

Date: 05.03.2026

No. LPC No. 011/2025-26

Loan Policy Circular No.011/2025-26

Sub: Revision in lending rates of REC Limited

Competent Authority has approved revision in the interest rates for State & Private category Borrowers, as summarized in Annexure A, read with effective interest rates appearing at Annexure B hereto.

The revised rate will be applicable with effect from Mar 3, 2026 till further notification.

Sr. CPM/CPMs and other officers in Registered Office/ Corporate Office of the Company issuing sanction letters are requested to ensure that applicable interest rates and other terms & conditions are duly informed to all concerned and correctly incorporated in the sanction letters.

Shuchi Goyal
5/3/2026

Shuchi Goyal
Deputy General Manager (ALM)

Encl.: Annexures A & B

Distribution:

1. O/o CMD, D(P) and D(F)
2. All EDs and HODs
3. All Sr. CPM/ CPMs in ROs/POs, and State Offices.
4. HoD (IT) - for arranging uploading on REC website and intranet.
5. HOD (Rajbhasha) - For translation in Hindi.

REC Limited

Revised Lending Rates effective from Mar 3, 2026 till further notification

A. On monthly rest basis, with 1 year reset (% p.a.)

Sl. No	Scheme /Product Borrower	State Sector Borrowers/CPSUs/JVs			Private Sector Borrowers		
		A++	A+	A	IR1	IR2	IR3
1	Conventional Generation	10.05	10.55	10.80	10.55	10.80	11.05
2	R&M of Conventional Generation (including Small Capex) (refer note 17)	Conventional Generation minus 10bps					
3	Installation of Pollution Control Equipment's like FGD etc.	9.40	9.90	10.15	9.65	9.90	10.15
4	Non-Conventional Generation-Renewable Energy (Wind and Solar). For other projects, refer to note no. 8	8.95	9.45	9.70	9.20	9.45	9.70
5	Transmission	9.40	9.90	10.15	9.90	10.15	10.40
6	Distribution	9.65	9.90	10.40	10.15	10.65	10.90
7	Project Specific Funding (PSF) (refer note 18)	9.45	9.95	10.20	9.70	9.95	10.20

B. On monthly rest basis (%p.a.)

1	Short Term Loan and Revolving Bill Payment Facility (RBPF-only for state Sector)						
(a)	Tenor upto 6 months (with 3 months reset)	8.75	9.00	9.25	Please refer to Note No14 for STL only		
(b)	Tenor > 6 months upto 12 months (with 3 months reset)	9.00	9.25	9.50			
2	Medium Term Loan (with option to 1 year reset)	9.50	10.00	10.25			

Notes:

1. The revised interest rates as above will be applicable in respect of all disbursements made on or after Mar 3, 2026 till further notification.
2. Interest rates for State Sector/CPSUs/JVs-Grade B, C & D borrowers shall be higher by 25 bps, 50 bps and 75 bps respectively than the interest rates applicable to Grade A. Interest rates for Private Sector-Grade IR-4 & IR-5 borrowers shall be higher by 25 bps & 50 bps respectively than the interest rates applicable to Grade IR-3.
3. Interest rate for Loans with "Reset after every 3 Years" shall be 25 bps higher than the rates of Term Loans with "Reset after every 1 year".

4. 1 year reset option is available for all schemes/products, where loan documents are executed on or after 01.04.2021.
5. The option of "Reset after every 10 years" is available only for loans sanctioned before 01/09/2020 and the Interest rate shall be 15 bps higher than the rates of Term Loans with "Reset after every 3 years".
6. 10 bps rebate shall be allowed on the card rate for all solar projects sanctioned on or after 01.04.2021, if the domestic content is 75% or more.
7. The rates for FGD etc. at S.No. 3 above are applicable only for installation of such equipment in commissioned projects. In other cases, rates of Conventional Generation shall be applicable.
8. For Small Hydro (upto 25 MW), Biomass and Waste to Energy Projects, the interest rate will be 50 bps higher than the applicable Renewable Energy rates. For Hydro projects of more than 25 MW capacity, Conventional Generation rates will apply.
9. Interest Rates applicable to other Loan Products: **(Monthly rest, 1 year reset)**

SI No.	Particulars For State Sector Borrowers/CPSUs/JVs:	Applicable Interest rates
a	Funding against Regulatory Assets	Distribution + 190 bps (for all borrower)
b	Financial Assistance for Computerization / Studies	R&M of Conventional Generation (including Small Capex)
c	Transitional Financing to Discoms	Distribution + 75 bps
d	Renewable - RPO (Only for existing loans)	Distribution + 50 bps
e	Electro/ Hydro mechanical components in large irrigation projects (with Govt Guarantee)	Conventional Generation 'A+' across all grades
f	Special Term Loans	Tenor upto 3 years - MTL Rates (with option to 1 year reset), Tenor > 3 years - Respective scheme rates +25 bps (with 1 year reset)
For All Borrowers:		
g	Equipment Manufacturing (other than RE)	Conventional Generation + 50 bps
h	RE Equipment Manufacturing Projects	Non-Conventional Generation-Renewable Energy + 50 bps
i	Pump Storage Projects (PSPs)* (refer note 19)	Non-Conventional Generation-Renewable Energy (Wind and Solar)+ 25 bps

**As previously notified in the Loan Policy Circular dated September 24, 2023, consolidated for reference*

10. For all loans (Except STL, RBPF, MTL & 9(e)), sanctioned on or after 01.04.2021, 25 bps rebate and 50 bps rebate shall be allowed on the above rates for providing

Government guarantee as security and for providing Mandate letter (DDM) from State Govt. in favour of RBI respectively, subject to maximum rebate of 50 bps.

