



आरईसी लिमिटेड/REC Limited

भारत सरकार का उद्यम/A Government of India Enterprise, पंजीकृत कार्यालय-
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SCOPE Complex, 7, Lodi Road, New Delhi- 110003/निगमित कार्यालय- आरईसी
लिमिटेड, वैश्विक मुख्यालय, सेक्टर-29, प्लॉट नंबर आई-4, सेक्टर-29, गुरुग्राम-
12200, हरियाणा/ Corporate Office-REC Limited, World Headquarters, Plot No I-4,
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अंतर-कार्यालय ज्ञापन

सं. आरईसी वित्त - ऋण एवं वसूली/2023-24

दिनांक: 28-12-2023

**विषय:- महत्वपूर्ण नियमों एवं शर्तों का अनुपालन न करने या ऋण खातों में चूक होने पर
'आकस्मिक शुल्क' की नीति।**

आरबीआई के परिपत्र दिनांक 18-अगस्त-2023 के अनुपालन में आरईसी लिमिटेड के निदेशक मण्डल (बोर्ड) ने दिनांक 20.12.2023 को आयोजित अपनी 511 वीं बैठक में महत्वपूर्ण नियमों एवं शर्तों का अनुपालन न करने या ऋण खातों में चूक होने पर 'आकस्मिक शुल्क' से संबंधित नीति का अनुमोदन कर दिया है।

निदेशक मण्डल द्वारा अनुमोदित नीति एवं दिशा-निर्देश सभी संबंधित विभागों के अनुपालन हेतु अनुलग्नक-1 पर संलग्न हैं।

यह नीति कार्पोरेशन में दिनांक 01.01.2024 से लागू है।

(साहब नारायण)

विभागाध्यक्ष (वित्त - ऋण एवं वसूली)

संनलग्न: अनुलग्नक

प्रतिलिपि प्रेषित:

1. अध्यक्ष एवं प्रबंध निदेशक, निदेशक (वित्त), निदेशक (परियोजना) एवं सीवीओ सचिवालय, आरईसी लि.
2. सभी कार्यपालक निदेशक, आरईसी लि.
3. सभी विभागाध्यक्ष, आरईसी लि.
4. सभी वरिष्ठ सीपीएम एवं सीपीएम, आरईसी लि.

REC Limited

Sub: Policy for 'Incidental charges' for non-compliance of material terms and conditions or defaults in Loan Accounts.

1. This policy shall govern application of 'Incidental Charges' for non-compliance of material terms and conditions of loan contract by the borrower or on default in payment of dues which may include Principal, Interest, other charges etc., for all State/Private sector projects financed by REC including non-capex loans, cost overrun cases (if any) and LOC/LOU etc.
2. Penalty charged for non-compliance of material terms and conditions of loan contract or in case of default of dues by the borrower shall be treated as 'Incidental charges'.
3. There shall be no capitalisation of incidental charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
4. The rate of incidental charges shall be as per the details attached at **annexure A**.
5. In case REC sanctions loans to 'individual borrower' for purposes other than business, the incidental charges, shall not be higher than the incidental charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
6. The quantum and reason for penal charges shall be clearly disclosed by the company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on company's website under Interest rates and Service Charges.
7. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable incidental charges shall be communicated. Further, any instance of levy of incidental charges and the reason therefor shall also be communicated.
8. This policy shall come into effect from January 1, 2024 in respect of all the fresh loans availed/renewed by the borrower. In the case of existing loans, the policy shall be effective from next review or renewal date or six months from 1st January, 2024, whichever is earlier. In case there is change in the effective date of applicability of RBI circular dated 18.08.2023 with respect to Penal charges, the effective date of this policy shall change accordingly.
9. The borrower will pay the applicable incidental charges along with applicable taxes, penalty, fee, charges etc., if any.
10. In case of NPA/credit impaired accounts, incidental charges along with applicable taxes shall be accounted on receipt basis.

11. In case of conflict between this policy and sanction letter/loan agreement, terms of sanction/loan agreement as amended time to time, will prevail.
12. Respective operating division to modify the existing guidelines/policies issued in respect of charging additional interest /penal interest and necessary communication to borrower regarding change in policy will be done by respective operating division.
13. CMD shall be the Competent Authority to approve any addition/ deletion/ relaxation/ clarification/ interpretation/ modification/ operational guidelines/ procedures, as may be required for alignment of policy with other Financial Institutions/Banks, wherever acceptable to REC or for the purposes of giving effect to the provisions of this policy.



