

**TAMIL NADU POWER FINANCE AND INFRASTRUCTURE DEVELOPMENT
CORPORATION LIMITED(PowerFin)**

**SPECIFICATION No:
PowerFin Bonds-2/2012-13**

**TENDER DOCUMENT FOR ENGAGING
MERCHANT BANKERS FOR MOBILIZING RESOURCES
FOR THE ISSUE OF GOVERNMENT GUARANTEED
BONDS ON PRIVATE PLACEMENT BASIS**

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SECTION – I

INSTRUCTION TO BIDDERS

TAMIL NADU POWER FINANCE AND INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

1.1. General :

For and on behalf of Tamil Nadu Power Finance and Infrastructure Development Corporation Limited (PowerFin), sealed bids through "Two – Part Open Tender" system are invited from Merchant Bankers to mobilize funds as indicated in clause 1.4 on private placement basis by issue of State Government guaranteed, Rated, Listed, Redeemable, Non Convertible Bonds by the General Manager, Tamil Nadu Power Finance and Infrastructure Development Corporation Limited, "TUFIDCO – POWERFIN Tower", 490/3-4, Anna Salai, Nandanam, Chennai 600 035.

1.2. Background & Objective:

The Tamil Nadu Power Finance and Infrastructure Development Corporation Limited (PowerFin) was established in the year 1991 and is wholly owned by the Government of Tamil Nadu. It is a Non-Banking Finance Company registered with RBI vide Regn.No 07.00389. Further, PowerFin has been notified as Public Financial Institution vide Notification No.S.O.20(E), dated 9th January, 2007 by the Government of India, Ministry of Corporate Affairs. It fulfills the objective of mobilizing funds through normal commercial channels to provide financial assistance for the development of power and infrastructure projects within the state of Tamil Nadu particularly to the schemes relating to generation, transmission and distribution network of erstwhile TNEB (now TANGEDCO and TANTRANSCO)

The authorized and paid-up equity capital of PowerFin is Rs.50 crores. The Corporation is a profitable entity and over the years, the net worth has risen to Rs.397.60 crores due to the accretion of profits to reserves. The Corporation raises resources mainly through mobilizing fixed deposits. Its lending profile consists of Hire Purchase and Term Loans for long-tenure projects of power sector.

PowerFin raises deposits from the public through aggressive publicity campaigns and focused Depositors' Meets and mobilization drives. The Corporation offers deposit schemes, with periods ranging between 12-60 months. PowerFin offers depositors' the choice between a Regular Interest payment scheme (RIPS) and a Cumulative Interest Payment Scheme(CIPS). In the former, the depositor receives interest at regular intervals while in the later, the interest is re-invested in the deposit and a gross payment made at the time of maturity of deposits. All the dues are promptly collected by PowerFin on the due dates and there are no Non Performing Assets.

The Corporation has been making profits consistently from the year 1991 and has been declaring dividend at 20% on the face value of its equity to Government of Tamil Nadu since 1995-96. PowerFin has so far paid a sum of Rs.71.42 crores as dividend to the Government of Tamil Nadu.

The Tamil Nadu Power Finance Corporation has all along supported various power projects. Substantial increase in the capacity by expediting the ongoing projects and taking up of new projects has been planned for the development of power sector in the State of Tamilnadu for the next five years through TANGEDCO. The TANGEDCO which is engaged in the business of Generation, Transmission and Distribution of Electricity in the State of Tamil Nadu has programmed capital expenditure in the range of Rs.6500 crores to Rs.7000 crores for the financial year 2012-13.