11. For sanctions on or after 01.04.2021, Post COD rebate of 25 bps is allowed on the above rates for Conventional Generation and Renewable Energy projects, after 6 months of satisfactory commercial operations. Private Sector borrower to submit external rating (not less than investment grades) within one year of CoD and every year thereafter, as per guidelines, to continue to avail the rebate.
12. In case a borrower/ project is downgraded to Stage 2 Category as per Ind-AS, applicable interest rates on the loan shall be higher by 25 bps till it is upgraded, for loans sanctioned on or after 01.04.2021.
13. If a borrower is downgraded to the Stage-2 category as per Ind-AS / Category 'D' as per internal categorization methodology, the benefit of rebates/ discounts (other than timely payment rebate, wherever applicable) like special discount, CoD rebate etc. shall not be available to the loans (which are in default) for the period of such downgrades. Benefits of such rebates/ discounts will again be allowed prospectively on the entire eligible outstanding loan amounts effective from the date of upgrade from Stage-2 and Category 'D', whichever is later.
14. Interest rates for STL to Private Sector borrowers with A1, A2 & A3 ratings will be 10.40%, 10.90% & 11.40% respectively.
15. Interest rates for AAA rated State Sector borrowers/ CPSUs/ JVs shall be those of rates applicable to Grade A++.
16. In the case of Generation projects, if there is a Government Sector entity (other than AAA rated Companies) which has presently not been rated, interest rates as applicable to Category A' State Sector Borrowers would apply to such entities, till it is rated.
17. R&M of Conventional Generation (including Small Capex) rates to be linked as Convention generation rates minus 10 bps
18. W.e.f. Mar 3, 2026 , the interest rates for PSF are de-linked from non-conventional energy and existing applicable rates as per table A shall be applicable
19. Interest rates for Pump Storage Projects (PSPs) shall be higher by 25 bps over applicable Non-Conventional Generation- Renewable Energy (Wind and Solar). Further, Post COD rebate shall be allowed after 6 months of satisfactory commercial operations, the same shall be aligned with Post COD rates applicable for Renewable Energy (Solar/Wind) projects. Private Sector borrower to submit external rating (not less than investment grade) within one year of COD and every year thereafter, as per guidelines, to continue to avail the rebate.

20. Incentive Scheme for DISCOMs: The interest rates applicable to State Power Distribution utilities are linked with REC internal categorization framework, as revised from time to time. In addition, any State Power Distribution utility (the utility) records an improvement in Integrated Rating published by MOP by 2 notches or more (like from C- to B- or B- to A) shall be given an additional incentive in the form of 20% on the differential interest rate, being the difference between the revised lending rate and the existing applicable rate corresponding to the relevant rating.

Additionally, where the Utility maintains or further improves its rating in the subsequent year, an incremental incentive of 10% on the differential interest rate shall be applicable, subject to an overall ceiling of 30% of the differential interest rate at any given time.

In this regard, the following conditions shall be integral to the incentive scheme:

- i. The benefit of the incentivised interest rate shall continue so long as the Utility's rating is not downgraded. In the event of a downgrade, the applicable interest rate shall revert to the prevailing card rate corresponding to the revised rating at the time of reset.
- ii. The Utility should not have been rated 'D' in any of the preceding three Integrated Rating exercises.
- iii. In the event the Utility is downgraded to Stage-2 as per Ind-AS classification, the aforesaid incentive shall stand withdrawn for the period of such downgrade. The incentive shall be reinstated prospectively from the date of upgradation from Stage-2.
- iv. The above incentive structure shall be applicable on reset and on all disbursements made on or after date of notification of this circular.
- v. The incentive shall not be applicable to loans extended at special interest rates, RDSS rates, or where any rebates or discounts have been offered.
- vi. The incentive of 20% / 10% on the differential interest rate shall be rounded off to two decimal places, with rounding applied as follows:
 - Less than 2.5 bps to be rounded down to 2 bps
 - Equal to or greater than 2.5 bps to be rounded up to 3 bp.

The above scheme is to be considered as part of the interest rate structure.

21. For corresponding quarterly rates, for rates at A above and Note no 9 above, and effective annualized interest rates, Annexure-B attached to this Loan Policy Circular may please be referred to.

REC Limited
Effective Interest Rates

Effective Interest Rates		
On Monthly Rest (%)	Effective Interest Rate on Quarterly Rest (%)	Effective Annualize Rate (%)
6.00	6.03	6.17
6.25	6.28	6.43
6.75	6.79	6.96
7.00	7.04	7.23
7.25	7.29	7.50
7.50	7.55	7.76
7.75	7.80	8.03
8.00	8.05	8.30
8.25	8.31	8.57
8.50	8.56	8.84
8.65	8.71	9.00
8.75	8.81	9.11
8.90	8.97	9.27
9.00	9.07	9.38
9.15	9.22	9.54
9.25	9.32	9.65
9.40	9.47	9.82
9.45	9.52	9.87
9.50	9.58	9.92
9.65	9.73	10.09
9.75	9.83	10.20
9.90	9.98	10.36
10.00	10.08	10.47
10.25	10.34	10.75
10.40	10.49	10.91
10.50	10.59	11.02
10.65	10.74	11.19
10.75	10.85	11.30
10.90	11.00	11.46
11.00	11.10	11.57
11.15	11.25	11.74
11.25	11.36	11.85
11.40	11.51	12.01
11.50	11.61	12.13
11.65	11.76	12.29
11.80	11.92	12.46
11.90	12.02	12.57
12.05	12.17	12.74
12.30	12.43	13.02
12.55	12.68	13.30
12.80	12.94	13.58