



Endless Energy. Infinite Possibilities

**RURAL ELECTRIFICATION CORPORATION LIMITED  
(A Government of India Enterprise)**

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REC/Finance/ECB-II/  
To,

Date: 22<sup>nd</sup> October 2010

**Sub: Hedging (Principal + interest) -ECB USD 200,000,000.00**

REC has raised the above ECB under syndicated term loan. REC intends to hedge an amount of USD 200 million to cover market risk in respect to currency fluctuation and interest rate movement.

In case you are interested to participate in the bidding process and bid your best terms of offer then you are requested to be present in conference hall, REC office, Core -4, SCOPE Complex, 7 Lodhi Road, New Delhi-110003 latest by 2.00 P.M on 22.10.2010.

**Brief description of the borrowing transaction is given as under:**

Amount to be hedged	USD 200,000,000.00
Date of draw down	22.09.2010
Interest payment	semi-annually
Interest payment date	every 22 <sup>nd</sup> March and 22 <sup>nd</sup> Sept (till Sep '2015)
Principal Payment	Bullet on maturity
Principal Maturity date	22.09.2015
Rate of interest	6 month USD LIBOR + 139 bps
Applicable screen for Libor	Reuters BBA page LIBOR01 screen USD 6 M Libor at 11 A.M. London time
Facility Agent	Bank of Tokyo Mitsubishi UFJ Ltd., Hong Kong

**Other terms and conditions:**

- Firm bid below USD 100 million will not be accepted
- No Syndication of banks will be allowed. Bank will have to quote individually.
- Bankers will have to be present at REC's office by 2.00 pm
- All the bankers will have to quote their rate on their respective letter head duly signed and stamped.
- Bidding will start sharp at 2.15 P.M. and will be open for two minutes.
- On close of the bid, lowest rate will be announced immediately.
- The whole process will take place in presence of the nominated committee.
- Not more than two representatives from each bank will be allowed at the time of bidding.
- Nominated Committee will have the power to accept or reject the rate offered by the bank(s). The nominated committee will have the power to even reject the whole process of bidding without assigning any reason(s) to the bidders or to take on the spot decision for minor variation in bidding process.

Copy of proposed structure is enclosed.

**Kindly confirm your interest in participation by return fax or email given below immediately.**

In case of any further information required in this connection feel free to contact undersigned on e-mail or telephone number indicated below.

Thanking you.

Yours sincerely

(Vijay Kumar)  
Dy. General Manager (Finance)  
E-mail- [vij\\_kr1960@yahoo.co.in](mailto:vij_kr1960@yahoo.co.in)  
Tele/Fax. no. 011-24913978

Proposed Hedge Structure:  
Rupee – USD cross currency swap

Trade Date	22 <sup>nd</sup> October 2010
Start Date	26 <sup>th</sup> October 2010
Tenure	04 Years 10 months 26 days
Maturity Date	22 <sup>nd</sup> September 2015
INR Notional	INR 8,944,812,664
USD Notional	USD200, 000,000
Rupee Fixed Rate Receiver	Bank Counter Party
USD Floating Rate Receiver	REC Ltd.
<b>Coupon Exchange</b>	
REC Pays	<i>(to be quoted by Bank) %age on Fixed INR Notional (Act/365), semi-annually</i>
REC Receives	6M USD LIBOR + 1.39% on fixed USD notional (Act/360), semi-annually
Interest Settlement Dates	22 <sup>nd</sup> March & 22 <sup>nd</sup> September, every year (till 22 <sup>nd</sup> September 2015)
<b>Settlement of first interest period</b>	
REC to receive	6M USD LIBOR + 1.39% from start date of transaction to 22 <sup>nd</sup> March 2011  6M LIBOR for first interest settlement has been fixed at 0.47313%
REC to pay	INR fixed rate <i>(to be quoted by Bank) %age</i> from start date of transaction to 22 <sup>nd</sup> March 2011.
<b>PRINCIPAL EXCHANGE</b>	
Principal settlement date	22 <sup>nd</sup> September 2015
REC Pays	INR 8,944,812,664
REC Recives	USD200, 000,000
Settlement Convention	Modified Following Business Day (MFBD)
Business day Centers	New York, Singapore, Hong Kong & New Delhi