1.3. Authority for the issue:

- 1.3.1. In order to assist TANGEDCO financially, Government of Tamil Nadu have granted permission to PowerFin to raise additional resources through mobilization of bonds on private placement basis to meet TANGEDCO's capital expenditure requirements. The Government of Tamil Nadu vide its G.O.Ms.No. 115, Energy (D2) Department, dt. 25.11.2011 have permitted PowerFin to mobilize additional resources by floating bonds for Rs.6000 crores to assist TANGEDCO. Government in their G.O. Ms.No.9, Energy (D2) Department dt.6.2.2012 have revised their sanction and granted permission to TANGEDCO to mobilize additional resources for raising funds through LIC / term loan from other Financial Institutions / Banks and companies for a sum of Rs.5000 crores out of Government guarantee of Rs.6000 crores issued to PowerFin limiting PowerFin to mobilize Rs.1000 crores only. Subsequently, Government in G.O.Ms.No. 19, Energy (D2) Department, dt.2.3.2012 have now granted permission to PowerFin to issue additional Government guarantee to the extent of Rs.5000 crores in favour of PowerFin in order to mobilize bonds through private placement to the total extent of Rs.6000 crores.
- 1.3.2. The Government of Tamil Nadu has provided unconditional and irrevocable Government Guarantee in G.O.Ms. No. 60, Finance (L&A Cell) Dept., dt.7.3.2012 read with G.O.Ms.No.331, Finance (L&A Cell) Department, dt. 03.12.2011 to Tamil Nadu Power Finance and Infrastructure Development Corporation Limited for Rs.6000 crores for mobilization of resources through Private placement of bonds. This guarantee is unconditional and irrevocable and shall be in force until the entire liabilities of Tamil Nadu Power Finance and Infrastructure Development Corporation Limited under the guarantee are extinguished.

1.4. Details of Bond:

1.	Issuing Authority	:	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited.
2.	Purpose	:	To part fund capital expenditure of TANGEDCO.
3.	Type	:	State Government guaranteed, Rated, Listed, Redeemable, Non Convertible Bonds.
4.	Issue size Option I Option II	: :	Rs.250 crores with option to retain over subscription upto additional Rs.250 crores. Rs.500 crores with option to retain over subscription upto additional Rs.500 crores
5.	Face value	:	Rs.10 lakh per bond (Rs. ten lakh only)
6.	Issue price	:	At par
7.	Tenor	:	10 Years
8.	Tax status	:	Taxable
9.	Periodicity of Interest Payment	:	Semi – Annually
10.	Mode of Issuance	:	Private placement
11.	Instrument form & Settlement mode	:	De-materialised
12.	Period of mobilization	:	20 working days
13.	Rating	:	Provisional BWR A (SO) by M/s.Brickwork Ratings India Pvt.Ltd. Conditional (ICRA) A – (SO) by M/s.ICRA Limited
14.	Credit enhancement	:	Escrow Mechanism.
15.	Put / Call option	:	At the end of 7 th year

16.	Redemption	:	1. 30% at the end of 8 th year 2. 30% at the end of 9 th year 3. 40% at the end of 10 th year
17.	Interest on application money	:	From the date of realization of cheque / DD / RTGS – till one day prior to date of allotment.
18.	Listing	:	NSE / BSE
19.	Coupon Rate: Option I	:	
	Option II	:	
20.	Arranger Fee: Option I	:	
	Option II	:	

1.5. Earnest Money Deposit:

1.5.1. The Bidders should enclose Earnest Money Deposit of INR 10 Lakhs in the form of Demand Draft / Pay Order of any Scheduled Bank payable at Chennai in favour of Tamil Nadu Power Finance and Infrastructure Development Corporation Limited.

1.5.2. The EMD will not carry any interest.

1.5.3. The EMD of all the bidders except the successful bidder will be returned by PowerFin after the acceptance & award of contract.

1.5.4. The EMD shall be made available without any pre-condition to the PowerFin.

1.5.5. The EMD may be placed either in the outer cover or in Cover "A".

1.5.6. The EMD will be forfeited if the Bidder withdraws his tender after acceptance.

1.6. Security Deposit :

- 1.6.1. The successful bidder(s) has to deposit an amount of Rs.10 lakhs as Security Deposit.
- 1.6.2. The Security Deposit shall be refunded after successful contractual obligation.
- 1.6.3. Security Deposit will not carry any interest.
- 1.6.4. The Security Deposit of the successful bidder will be forfeited if he fails to mobilize committed amount at the accepted terms and their name will be recommended for blacklisting.