Aneexure-A

'Incidental charges' for non-compliance of material terms and conditions or defaults in Loan Accounts

Sr. No.	Sector	Category	Particulars	Existing rate of additional interest/Penal rate	Proposed incidental charge Per annum on Quarterly rest	Remarks
1	State Sector	Generation/ RE/Infrastructure projects	Incidental Charges to be charged on the outstanding loan amount of REC from the date of expiry of stipulated period of security creation and perfection, till the time the security is created and perfected in favour of REC	Gen. 1.00% RE 1.00% Infra. N.A.	Gen. 1.00% RE 0.50% Infra. 1.00%	1. For Generation projects, as per Generation Division - Circular No. 215/FY 2014-15 Dt. 05-Jan-2015. 2. For Infraprojects, existing policy not available, hence incidental charge similar to Generation projects has been considered.
2			b)Incidental Charges shall, however not to be charged in case "Substantial Security" for the loan has been created. Substantial Security is defined as:- (i) Mortgage of at least 80% of project land including entire main plant land and (ii) Creation of all other securities as per terms of sanction	Gen. 0.00% RE 0.00% Infra. N.A.	Gen. 0.00% RE 0.00% Infra. 0.00%	
3			c)In case of complete security (not only substantial security) as per the terms of sanction is not created and perfected within 2 years from the date of creation of "Substantial Security", incidental charges to be charged on the outstanding loan from expiry of the 2 years from the date creation of Substantial Security and till creation and perfection of complete security	Gen. 0.00% RE 0.00% Infra. 0.00%	Gen. 0.50% RE 0.25% Infra. 0.50%	1. For Generation projects, additional interest not available for such cases. However, incidental charge @0.50% has been taken. 2. For Infraprojects, existing policy not available, hence incidental charge similar to Generation projects has been considered.
4			In case Disbursement against the loan increase beyond 75% of the loan sanctioned and mortgage of entire land has still not been completed, incidental charge shall be levied on the amount outstanding from the date when disbursement exceeds 75% of loan sanctioned till the time mortgage of entire land has been created and perfected.	Gen. 1.00% RE 1.00% Infra. N.A.	Gen. 1.00% RE 0.50% Infra. 1.00%	1. For Generation projects, as per Generation Division - Circular No. 215/FY 2014-15 Dt. 05-Jan-2015. 2. For Infraprojects, existing policy not available, hence incidental charge similar to Generation projects has been considered.
5			If the LoC fee is not received on the due dates as per LoC policy of REC, then in addition to LoC fee, incidental charge + Interest Rate (Applicable as on the due date of the fee, on the Loan with respect to which LoC was issued) on the LoC fees shall be paid by the borrower, for the period comprising from the beginning of quarter for which payment is due till actual payment on quarterly compounding basis.	Gen. 2.00% RE 2.00% Infra. 2.00%	Gen. 2.50% RE 2.50% Infra. 2.50%	
6			REC shall have the right to charge incidental charge of 1% p.a, on disbursement under LoC, in case disbursement is made against LoC during the period when there is non-compliance of any condition of Common Rupee Loan Facility Agreement/ Common Loan Agreement precedent to either first or further disbursements (including security conditions & timelines). The incidental charge will be charged from the date of disbursement up to the date of compliance of the conditions.	Gen. 1.00% RE 1.00% Infra. 1.00%	Gen. 1.00% RE 1.00% Infra. 1.00%	As per LoC policy approved vide BoD meeting dated 28.05.2021.
7			In case of LoC disbursement where 1% incidental charge is being for non-compliance of conditions, the incidental charge of 1% towards non-creation of securities shall not be levied on such amount disbursement through LoC.	-	-	As per LoC policy approved vide BoD meeting dated 28.05.2021.
1	State sector	Other Capex Loans (T&D)	Incidental Charges on the outstanding loan amount of REC from the date of expiry of stipulated period of security creation and perfection, till the time the security is created and perfected in favour of REC	T&D N.A.	T&D 1.00%	1. For other Capex loans (T&D/other projects), additional interest not available for such cases. However, incidental charge @1.00% has been taken in line with Generation projects (Circular No. 215/FY 2014-15 Dt. 05-Jan-2015).
2			If the LoC fee is not received on the due dates as per LoC policy of REC, then in addition to LoC fee, incidental charge + Interest Rate (Applicable as on the due date of the fee, on the Loan with respect to which LoC was issued) on the LoC fees shall be paid by the borrower, for the period comprising from the beginning of quarter for which payment is due till actual payment on quarterly compounding basis.	T&D 2%	T&D 2.50%	
3			REC shall have the right to charge incidental charge of 1% p.a, on disbursement under LoC, in case disbursement is made against LoC during the period when there is non-compliance of any condition of Common Rupee Loan Facility Agreement/ Common Loan Agreement precedent to either first or further disbursements (including security conditions & timelines). The incidental charge will be charged from the date of disbursement up to the date of compliance of the conditions.	T&D 1%	T&D 1%	As per LoC policy approved vide BoD meeting dated 28.05.2021.

