

# **RSPFCL**

## **RAJASTHAN STATE POWER FINANCE CORPORATION LTD.**



Head Office,  
Vitta Bhawan,  
Janpath, JAIPUR-302 005  
Telephone No: 0141- 2227934

**Tender document No: 2013/RSPFCL/001**

TENDER DOCUMENT FOR  
APPOINTMENT OF SEBI REGISTERED CREDIT RATING AGENCY  
FOR UNDERTAKING THE CREDIT RATING OF BONDS OF  
RS.1500 CRORES BACKED BY GUARANTEE OF

# THE GOVERNMENT OF RAJASTHAN

## **Request for Proposal for Appointment of Credit Rating Agency for Rajasthan State Power Finance Corporation Ltd. Credit Rating of Bonds of Rs.1500 crores backed by Guarantee of the Government of Rajasthan**

### **A. Background**

The Rajasthan State Power Finance Corporation Ltd. was established in December 2012 under the provisions of Companies Act, 1956. The entire paid up share capital of the Company has been subscribed by the Government of Rajasthan. The basic objective of the Company is to provide loans and financial assistance to State Power Companies in the fields of generation, transmission and distribution within the State of Rajasthan. The object of the bond issue is to broaden its resources so as to improve the pace of business.

### **B. General Instructions for Bidding**

1. The Rajasthan State Power Finance Corporation Ltd. (RSPFCL) invites financial bids from SEBI registered Credit Rating Agencies for the credit rating of RSPFCL's Bond issue of Rs.1500 crores backed by State Government Guarantee. Parties who wish to be appointed as Credit Rating Agency for facilities may submit their bids / proposals to RSPFCL. Necessary information regarding the tender is enclosed.

2. RSPFCL may appoint one or two Credit Rating Agencies for the Credit Rating of Rs.1500 crore facilities on the same terms and conditions and RSPFCL will follow two stage procedures as discussed below for appointment of one / two Credit Rating Agencies.

#### **1<sup>st</sup>. Stage**

RSPFCL will appoint the L-1 as 1<sup>st</sup>. Credit Rating Agency for the entire amount of credit rating of Rs.1500 crores for the Bond issue.

#### **2<sup>nd</sup>. Stage**

RSPFCL may also / may not empanel 2<sup>nd</sup> Credit Rating Agency for the proposed full facilities on the same terms and conditions as of the 1<sup>st</sup>. Credit Rating Agency. RSPFCL may take the 2<sup>nd</sup> Credit Rating from empanelled 2<sup>nd</sup> Credit Rating Agency only. However, RSPFCL reserves the right to appoint the 2<sup>nd</sup> Credit Rating Agency

for the entire credit rating of Rs.1500 crores or for lesser amount as and when required.

If RSPFCL opts to appoint 2<sup>nd</sup> Credit Rating Agency for any amount less than Rs. 1500 crore, the initial rating fees and surveillance fees will be paid for the proportionate amount.

3. The bidders are requested to submit their financial proposals as per price bid in the attached format. The price bid would also include the Schedule of Rates (SoR) indicating herein the prices for the complete scope.

4. The bid should be valid for a period of 90 days from the date of opening the price bid. The Bidder should submit the price bid along with unconditional acceptance of terms and conditions of the bid in the requisite format mailed to rating agency and should not contain any condition. Any conditional bid is liable for rejection.

5. The proposal shall be submitted to the Managing Director, Rajasthan State Power Finance Corporation Ltd. Vitta Bhawan, Janpath, Jaipur – 302005 preferably by hand, latest by **14.30 hours on 05 April 2013**. Any bid received after the due time and date shall not be considered.

6. RSPFCL reserves the right to accept or reject any of the proposals received at its sole discretion without assigning any reasons whatsoever. Incomplete proposals and proposals submitted after due date or proposals not submitted in the prescribed formats will be rejected.

7. RSPFCL also reserves the right to cancel the request of quotation / tender without assigning any reasons and without any financial implication on the RSPFCL what so ever.

8. Bids shall be opened at **15.00 hours on 05 April 2013** at the same address.

9. Only those agencies should apply who have previous experience of credit rating of State Level Financial Corporations/Public Sector undertakings/ Power Finance Corporations.