1.7. Bid Qualification Requirements:

- 1.7.1. The Merchant Banker shall hold valid SEBI Registration Certificate as Category I Merchant Banker – for the last three years – Copy of Certificate of Registration issued by SEBI to be enclosed.
- 1.7.2. The Merchant Bankers shall have mobilized Rs.300 crores in the previous three financial years taken together in the bond issues of State / Central level Undertakings, State / Central level Financial Institutions. In the event of Merchant Banker being wholly owned subsidiary, experience of the Parent Organisation shall be taken into consideration for this purpose. Documentary proof for having mobilized Rs.300 crores to be enclosed. Documentary proof means a certificate from the issuer organization which clearly states the individual mobilization by the arranger in that particular issue. In case of joint participation in an issue the exact amount mobilized by each arranger individually shall be mentioned separately in the end user certificate. A certificate by an issuer merely stating the total amount mobilized by all arrangers together will not be considered as end user certificate.”
- 1.7.2. (A) The Merchant Bankers shall quote for both the options. Any bid where only one option is quoted for, will be rejected.

1.7.3.The Merchant Banker shall give the undertaking to mobilize or underwrite the committed amount for Option I and Option II separately.

Cover "A" shall contain the SEBI Certificate and other relevant documents along with EMD. The Cover "B" shall contain the Financial Bid. Bids which do not comply with the BQR mentioned above will be summarily rejected. However, PowerFin reserves the right to call for clarifications on the documents submitted in technical bid by the bidder.

The joint / consortium bidding is not allowed. If any offer is received from the Merchant Bankers for less than the issue size, the same will be rejected.

1.8. Schedule of Receipt & Opening of Bid:

a)	Date of commencement of sale of Tender Specification	11.00 Hrs. IST on	21.09.2012
b)	Date and time for closing the sale of Tender Specification	13.00 Hrs. IST on	04.10.2012
c)	Last date and time for receipt of bids	14.00 Hrs. IST on	04.10.2012
d)	Date and time for opening of bids	14.30 Hrs. IST on	04.10.2012

If the last day for sale / submission of bid happens to be a holiday, the next working day will be the last day for sale / submission of bids.

1.9. Sale of Tender Specification:

1.9.1. Tender Specification can be obtained by remitting Rs.100/- (Rupees one hundred only) if required in person, additional amount of Rs.100/- is to be paid if required by post by means of Cash / Demand Draft / Banker's cheque from General Manager, Tamil Nadu Power Finance and Infrastructure Development Corporation Limited, "Tufidco-PowerFin" Tower, 490/3-4, Anna Salai, Nandanam,

Chennai – 600 035 with a requisition furnishing the complete postal address, Telephone nos., Fax nos., E-mail, etc. Please note that cheques / money order or any other mode of payment will not be accepted.

The Corporation will not be responsible for any delay or loss of document sent by post.

1.9.2.Tender documents will also be placed in the PowerFin **Web Site** : www.tnpowerfinance.com The prospective bidders may get the specification **free of cost** by down loading from the above website and can participate in the bid.

1.9.3. A pre-bid meeting has been arranged at 11.00 a.m. on 26.09.2012 at the office of TN Power Finance to provide further clarifications if required about the proposed issue.

1.10. Submission of Tenders:

1.10.1.The tender document of the Bid is divided into two parts and should be submitted in the separate sealed covers named as below:

1. Cover "A" .. Techno Commercial Bid
2. Cover "B" .. Financial Bid

1.10.2.The Bidders have the option of sending the bid by Registered Post, courier or submitting the bid in person, so as to ensure that the bids are received in the specified office of the PowerFin by the date & time indicated above.

Bids submitted by telex / fax / telegram / e-mail etc will not be accepted.

