



Request for Proposal for raising External Commercial Borrowing of US \$ 100 million

NEEPCO Ltd., a Central Public Sector Unit wholly owned by the Govt. of India is a Miniratna with an Authorised Capital of Rs.5000 crore. It is the only power CPSU registered in the North Eastern Region of India and contributes about 50% of the power supply requirements of the region.

NEEPCO's primary goal is the integrated and efficient development of the Power Sector in the North Eastern Region by planning, investigating, preparing preliminary feasibility and detailed project reports and construction, operation and maintenance of power projects. NEEPCO owns a total installed capacity of 1130 MW (Hydro – 755 MW & Thermal – 375 MW) and is also constructing five new projects with a total additional capacity of 917 MW (Hydro – 770 MW & Thermal – 147 MW).

NEEPCO proposes to raise US\$ 100 million through the ECB route in order to fund the construction of two thermal projects viz. the Tripura Gas Based Power Project (101 MW) and the Agartala Gas Based Power Project – Extension (46 MW) in the state of Tripura, India.

General Instructions:

1. Proposals are invited from Banks/FIs that have lent Foreign Currency Loan of at least US\$ 50 million as a single deal during the last five years. However, in case of a consortium, this criterion would be applicable only to the Lead Bank/FI.
2. Proposals shall not be made for less than US\$ 100 million. In case of a consortium bid, the Lead Bank/FI will submit the bids on behalf of all the bidders. The members of the consortium shall remain unchanged from the time of opening the bid until complete drawdown of the Loan.
3. Bidders are to submit proposals strictly as per the terms and conditions mentioned in the RFP.
4. Proposals must be submitted along with an unconditional acceptance as per Annexure IV of this RFP in the letter head of the bidder and duly signed by an authorized signatory.
5. Proposals must be **firm and valid for a period of not less than 90 days** from the date of opening of the bids.
6. Bids will not be accepted if they are:
 - (a) faxed or emailed.
 - (b) received after the scheduled date and time.
 - (c) deemed to be incomplete, in deviation or conditional.
7. NEEPCO reserves the right to:
 - a. Accept / reject any or all of the bids without assigning any reasons.
 - b. Cancel all bids without assigning any reasons.
 - c. Determine the lowest bid after negotiations in case there are more than one L1 bidders.
 - d. Split the assignment equally among all L1 bidders.
 - e. Further negotiate the Interest Rate and All-in-cost with the lowest bidder.
 - f. Reduce or increase the ECB size without assigning any reasons.
 - g. Call for relevant documents as it feels necessary for purposes of authentication.
 - h. Modify the indicated time schedule for bids without assigning any reasons.
8. Evaluation of the proposals received by NEEPCO will be on the basis of the total all-in annualized un-hedged cost indicated as per Annexure I. All taxes and duties, wherever applicable and if not borne by the bidder, will be added to arrive at the total all-in annualized un-hedged cost for evaluation of the lowest bidder/s.
9. The total all-in annualized un-hedged cost shall not exceed the limit as prescribed by RBI for Foreign Currency Loans at the time of seeking the Loan Requisition Number.



10. NEEPCO proposes to have a pre-bid meeting at its Shillong office on 15th May, 2013 at 3 p.m.
11. The schedule for receipt and opening of bids is as follows:

Last date & time for receiving bids:	27 th May, 2013 at 2 p.m.
Date & time of opening:	27 th May, 2013 at 3 p.m.
Venue:	Office of the General Manager (Finance) Funds, NEEPCO Ltd., Brookland Compound, Lower New Colony, Shillong 793003, Meghalaya
Contact details: Email: Telephone:	cranee@neepco.gov.in , shyamaldey82@yahoo.co.in 0364-2223051/2223255/2223176/9436700915
For more information on NEEPCO Ltd. please visit www.neepco.gov.in	

12. Sealed Bids must be clearly marked as “**Confidential - Proposal for raising External Commercial Borrowing of US\$ 100 million**” and addressed to:
Shri Moni Raman, General Manager (Finance), NEEPCO Ltd., Brookland Compound, Lower New Colony, Shillong 793003, Meghalaya.
13. In all matters of dispute, the decision of NEEPCO shall be final and binding on the parties.

Scope of work under the Proposal:

1. To act as the Authorized Dealer for transacting the Foreign Currency Loan.
2. To assist NEEPCO in completing all formalities and procedures necessary for compliance with applicable laws and regulations in force at the time of transacting the Foreign Currency Loan.
3. To arrange and coordinate Road Show/s, if required.
4. To execute the Foreign Currency Loan Agreement with NEEPCO.
5. To disburse the Loan as per the agreed drawdown schedule.
6. To perform all other necessary tasks as would be applicable thereof.