### **C. Scope & Deliverables**

1. The scope of work includes carrying out the domestic credit rating for an amount of Rs.1500 crores to be raised by RSPFCL through Bonds backed by the State Government Guarantee. The rating would be used by the Company at the time of raising debt funds from domestic market.

2. The annual surveillance will be done by the credit rating agency who undertakes the initial rating.

#### **D. Evaluation Methodology**

1. The Bidder must give their complete and unconditional consent to the scope of work / deliverable, Schedule of Rates and other conditions as mentioned in the tender document and shall not take any deviation what so ever or give any subjective bid. Any deviation to bid conditions or subjective bids will lead to the rejection of the bid.

2. The evaluation would be based on the financial bid and the bidder who has quoted the lowest price as per schedule of rate would be awarded the mandate for the 1<sup>st</sup>. Credit Rating agency for domestic rating of Rs.1500 crores for Bonds.

3. The L-1 bidder would be selected on the basis of least cost. The least cost will be calculated as sum of SoR item no.1, i.e. initial rating fees for one year plus during the currency of facilities, NPV of SoR item no.2 discounted at the rate of 10% p.a. i.e. annual surveillance fees for 11 years (for evaluation). However, the annual surveillance may vary from 11 years depending upon use of facility. SoR item no.2 will be determined as follows.

$$\sum_{n=1}^{11} (\text{Amount Quoted}) / (1+ 10\%) ^ n$$

4. For the empanelment of the 2<sup>nd</sup>. Credit Rating Agency (if required), first opportunity will be given to the L-II bidder to match the L- 1 rates for the proposed facilities of Rs.1500 crores In case, the L-2 bidder fails / does not agree to match the L-1 price, opportunity will thereafter be given to L-3 bidder to match the L-1 price and so on.

5. RSPFCL reserves the right to / not to appoint the 2<sup>nd</sup> Credit rating Agency for the facility.

#### **E. Other Conditions of Tender**

1. The mandated rating agency would be required to enter into confidentiality agreement with RSPFCL as per the attached format. The bidder should give its unconditional agreement to the confidentiality agreement to be eligible for bidding.

2. In case the mandated Credit Rating Agency is unable to complete the transaction successfully as per the scope of work within the scheduled time period

due to reasons other than attributable to RSPFCL, then RSPFCL has the right to cancel the contract without any financial implication to RSPFCL and shall not consider such Credit Rating Agency for future rating assignments of RSPFCL in the next two years.

3. The bidders will be required to deposit "Bid Security" equivalent to 2% of the estimated value of the Credit Rating fees along with the bid as required in terms of Rule 42 of the Rajasthan Transparency in Public Procurement Rules, 2013.

4. The successful bidder will be required to deposit "Performance Security" equivalent to 5% of the work order as required in terms of Rule 75 of the Rajasthan Transparency in Public Procurement Rules, 2013.

5. The fees quoted shall be firm and fixed till completion of the assignment and shall be inclusive of all taxes, levies and duties except Service Tax, if any, payable in India.

6. No modification of SoR is permitted and the bidder should quote strictly as per the SoR format.

7. The bidder is required to submit the following documents duly signed at the time of bid:

- a. Letter of unconditional acceptance as enclosed with the tender.
- b. Schedule of Rates (SoR)
- c. Copy of Certificate of Registration with SEBI

#### **F. Time Period**

The mandated Credit Rating Agency will intimate the RSPFCL about all the required information within seven days from date of order.

**The time period of completion of proposed rating of RSPFCL will be five (5) weeks from the date of submission of all required information by RSPFCL.**

#### **G. Payment Terms**

1. 100% of initial rating fees will be released only after submission of Credit Rating Certificate fulfilling the terms and conditions as laid down in this Tender document and after completion of work by the Credit Rating Agency.

2. Surveillance fees would be payable after completion of Surveillance exercise and submission of Annual Surveillance report by the bidder for that year.

3. The fees would be payable within 30 days from the date of receipt of the invoice.

4. No additional out of pocket expenses would be payable. No expense other than the fees as quoted would be payable by RSPFCL for entire scope of work / deliverables.

#### **H. Pre-Bid Meeting**

Pre bid meeting shall be held on **04 April 2013** at 11.00 hours at the office of the General Manager (Credit) at the address given below.