The offer should be addressed to :

General Manager,
Tamil Nadu Power Finance and Infrastructure Development Corporation Limited ,
"Tufidco-PowerFin" Tower,
490/3-4, Anna Salai, Nandanam, Chennai – 600 035

1.10.3. Cover "A" shall contain the following:

1. Demand Draft
2. Documents regarding Bid Qualification Requirements as per Clause 1.7.
3. The filled in details in the Format given in Annexure – I enclosed.

1.10.4. Cover "B" should contain only Price Bid as per Annexure-II enclosed.

1.11. Opening of Tenders:

1.11.1 The tenders will be opened at the Office of Tamil Nadu Power Finance and Infrastructure Development Corporation Limited , "Tufidco-PowerFin" Tower, 490/3-4, Anna Salai, Nandanam, Chennai – 600 035 on the due date and time prescribed in the presence of such of those tenderers who may desire to be present. If the due date for tender opening happens to be a holiday, the tenders will be opened on the next working day.

1.11.2 The individuals attending opening of tenders should be duly authorized by the participating firms in the tender.

1.11.3 The outer cover and Cover - "A" only will be opened at the time notified for opening. At the time of opening the tenders, any offer which does not satisfy the EMD conditions will not be read out. If the bidder indicates the price in Cover "A", the bid will not be read out and will be rejected.

1.11.4 The Bid will be received up to the time and date mentioned in the 'Notice Inviting Tender'. The Bids received after the due date and time will be immediately returned to the Bidder without opening the price bid.

1.11.5 Cover "B" shall not be opened at the time of opening of Cover "A", but will be authenticated on the covers by the officers authorized to open the bids.

1.11.6 The Bid Qualification Requirement details submitted by the bidders will be analysed based on the details furnished by them and cover "B" of those

succeeded in the analysis, only will be opened. The Cover "B" of those not succeeded will be returned to the bidders by registered post with Acknowledgement due stating the reason thereof.

1.11.7 Bidders participation by Consortium is not acceptable.

1.11.8 Tender Inviting Authority

General Manager,
Tamil Nadu Power Finance and
Infrastructure Development
Corporation Limited,
"Tufidco-PowerFin" Tower,
490/3-4, Anna Salai,
Nandanam, Chennai – 600 035.

FAX No. 044- 24329914
TELEPHONE No. 044- 24329945,46
Web www.tnpowerfinance.com

SECTION – II

OTHER CONDITIONS

2.1. Validity :

The Bid shall be valid for a period of 30 working days from the date of opening of the bid. Working day means the working for the Banks in Chennai excluding Sunday.

2.2. Payment Terms:

The fee shall be paid on the basis of amount mobilized by the bidder. If the bidder mobilizes less than the stipulated amount, the bidder will not be eligible for any fee. The payment of Arranger fee shall be subject to deduction of income tax as applicable at source. The bidder will not be eligible for any fees for the subscriptions received directly to the issuer. If the bidder fails to honour their commitment after acceptance of the bid, the Security Deposit will be forfeited and their name will be recommended for black listing.

2.3. Submission of proposals:

The bidders shall submit their quotes after carefully considering the following:

- ❖ The coupon shall be quoted on semi annualized basis. The coupon should be quoted in 2 decimals only. Range of interest rates & fees will not be accepted. The coupon should be realistic and should not be freak.
- ❖ The one time arranger fees should be quoted in two decimals only.
- ❖ The quotes should be signed with organizational seal.

2.4. Execution of Agreement:

The successful bidder(s) shall execute the agreement immediately after award of contract (format enclosed).

2.5. Jurisdiction:

The Courts situated within the city of Chennai alone shall have the jurisdiction to decide all disputes and claims that may arise between the parties. The venue of Arbitration shall be at Chennai and the language of Arbitration shall be English.