ANNEXURE I

Components of the total all-in annualized un-hedged cost

Sl.	Description	Unit	Amount (US \$)	Annualized cost (%)
1.	Margin (Over the applicable 3-month LIBOR rounded off to 5 decimal points)	%	-	
2.	Up-front fees payable at the time of the first draw down including taxes & duties as applicable	US \$		
3.	Legal fees payable at actual against documentary proof at the time of the first draw down including taxes & duties as applicable (Upper cap to be quoted)	US \$		
4.	Facility Agent fees, if applicable, including taxes & duties (payable annually)	US \$		
5.	Other expenses including Road Show expenses, if any, including taxes & duties as applicable (Break-up to be specified and Upper cap to be quoted & expenses to be specified)	US \$		
	Total all-in annualized un-hedged cost :	%	-	

Note:

The total all-in annualized un-hedged cost quoted above will remain firm and fixed for the entire tenure of the facility.



ANNEXURE II

Indicative Termsheet

1. FCL/ECB amount	US \$100,000,000.00
2. Purpose	To finance the capital expenditure on the Tripura Gas Based Power Project & the Agartala Gas Turbine Project - Extension
3. Tenure	10 years from the first date of drawdown
4. Availability period	180 days from the date of execution of the Loan Agreement
5. Drawdown schedule	The Borrower shall be allowed to draw the facility on any date during the Availability period in not more than 10 installments and for not less than US \$ 5.00 million per installment. Notice of at least three (3) business days shall be given for each drawal.
6. Repayment	<p>The entire facility will be repaid in thirty eight equal quarterly installments (i.e. US \$ 2,564,103 million) starting from the second quarterly anniversary date of the first drawdown date and the remaining amount of US \$ 2,564,086 as the thirty ninth and final installment.</p> <p>No repayment will be made during the availability period i.e. a moratorium of 180 days on loan repayment.</p>
7. Commitment fee	No commitment fee will be payable by NEEPCO.
8. Pre-payment	Prepayment of amounts not less than US \$ 5 million and multiples thereafter shall be permitted without any prepayment penalty or premium subject to advance written notice of not less than 15 days. Prepaid amounts shall be deemed cancelled and unavailable for redrawing.
9. Interest Rate	<p>3-month US \$ LIBOR prevailing two (2) days prior to the start of each interest period plus firm Margin quoted in Annexure I. In case no quote is available, then the quote on the closest preceding date will be considered.</p> <p>The rate shall be determined by reference to the relevant screen of Reuters/ Bloomberg / Newswire /Dow Jones, whichever is available, at 11 a.m. (GMT).</p> <p>Interest rates during the drawdown period of 180 days will be considered on the basis of the LIBOR prevailing two (2) days prior to the start of each interest period plus the quoted Margin and as follows:</p> <ul style="list-style-type: none"> (a) Interest period <= 30 days: 1-month US \$ LIBOR (b) Interest period <= 60 days & > 30 days: 2-month US \$ LIBOR (c) Interest period <= 90 days & > 60 days: 3-month US \$ LIBOR
10. Interest payment	<p>Interest will be payable on a <u>quarterly</u> basis considering 360 days in a year.</p> <p>Interest on each separate drawdown amount will be paid on the quarterly anniversary date of the first drawdown date.</p> <p>Subsequently, interest on the total drawdown will be calculated on quarterly basis from the first drawdown date at 3-month US \$ LIBOR plus quoted margin.</p> <p>The last installment of quarterly interest will be payable along with the last installment of principal payment.</p> <p>A sample calculation is given at Annexure III.</p>
11. Security	Mortgage of the assets as and when created out of these borrowings as defined at Sl. 2.



ANNEXURE II ... continued

Indicative Termsheet

12. Swap	<p>The Borrower shall retain the option of swapping the loan facility (principal and/or interest) as well as the interest rate either from the Lender/s or any other entity for which the Borrower shall be free to invite quotations.</p> <p>However, the first right of refusal to match the L1 rates of the swap cover would be given to the Lender/s at the time of taking a swap, provided the Lender/s participate/s in the bid for swap.</p>
13. Financial covenant	<p>The following Financial covenants are offered by NEEPCO on the basis of the consolidated Annual Report as on 31st March:</p> <ol style="list-style-type: none"> 1. <i>Debt-Equity Ratio</i>: Not more than 70 : 30 2. <i>Debt Service Coverage Ratio</i>: Not less than 2 : 1 3. <i>Share holding of the Govt. of India</i>: Not less than 51% during tenure of the facility.
14. Penal Interest	1% over and above the applicable Interest Rate on the outstanding amount for the period of delay, if any, by the borrower in payment of interest and/or principal.
15. Termination	<p>The facility shall be deemed to be terminated on payment of all dues towards interest, penal interest, if any, and principal upon completion of the loan tenure as given at Sl. 3.</p> <p>Additionally, NEEPCO reserves the right to terminate the facility any time without assigning any reasons to the mandated Facility Agent and/or Lender/s prior to actual drawal of the facility. NEEPCO will bear the reasonable legal and other related expenses against documentary evidence in case of such termination. However, the said expenses will not exceed the upper cap mentioned at Sl. 3 & 5 mentioned in Annexure II.</p>
16. Compliances	The mandated Facility Agent will assist the Borrower and ensure that all compliances with relevant guidelines and statutes are fulfilled, including the preparation, execution and delivery of mutually acceptable documents.
17. Transfer/sale of rights	<p>The Lender/s shall have the right to sell, assign or transfer all or any part of the facility or the Lender's rights and obligations under the facility. However, such a sale, assignment or transfer shall bear no additional obligations or financial implications for NEEPCO. NEEPCO will continue to make payments under the facility to the Facility Agent.</p> <p>It will be the sole responsibility of the mandated Lender/s to ensure the credentials of the new Lender/s in respect of compliance with RBI guidelines and other applicable laws.</p> <p>In case of such a sale, the details of the new Lender/s taking over the full or part of the facility shall be furnished to NEEPCO.</p>
18. Taxes & duties	<p>Applicable withholding tax as per the Income Tax Act is to be borne by the Bidder on every payment and certificate for the same will be issued by NEEPCO.</p> <p>In case the Bidder does not agree to bear the withholding tax, the same will be grossed up for arriving at the all-in cost at the time of evaluation.</p>
19. Governing law	English Law
20. Validity of the bid	90 days from the date of opening the bid.