#### **I. Contact person**

For any query and for submission of proposals, kindly contact the following officer:

**Dr. Arvind Kumar Mishra**

General Manager (Credit)

**Rajasthan State Power Finance Corporation Ltd.**

Registered Office

Vitta Bhawan, Janpath,

JAIPUR-302 005

Telephone No: 0141- 2744805

m: 094140 48005

Fax: 0141-2744841

### SCHEDULE OF RATES

Sr. No. (1)	Description (2)	Unit (3)	Quantity (4)	Amount in Rs. (5) = (3*4)	Discounted at the rate of 10% per annum (6)
1	Initial Rating Fees for the first year for Rs.1500 crore of Bonds	Lump sum	1 year	A	X= A
2	Annual Surveillance Fees for 11 years after completion of initial rating period. Please quote fee for 1 year only which will be paid each year for next 11 years	Lump sum	Per Year	B	Y = $\sum_{n=1}^{11} B / (1 + 10\%)^n$
<b>Total</b>					<b>X+ Y</b>

#### Note

1. L-1 will be the bidder with lowest Total (X+Y)
2. Total (X+Y) shall be calculated up to two decimal places only,
3. In case the Total (X+Y) for two or more bidders is equal, the bidder with lower upfront fee (X) will be considered as L-1

(Authorised Signatory)  
(Name & Designation)  
Stamp of Bidder

(on the letter head of the bidder)

**LETTER OF UNCONDITIONAL ACCEPTANCE OF  
THE RSPFCL'S PROPOSED BOND ISSUE**

**Ref.No.**

**Date:**

The Managing Director  
Rajasthan State Power Finance Corporation Ltd.  
Vitta Bhawan, Janpath.  
Jaipur – 302005

Dear Sir,

**Sub: Unconditional undertaking**

We .....(name of bidder) .....are hereby giving unconditional undertaking that we accept all the terms and conditions with regard to credit rating for Rajasthan State Power Finance Corporation Ltd. (RSPFCL) proposed Bond issue of Rs.1500 crores backed by Government of Rajasthan guarantee as stated in the bid document.

We further submit that ..... (name of bidder) .....will work as per requirement of RSPFCL for successful completion of the proposed Bond issue.

The undersigned is authorised to sign and submit the bid.

(Authorised Signatory)  
(Name & Designation)  
Stamp of Bidder



## DRAFT CONFIDENTIALITY AGREEMENT

**This Agreement is made on this day the .....of .....2013, by and between:**

Rajasthan State Power Finance Company Ltd. (RSPFCL here in after called as Disclosing Party) established under the Companies Act, 1954 and having its Head office at Vitta Bhawan, Janpath, Jaipur – 302 005 and M/s \_\_\_\_\_ (Credit Rating Agency, herein after referred as the recipient).

### **RECITALS**

WHEREAS, the Disclosing Party has provided or will provide information to the recipient for the purpose of issue of Bonds for Disclosing Party for facilitation of assessment to be made by .....

As part of its work, the recipient will receive certain strictly confidential or propriety information, including, but not limited to data, records, reports, correspondence, notes, studies, documents and contract formats, and other information disclosed about the Disclosing Party directly or indirectly by the Company and / or its respective affiliates, consultants, advisors and management (the “Confidential Information”).

Any Confidential Information disclosed by the Disclosing Party and / or any of its respective affiliates, management, consultants, directors, advisors or any agents under this agreement, irrespective of whether it is marked confidential or not shall by treated by the Recipient as confidential. In consideration for the Disclosing Party agreeing to disclose the information to the Recipient, Recipient hereby undertakes and agrees as follows:

1. Recipient undertakes that any information which the Disclosing Party discloses to Recipient, or to any director, officer, employee, agent or other representative of Recipient in any form which in any way is required for Recipient’s work with RSPFCL shall be retained in strick confidence and shall not be disclosed or caused or permitted to be disclosed or discussed, published, reproduced or otherwise directly or indirectly to any third party without RSPFCL’s prior written approval and shall not be used by Recipient for any reason other than to conduct the work assigned to him by RSPFCL. The obligation of Recipient to retain Confidential Information in confidence shall apply to:

a) Information which is now in or hereafter enters the public domain beyond the control of the Recipient and without its violation of this agreement.