2.6. Rejection of Bids:

The bids will be rejected

- i) If it is received after due date and time for submission of proposal.
- ii) If it is incomplete and evasive
- iii) If it is not as per the terms and conditions of this proposal
- iv) If EMD is not enclosed in requisite form & value
- v) If it is not signed

2.7. Reservation of Rights:

The Corporation reserves the right,

- a) To select any one of the two options
- b) Not to accept the lowest or any tender.
- c) To reject any or all the tenders without assigning any reasons thereof.
- d) To appoint one or more Arrangers.
- e) To negotiate the rate of interest, Arranger fee and other terms and conditions with the bidders.
- f) To relax or waive any of the conditions stipulated in the tender specification as deemed necessary in the best interest of the Corporation for good and sufficient reasons.
- g) To revise the completion period of the assignment during the pendency of contract.

- h) To vary the terms and conditions for the successful mobilization of the entire quantum of the issue.
- i) To terminate the contract at any point of time during the stipulated period.
- j) The decision of PowerFin shall be final and shall be binding on the successful bidders.

2.8. Evaluation criteria:

- Option I and II will be evaluated individually and both are mutually exclusive.
- L1 bidder for Option I & II will be determined separately on Least Cost basis (Combination of Coupon & Arranger fee) i.e. lowest combined rate.

**TAMIL NADU POWER FINANCE AND INFRASTRUCTURE DEVELOPMENT
CORPORATION LIMITED, CHENNAI – 35.**

1. Name of the Applicant :
(Merchant Banker)

2. Address for communication :

- i) Telephone No. :
- ii) Fax No. :
- iii) E.Mail :
3. Whether copy of certificate of
Registration with SEBI enclosed :

4. Amount / Funds mobilized in the
previous three financial years
(Details of issues of State / Central
Level Undertakings, State /
Central level Financial Institutions
shall be given separately) :

5. Whether Documentary Proof
Enclosed

6. Whether undertaking is furnished :

7. Any other information the
Bidder desired to add :

Place :
Date :

Signature :
Name :
Designation :
Organisation :
Seal :

**TAMIL NADU POWER FINANCE AND INFRASTRUCTURE DEVELOPMENT
CORPORATION LIMITED, CHENNAI – 35.**

FORM OF SUBMISSION OF PRICE BID

Sub: Bid for appointment of arrangers for the proposed mobilization of Resources

.....

1. Name of the Bidder :

2. Coupon (Rate of interest (Payable semi annually) :
The coupon should be quoted in two decimals only
Option I :
Option II :

3. Arranger Fee (one time) (Excluding Service Tax). The fee should be quoted in two decimals only. :
Option I :
Option II :

We agree to abide by the terms and conditions prescribed in Tamil Nadu Power Finance and Infrastructure Development Corporation's Specification PowerFin Bonds-2/2012-13 dt..... and other terms and conditions as may be prescribed by PowerFin for the successful mobilization of bonds.

Place :	Signature :
Date :	Name :
	Designation :
	Organisation :
	Seal

TAMIL NADU POWER FINANCE AND INFRASTRUCTURE DEVELOPMENT
CORPORATION LIMITED, CHENNAI 600 035.

AGREEMENT

To be executed on Rs.100/- Non Judicial Stamp Paper

Arranging Agreement for the proposed mobilization of INR crores with an option to retain oversubscription up to Rs..... crores on private placement basis by issue of State Government guaranteed, rated, listed, redeemable, non convertible bonds by Tamil Nadu Power Finance and Infrastructure Development Corporation Limited. ("Issuer")

THIS AGREEMENT executed at Chennai on this _____ day of _____ 2012.

BETWEEN

Tamil Nadu Power Finance and Infrastructure Development Corporation Limited having its office at TUFIDCO-POWERFIN Tower, No.490/3-4, Anna Salai, Nandanam, Chennai 600 035, represented by its General Manager, hereinafter referred to as the "Issuer", which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns of the ONE PART

AND

_____ (Name of the Merchant Banker) registered under _____ Act, having its Registered Office at _____ herein referred to as the "Arranger", which expression shall, unless it be repugnant to the subject or context thereof, include its successors-in-interest of the OTHER PART

WHEREAS the Issuer, invited proposals from various arrangers through advertisement in leading dailies. The Arranger has submitted his proposal along with earnest money

deposit of INR 10.00 lakhs. After evaluation of the proposal (s) received, the Issuer accepted the proposal of the Arranger and issued its Letter of Award No. dt..... to the Arranger requiring, inter alia, the execution of this Arranging Agreement.

