and STL for more than One year has been discontinued.
 - (ii) Borrower may however opt for roll over of STL upto one more year, but acceptance of such option shall rest with REC.
 - (iii) Borrower will be given option for fixed or floating interest rate as notified in the Annexure.
- 4) Early Bird Incentive / Discount may be considered for giving thrust on Loan to Equipment Manufacturers.
- 5) **The revised interest rates as above will be applicable in respect of all disbursements made on or after 26th April, 2007.**
- 6) All other terms and conditions of loans / schemes as notified earlier remain unchanged.
- 7) Zonal Managers/CPMs and other officers in Corporate Office issuing sanction letters are requested to ensure that applicable interest rates and other terms and conditions are duly circulated to all concerned and correctly incorporated in the sanction letters.

Hindi version of this Circular will follow.

Encl: Annexure

**(B.R. Raghunandan)
GM(Law) & C.S.**

Distribution:

1. AM/Officer to CMD, D(F), D(T) and CVO
2. All Executive Directors/General Managers
3. All Dy.GMs/Chief Managers/Managers at Corporate Office.
4. All Zonal Managers / CPM in POs / Addl. Director, CIRE, and Incharge Sub-Offices

ANNEXURE

RURAL ELECTRIFICATION CORPORATION LTD
Lending Rates Effective From 26.04.07

Sl. No.	Schemes	Reforming State Sector Borrowers, Central Sector Borrowers (other than identified CPSUs & AAA Companies)				Identified CPSUs and all AAA Companies				Private Sector Borrowers			
		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
		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.	
A	Term Loan/Schemes												
1)	Conventional Generation-Large	11.00	10.75	11.75	11.50	10.75	10.50	11.50	11.25	11.00	10.75	11.75	11.50
2)	Generation-Others (including Non Conventional)	11.00	10.75	11.75	11.50	10.75	10.50	11.50	11.25	11.00	10.75	11.75	11.50
3)	R&M, R&U, Trans., Dist. and other Schemes	10.90		11.65		10.65		11.40		10.90		11.65	
4)	Computerization	9.75		-	-	9.50		-	-	-	-	-	-
B	STL - upto 1 year	10.75 or Daily MIBOR + 250 bps											
	STL-More than 1 year upto 3 years	Discontinued w.e.f. 26.4.2007								-	-	-	-
C	Loan to Equipment Manufacturers									11.00		-	-
1)	upto 1 year	11.00		-	-	10.75		-	-	11.50		-	-
2)	More than 1 year up to 3 years	11.50		-	-	11.25		-	-			-	-

- The above rates are effective rates on quarterly rest basis except for monthly basis in STLs, where rates are with monthly rest.
- Identified CPSUs are NTPC,NLC,DVC,NHPC,NPCIL,PGCIL,SJVNL 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 rates will be effective from 26.04.07.**
- Definition for large Generation Projects as at A (I) above will be the same as defined in REC's Loan Policy Circular dated 14th June, 2006 i.e Sanction amount of Rs.700 Crores and above in respect of State/Central sector Borrowers and Sanction amount of Rs.500 Crores and above in respect of Private Sector Borrowers

■ Not Applicable