4			In case of LoC disbursement where 1% incidental charge is being for non-compliance of conditions, the incidental charge of 1% towards non-creation of securities shall not be levied on such amount disbursement through LoC.	-	-	As per LoC policy approved vide BoD meeting dated 28.05.2021.
1			For non creation of security within stipulated timelines as per sanction letter/approval or for non-compliance of the any condition, incidental charge shall be as under:			
1.a			Till 3 months from expiry of above timeline and upto the date security is created and perfected in favour of REC, whichever is earlier.	N.A.	0.5%	For non-capex loans, no policy available, hence rates suggested by SoP team has been taken.
a.b	State sector	Non capex Loans	After 3 months from the date of expiry of the above timelines and upto the date security is created and perfected in favour of REC.	N.A.	1%	For non-capex loans, no policy available, hence rates suggested by SoP team has been taken.
			Note. 1. Loans secured by state Govt. Guarantee & secured by existing assest/other securities the incidental charges will be on balance loan outstanding. 2. For the Loans secured by Existing Assets/Other securities the incidental charges will be on balance loan outstanding for which security is yet to be created as per the sanction terms.			
1			Incidental charge on the outstanding loan amount from the date of expiry of stipulated period for security creation and perfection till the time the security is created.	Gen. 0.50% T&D 0.50% RE 0.50% Infra. N.A.	Gen. 1.00% T&D 1.00% RE 0.50% Infra. 1.00%	1. For Generation/RE/T&D projects, incidental charges is being aligned with proposed rate for State sector. 2. For Infraprojects, existing policy not available, hence incidental charge similar to Generation projects has been considered.
2			Incidental charge shall not be charged in case substantial security for the loan has been created.. Substantial Security is defined as:- (i) For RE Projects, shall mean mortgage of at least 80% of land (Pending perfection) & Creation and perfection of all other securities as per terms of sanction (ii) For Other Projects, shall mean mortgage of at least 80% of land (Pending perfection) which necessarily includes main plant land and Creation and perfection of all other securities as per terms of sanction	Gen. 0.00% T&D 0.00% RE 0.00% Infra. N.A.	Gen. 0.00% T&D 0.00% RE 0.00% Infra. 0.00%	
3			In case of complete security (not only substantial security) as per term of sanction letter is not created and perfected within 2 years from the date of creation of substantial security, then incidental charge @ 0.25% shall be charged on the total outstanding laon till creation and perfection of complete security.	Gen. 0.25% T&D 0.25% RE 0.25% Infra. N.A.	Gen. 0.50% T&D 0.50% RE 0.25% Infra. 0.50%	1. For Generation/RE/T&D projects, incidental charges is being aligned with proposed rate for State sector. 2. For Infraprojects, existing policy not available, hence incidental charge similar to Generation projects has been considered.
4	Private sector	Generation/RE/T&D/Infrastructure projects (Capex loans)	Incidental charge on non-creation and perfection of security within timeliness stipulated in the saction letter but disbursement increases beyond 75% of the loan amount for projects other than RE Projects (Solar/Wind etc.), Transmission Projects awarded through TBCB and Debt Refinancing Process. incidental charge on the outstanding loan amount from the date of expiry of stipulated period for security creation and perfection till the time the security is created.	Gen. 0.50% T&D 0.50% RE 0.50% Infra. N.A.	Gen. 1.00% T&D 1.00% RE 0.50% Infra. 1.00%	1. For Generation/RE/T&D projects, incidental charges is being aligned with proposed rate for State sector. 2. For Infraprojects, existing policy not available, hence incidental charge similar to Generation projects has been considered.
5			In addition to the applicable interest rate and other incidental charge/penal interest, further 1% incidental charge shall be payable in case there is any adverse deviation by more than 20% from the levels as per the financial model in respect of any of the following for a continuous period of one year: - • Debt Service Coverage Ratio • Debt Equity Ratio	Gen. 1.00% T&D 0.50% RE N.A. Infra. N.A.	Gen. 1.00% T&D 0.50% RE 0.50% Infra. 1.00%	1. For Generation/T&D projects, as per T&D -Pvt project appraisal guideline. 2. For RE projects, equivalent to T&D projects rates has been taken. 2. For Infraprojects, existing policy not available, hence incidental charge similar to Generation projects has been considered.
6			If the LoC fee is not received on the due dates as per LoC policy of REC, then in addition to LoC fee, incidental charge + Interest Rate (Applicable as on the due date of the fee, on the Loan with respect to which LoC was issued) on the LoC fees shall be paid by the borrower, for the period comprising from the beginning of quarter for which payment is due till actual payment on quarterly compounding basis.	Gen. 2.00% T&D 2.00% RE 2.00% Infra. 2.00%	Gen. 2.50% T&D 2.50% RE 2.50% Infra. 2.50%	