WHEREAS the Arranger has deposited Rs.10 lakhs as Security Deposit vide dt..... ("Security Deposit")

WHEREAS the Arranger has agreed to arrange to mobilize on private placement basis the State Government guaranteed, rated, listed, redeemable, non convertible bonds issued by Tamil Nadu Power Finance and Infrastructure Development Corporation Limited of INR at an interest rate of% and arranging fee (hereinafter referred to "Arranging Obligation") for the captioned issue by the Issuer on the terms and conditions set forth herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH AS FOLLOWS:

In pursuance of the above said premises, the parties mutually covenant as follows:-

1. Scope of work:

The Arranger to assist the Issuer in all legal and statutory areas, to design and provide assistance, in preparing the offer documents and to assist in the preparation of information memorandum.

The Issuer agrees to make any additional disclosures which are required to be made in information memorandum in the interest of the investors in regard to any matter relevant to the issue. The compliance of such requirements shall be binding on the Arranger.

The Issuer shall make available required number of copies of information memorandum and application forms to the Arranger in both hard and soft format.

The Arranger shall assist the Issuer to obtain all consents, sanctions, clearances, approvals, permissions, licences, etc. in connection with the Issue as detailed in

the information memorandum or required for completing the information memorandum.

Arrangers' services include finalization of information memorandum, placement / marketing of issue, banking of the application money, formalities with SEBI, stock exchange and other functions vested with the merchant bankers and to assist and co-ordinate with the Issuer in connection with listing formalities.

2. Contract period:

The Arranger shall agree to mobilize the resources within 20 working days from the date of issue of Letter of Award. Working day means the working for the Banks in Chennai excluding Sunday.

3. Payment Terms :

The arranger fee shall be paid on the basis of amount mobilized by the Arranger. If the Arranger mobilizes less than the stipulated amount, the Arranger will not be eligible for any fee and the Security Deposit will be forfeited. The payment of arranger fee shall be subject to deduction of income tax as applicable at source. The Arranger will not be eligible for any fees for the subscriptions received directly to the issuer. If the Arranger fails to honour their commitment after acceptance of the bid, the Security Deposit will be forfeited and their name will be recommended for black listing.

4. Force Majeure:

If at any time during the continuance of this Arranging Agreement, the performance in whole or in part of any obligation under this Arranging Agreement shall be prevented or delayed by reasons of any war, hostility, acts of public enemy, acts of civil commotion, strike, lock outs, sabotages, fire, flood explosions, epidemics, quarantine restrictions or other acts of God (hereinafter referred to as eventualities) then provided notice of the happening of any such eventuality is given by the Arranger to the Issuer within the reasonable time

from the date of occurrence thereof, neither party shall, by reasons of such eventuality be entitled to terminate this Arranging Agreement, nor shall have any claim for damages against the other in respect of such non-performance or delay in performance and deliveries under this Arranging Agreement shall be resumed as soon as practicable after such eventuality has come to an end or ceased to exist.

Provided that if the performance in whole or in part of the Arranging Agreement or any obligation under this Arranging Agreement is prevented or delayed by reasons of any eventuality for a period not exceeding 20 working days, the Issuer may at its option to terminate this Arranging Agreement by notice in writing.

5. Taxes & Duties:

The Arranger shall furnish PAN No. & Service Tax Registration No.

6. Jurisdiction:

The Courts situated within the City of Chennai alone shall have jurisdiction to decide all disputes and claims that may arise between the parties. The venue of Arbitration shall be at Chennai and the language of Arbitration shall be in English.

7. The following documents shall be deemed to form and be read and construed as part of this Arranging Agreement:

1. Tender Specification No. PowerFin Bonds-2/2012-13
2. Letter of Award Dated

Issuer	Arranger
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