- b) Such information, which Recipient discloses under operation of law, rule or legal process; provided, however that :
- i. the burden shall be on Recipient to prove the applicability of one or more of the foregoing exceptions by documentary evidence should the Disclosing Party question the applicability of such exceptions;
  - ii. as to exception (b), Recipient provides the Disclosing Party with prompt written notice of any request or legal proceeding through which Recipient may be required to disclose such Information under operation of law, rule or legal process.
2. Recipient agrees not to take copies of the Confidential Information without the prior written request of the Disclosing party.
3. Recipient agrees to use the Confidential Information solely for the purpose of the work assigned for and for no other purpose.
4. Recipient agrees to transmit the Confidential Information only to those directors, officers, employees, agents or other representatives who need access to the Confidential Information for the purpose of carrying out its work for the Disclosing Party and who are informed by Recipient of the confidential nature of the Confidential Information and who agree to be bound by the terms of this Agreement. Recipient further agrees to be responsible for any breach of this Agreement by Recipient or any director, officer, employee or other representative of Recipient.
5. Recipient agrees that all Confidential Information and documents disclosed to Recipient hereunder shall be and remain exclusive property of the Disclosing Party. Any tangible form of Confidential Information including but not limited to, documents, papers, computer diskettes and electronically transmitted information shall be destroyed by Recipient or returned together with all copies thereof to the Disclosing party promptly upon its request. If such tangible form of the Confidential Information is destroyed, a certification of such destruction executed by a duly authorised officer of Recipient shall be delivered to the Disclosing Party.
6. Recipient's obligation under this Agreement shall survive the termination of its appointment to carry out its work with the RSPFCL regardless of the manner of such termination and shall be binding upon its successors and assigns.
7. Recipient agrees that no failure or delay on the Disclosing party part in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof.

8. Any amendments, changes or modifications that this Agreement must be in writing and executed by authorised officials of both the Parties to this Agreement.

9. This agreement constitutes the entire agreement of the Recipient and the Disclosing Party with respect to this matter thereof and supersedes any and all prior understandings and agreements between the Disclosing Party and the Recipient.

10. Any disputes, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance the Arbitration and Conciliation Act, 1996 by a sole arbitrator appointed by RSPFCL. The place of arbitration shall be Jaipur and the language to be used in the arbitration proceedings shall be English. The award of the sole arbitrator shall be final and binding on both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective of this date first written above.

**Rajasthan State Power Finance Corporation Ltd.**

**Name of Recipient**

By .....

By.....

Name.....

Name.....

Designation.....

Designation.....

**Witness**

**Witness**

**1.**

**1.**

**2.**

**2.**

**DRAFT STRUCTURE OF PROPOSED NON SLR BONDS:**

1.	Issuer	<b>RAJASTHAN STATE POWER FINANCE CORPORATION LTD.</b>
2.	Instrument	Unsecured, Redeemable, Non-convertible, Taxable and in the nature of Debentures.
3.	Purpose	The proceeds of the issue would be utilized to meet the fund requirements for restructuring and other business activities of the State Power Companies engaged in generation, transmission and distribution activities and also for augmentation of working capital requirements of State Power Companies.
4.	Issue Size	Rs. 1500 crore. in three tranches of Rs.500 crore each
5.	Face Value of each Bond	Rs.10 lakh
6.	Issue Price	'AT PAR'
7.	Tenure of the Instrument	12 (Twelve) Years
8.	Put / Call Option	NIL
9.	Redemption	1. 20% at the end of 8 <sup>th</sup> year 2. 20% at the end of 9 <sup>th</sup> year 3. 20% at the end of 10 <sup>th</sup> year 4. 20% at the end of 11 <sup>th</sup> year 5. 20% at the end of 12 <sup>th</sup> year
10.	Interest on application money	The interest on application money would be paid at coupon rate after deducting income tax at source (if applicable) from the date of receipt of money into RSPFCL's account till one day prior to the date of allotment.
11.	Mode of Interest Payment	Half Yearly
12.	Credit Rating	RSPFCL shall appoint a Credit Rating Agency. The rating assigned by CRA will be notified before the last date for submission of the bids.
13.	Guarantee	Government of Rajasthan would unconditionally and Irrevocably guarantee timely payment of interest and repayment of principal.
14.	Listing	NSE / BSE
15.	Settlement mode	In Dematerialized Form