ANNEXURE III

Illustration of methodology for Interest calculation

Validity period: 01-06-2013 to 30-12-2013

US \$ million

Drawdown No.	Drawdown date	Drawdown	Interest Rate as on	Interest Rate description	Interest Rate	Interest Period			Interest amount
						From:	To:	No. of days	
1 st	05-06-2013	20.00	03-06-2013	3-month US \$ LIBOR	0.30380%	05-06-2013	04-09-2013	90.00	0.015190
			03-09-2013	3-month US \$ LIBOR	0.30373%	05-09-2013	04-12-2013	90.00	0.015187
			03-12-2013	3-month US \$ LIBOR	0.30365%	05-12-2013	04-03-2014	90.00	0.015183
2 nd	12-07-2013	30.00	10-07-2013	2-month US \$ LIBOR	0.24650%	12-07-2013	04-09-2013	53.00	0.010887
			03-09-2013	3-month US \$ LIBOR	0.30373%	05-09-2013	04-12-2013	90.00	0.022780
			03-12-2013	3-month US \$ LIBOR	0.30365%	05-12-2013	04-03-2014	90.00	0.022774
3 rd	23-08-2013	30.00	21-08-2013	1-month US \$ LIBOR	0.20170%	23-08-2013	04-09-2013	12.00	0.002017
			03-09-2013	3-month US \$ LIBOR	0.30373%	05-09-2013	04-12-2013	90.00	0.022780
			03-12-2013	3-month US \$ LIBOR	0.30365%	05-12-2013	04-03-2014	90.00	0.022774
4 th	02-10-2013	10.00	30-09-2013	3-month US \$ LIBOR	0.29973%	02-10-2013	04-12-2013	63.00	0.005245
			03-12-2013	3-month US \$ LIBOR	0.30365%	05-12-2013	04-03-2014	90.00	0.007591
5 th	12-11-2013	10.00	10-11-2013	1-month US \$ LIBOR	0.19875%	12-11-2013	04-12-2013	23.00	0.001270
			03-12-2013	3-month US \$ LIBOR	0.30365%	05-12-2013	04-03-2014	90.00	0.007591
		100.00							0.171268

Interest payable on quarter ending:	Interest (US \$)
04-09-2013	28094.08
04-12-2013	67261.07
04-03-2014	75912.50
	171267.65

**Declaration under the letter-head of the bidder**

I/We hereby declare on behalf of <name of the Bidder> that

- ❖ I/we are clear on the terms and conditions contained in the NIT No. NEEPCO/F&A/TGBPP&AGTP/ECB dated _____ for the proposed Foreign Currency Loan of US \$ 100 million and unconditionally accept the same without any deviation.
- ❖ <name of the Bidder> has raised not less than US \$ 50 million as a single deal in the past five years from the date of this bid.
- ❖ the proposal vide our letter No. _____ dated _____ has been made as per all the terms and conditions stated in the Bid documents.
- ❖ <name of the Bidder> has, till date, complied with all relevant statutory norms, guidelines and regulations and will continue to do so in the case of NEEPCO's proposed Foreign Currency Loan of US \$ 100 million.
- ❖ <name of the Bidder> has not defaulted in any of its fulfillment of contractual obligation in the last five years and has not been penalised by SEBI/RBI nor blacklisted/put on holiday by any Central/State PSUs or Corporate.
- ❖ <name of the Bidder> accepts full responsibility for consequences, if any, for making false statements, providing misleading information or withholding facts which have a bearing on the issue.
- ❖ <name of the Bidder> will work with NEEPCO towards successful completion of the proposal.

Particulars of the Bidder

1.	Name of the Bidder	
2.	RBI Registration No.	
3.	Date of Registration	
4.	Date of Validity of Registration	
5.	Amount individually mobilized during: 2008-09 2009-10 2010-11 2011-12 2012-13	
6.	Details of the Contact Person: Name: Designation: Mobile No.: Landline No.: Email ID:	

I/We hereby confirm that I am/we are authorized to sign the offer documents.

Date:

Place:

(Name, designation and signature of authorized signatory/ies)