

# 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)/2008/129

Dated: 5<sup>th</sup> September, 2008

### LOAN POLICY CIRCULAR – No.012 / 2008

Sub: Revision in the lending rates of Term Loans and Short Term Loans.

Ref : Loan Policy Circular No. 011/2008 dated 14<sup>th</sup> August, 2008

The Sub-Committee of the Board of Directors of REC, in its 14<sup>th</sup> Meeting held on 3<sup>rd</sup> September, 2008 has approved upward revision of existing lending rates of Terms Loans and Short Term Loans, as per details given in the enclosed Annexure.

2. In respect of Private Sector Borrowers, differential interest rates are made applicable as per Grading of Borrowers (viz. Grade-I,II,III,IV & V) based on REC's internal categorization / grading methodology. Further, financing of Term Loans for Non-Conventional Generation Projects has been separated and the interest rate applicable would be at par with "Conventional Generation-Large" category.
3. The revised interest rates as per Annexure will be applicable in respect of all disbursements made on or after 4<sup>th</sup> September, 2008.
4. All other terms and conditions of loans / schemes as notified earlier remain unchanged.
5. 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.

Sd/-

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

Encls : Annexure

**RURAL ELECTRIFICATION CORPORATION LIMITED**  
Lending rates effective from 4th September, 2008

**I - TERM LOANS**

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 Grade - I & II				Private Sector Borrowers Grade - III & IV				Private Sector Borrowers Grade - V			
		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
		% 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	12.25	12.00	13.00	12.75	12.00	11.75	12.75	12.50	12.50	12.25	13.00	12.75	12.75	12.50	13.25	13.00	13.25	13.00	13.75	13.50
2)	Generation-Others	12.50	12.25	13.00	12.75	12.25	12.00	12.75	12.50	12.75	12.50	13.00	12.75	13.00	12.75	13.25	13.00	13.50	13.25	13.75	13.50
3)	R&M, R&U, Transmission, Distribution and other Schemes	12.50		13.00		12.25		12.75		12.75		13.00		13.00		13.25		13.50		13.75	
4)	Computerization	11.75		-	-	11.50		-	-	-	-	-	-	-	-	-	-	-	-	-	-
B)	Loan to Equipment Manufacturers																				
1)	upto 1 year	12.25		-	-	12.00		-	-	13.00		-	-	13.25		-	-	13.25		-	-
2)	More than 1 year up to 3 years	12.50		-	-	12.25		-	-	13.25		-	-	13.50		-	-	13.50		-	-

**II - SHORT TERM LOANS**

Sl. No.	Category of Borrower	Rate of Interest for STL of upto 1 year, with monthly Rest (% p.a.)	Rate of Interest for STL of More than 1 year and upto three yaers, with monthly Rest (% p.a.)
1	Central Sector Borrowers/ Identified CPSUs	13.00	13.25
2	State Sector Borrowers- Category "A+" & "A"	13.00	13.25
3	State Sector Borrowers- Category "B" / Private Sector Borrowers ("AAA")	13.25	13.50
4	State Sector Borrowers- Category "C" / Private Sector Borrowers other than "AAA"	50 bps higher than the rate applicable to State Sector Category "A" Borrowers .i.e. 13.50	50 bps higher than the rate applicable to State Sector Category "A" Borrowers .i.e. 13.75

Notes:

- The above rates are effective rates on quarterly rest basis except for STLs 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 4th September, 2008.
- Definition for large Generation Projects as at A(1) 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.
- In respect of TermsLoans for Non-conventional Generation Projects, the rate of interest would be the same as applicable for Conventional Generation-Large category at Sl.No.A(1) above.
- In respect of Private Sector Borrowers, Grades-I,II,III,IV & V as stated above are based on REC's internal categorization / grading methodology.

Not Applicable