7			REC shall have the right to charge incidental charge of 1% p.a. on disbursement under LoC, in case disbursement is made against LoC during the period when there is non-compliance of any condition of Common Rupee Loan Facility Agreement/ Common Loan Agreement precedent to either first or further disbursements (including security conditions & timelines). The incidental charge will be charged from the date of disbursement up to the date of compliance of the conditions.	Gen. 1.00% T&D 1.00% RE 1.00% Infra. 1.00%	Gen. 1.00% T&D 1.00% RE 1.00% Infra. 1.00%	As per LoC policy approved vide BoD meeting dated 28.05.2021.
8			In case of LoC disbursement where 1% incidental charge is being for non-compliance of conditions, the incidental charge of 1% towards non-creation of securities shall not be levied on such amount disbursement through LoC.	-	-	As per LoC policy approved vide BoD meeting dated 28.05.2021.
			For non creation of security within stipulated timelines as per sanction letter/approval or for non-compliance of the any condition, incidental charge shall be as under:			
1			Till 3 months from expiry of above timeline and upto the date security is created and perfected in favour of REC, whichever is earlier.	N.A.	0.5%	For non-capex loans, no policy available, hence rates suggested by SoP team for State sector has been considered for Pvt sector also.
2	Private Sector	Non capex Loans	After 3 months from the date of expiry of the above timelines and upto the date security is created and perfected in favour of REC.	N.A.	1%	For non-capex loans, no policy available, hence rates suggested by SoP team for State sector has been considered for Pvt sector also.
3			Loans secured by state Govt. Guarantee & secured by existing asset/other securities the incidental charges will be on balance loan outstanding.			
4			For the Loans secured by Existing Assets/Other securities the incidental charges will be on balance loan outstanding for which security is yet to be created as per the sanction terms			
			Common for all the cases			
		1	In all eventualities, maximum incidental charge on non-creation and perfection of security under this policy shall not exceed		1.0%	
		2	No incidental charge for non-creation of assignment of FSA and /or PPA in favour of REC shall be levied.	0%	0%	
		3	Incidental charges to be charged in case of default in payment of dues (principle/interest/fees etc.)	2%	2.50%	
		4	REC reserves the right to levy incidental charges in case of extension in Scheduled DCCO/COD beyond two years in case of project loans sanctioned on or after the issuance of the policy for extension in scheduled DCCO/COD. The incidental charges shall be levied on the total outstanding loan amount, over and above the applicable interest rate till the achievement of actual DCCO/COD.	0.25%	0.25%	

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