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)/2009 Dated: 22nd January, 2009

LOAN POLICY CIRCULAR – No.001 / 2009

Sub: Revision in the lending rates of Term Loans.

Ref : 1. Loan Policy Circular No. 014/2008 dated 1st October, 2008
2. Loan Policy Circular No. 016/2008 dated 21st October, 2008

The Sub-Committee of the Board of Directors of REC, in its 18th Meeting (Adjourned) held on 21st January, 2009 has approved revision of lending rates in respect of Terms Loans with immediate effect, as per details given in the enclosed Annexure. The revised interest rates will be applicable in respect of all disbursements made on or after 22nd January, 2009.

2. The interest rates for Short Term Loans will remain unchanged as notified vide Loan Policy Circular No.016/2008 dated 21st October, 2008

3. All other terms and conditions of loans / schemes as notified earlier remain unchanged.

4. 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.

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

Encls : Annexure

Distribution:

1. DM/Sr.Officer/AM to CMD, D(F), D(T) and CVO
2. All Executive Directors / General Managers
3. All Addl.GMs/Dy.GMs/Chief Managers at Corporate Office.
4. All Zonal Managers / CPM in POs / Addl. Director, CIRE, and Incharge Sub-Offices
5. Dy.GM (IT) – for posting on the websites of REC.

ANNEXURE
(LPC No.001/2009 dt. 22nd January, 2009)

RURAL ELECTRIFICATION CORPORATION LIMITED
Lending rates effective from 22nd January, 2009

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 & 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	
		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.	
A)	Term Loan/Schemes																
1)	Conventional Generation-Large	12.50	12.25	12.75	12.50	12.25	12.00	12.50	12.25	12.75	12.50	13.00	12.75	13.50	13.25	13.75	13.50
2)	Generation-Others (excluding Non-conventional)*	12.75	12.50	13.00	12.75	12.50	12.25	12.75	12.50	13.00	12.75	13.25	13.00	13.75	13.50	14.00	13.75
3)	R&M, R&U, Transmission, Distribution and other Schemes	12.75		13.00		12.50		12.75		13.00		13.25		13.75		14.00	
4)	Computerization	12.75		-	-	12.50		-	-	-	-	-	-	-	-	-	-
B)	Loan to Equipment Manufacturers																
1)	Upto 1 year	13.25		-	-	13.00		-	-	14.00		-	-	14.25		-	-
2)	More than 1 year up to 3 years	13.50		-	-	13.25		-	-	14.25		-	-	14.50		-	-

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	14.75	15.00
2	State Sector Borrowers- Category "A+" & "A"	14.75	15.00
3	State Sector Borrowers- Category 'B" / Private Sector Borrowers ("AAA")	15.00	15.25
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. 15.25	50 bps higher than the rate applicable to State Sector Category "A" Borrowers .i.e. 15.50

Notes:
1. The above rates are effective rates on quarterly rest basis except for STLs where rates are with monthly rest.
2. Identified CPSUs are NTPC,NLC,DVC,NHPC,NPCIL,PGCIL,SJVNL, THDC or any other entity as identified by the Corporation from time to time.
3. The rates mentioned as above for Computerisation are not applicable for AAA private sector borrowers.
4. The revised interest rates as above will be applicable in respect of all disbursements made on or after 22nd January, 2009
5. 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.
6. *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.
7. 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