



आर ई सी
REC

असीमित ऊर्जा, अनन्त संभावनाएँ
Endless energy. Infinite possibilities.

आर आई सी लिमिटेड(पूर्व में रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड)
REC LIMITED (Formerly Rural Electrification Corporation Limited)
भारत सरकार का उद्यम/ (A Government of India Enterprise)
Regd Office: Core-4, SCOPE Complex, 7 Lodi Road New Delhi 110003
Tele. : 43091616 Fax : 24369846 Email : sanjayk@recl.in
CIN : L40101DL1969GOI005095 Website www.recindia.nic.in

No. REC/Finance/Resource/Consent/18-19/

Date: January 07, 2019

To

Only the Banks to whom the mail has been addressed

**Sub: Request for Quote (RFQ) for Appointment of Lead Advisor(s) to REC Limited for
Consent Solicitation Exercise for its outstanding Reg-S and 144A Bonds**

Dear Sir/ Madam,

REC Limited (formerly Rural Electrification Corporation Limited) ("REC") is inviting bids for appointment of Lead Advisor(s) for Consent Solicitation Exercise for its outstanding foreign currency Reg-S and 144A Bonds issued under the Global Medium Term Note (MTN) Programme.

Necessary bidding/tender document, comprising of the following, is enclosed:

(i)	REC Profile and Scope of Work	Section-I
(iii)	Financial Proposal	Section-II

The bids are to be submitted physically either in person or through post in a sealed envelope and are to be addressed to Mr. Sanjay Kumar, General Manager (Finance), REC Limited, Core-4, Scope Complex, 7, Lodi Road, New Delhi - 110003.

The Tender document can also be downloaded from the website tender link given on REC Website <http://www.recindia.nic.in>.

Incomplete and/or ambiguous and/or conditional and/or late response is liable to be ignored/ summarily rejected.

In case of any clarification, you may contact undersigned or Mr. Supreet Pandya, Dy. Manager (Finance) on Email: supreetpandya@recl.in, Call: 011-43091670 / Mobile: +91-9891232666.

Thanking you,

Yours faithfully,

For REC Limited

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Sanjay Kumar
General Manager (Finance)
E-mail : sanjayk@recl.in
Mob : +91 99103 07676
Direct : +91 11 4309 1616

TENDER DOCUMENT

TENDER NO: REC/Finance/Resource/Consent/18-19

Request for Quote (RFQ) for Appointment of Lead Advisor(s) to REC Limited for Consent Solicitation Exercise for its outstanding Reg-S and 144A Bonds

- (i) **Submission of Financial Proposal** **Date : January 14, 2019,**
Time : 13:30 Hours (IST)
- (ii) **Date of Opening of Bids** **: To be notified**

REC LIMITED

(Formerly Rural Electrification Corporation Limited)

(A Govt of India Enterprise)

Core-4, Scope Complex,

7, Lodi Road,

New Delhi – 110003.

SECTION – I

REC Profile and Scope of Work

1. REC profile

- 1.1 REC Limited (formerly known as Rural Electrification Corporation Limited) (“REC”) is a ‘Navratna’ public sector enterprise and a Non-Banking Finance Company with Infrastructure Finance Company status, engaged in the financing and promotion of transmission, distribution and generation including renewable energy projects throughout Indian power infrastructure sector and occupies a key position in the GoI’s plans for the growth of the Indian power sector. The President of India, acting through nominees from Ministry of Power, holds 52.85% of the issued and paid up equity capital of REC as on date of this RFQ.
- 1.2 The Cabinet Committee on Economic Affairs (CCEA) to Government of India has, vide its notification dated December 06, 2018, has ‘In Principle’ approved strategic sale of the Government of India’s existing total paid up equity shareholding in REC to Power Finance Corporation Limited (“PFC”) along with transfer of management control. The transaction is subject to regulatory approvals including from Reserve Bank of India, Competition Commission of India, and Securities and Exchange Board of India (SEBI). The process for obtaining such approvals is under process.
- 1.3 REC has been actively raising funds from foreign currency market in the form of loans and bonds and has set up a Global Medium Term Note (GMTN) programme. Following foreign currency bonds issued by REC under its existing GMTN programme are outstanding as on date:

S. No.	Month of issue	Maturity	Tenor	Coupon (p.a.)	Amount O/s
(i)	July 2017	July 2027	10 years	3.875%	USD 450 million
(ii)	December 2017	December 2020	3 years	3.068%	USD 400 million
(iii)	March 2018	March 2028	10 years	4.625%	USD 300 million
(iv)	November 2018	November 2023	5 years	5.25%	USD 700 million
	Total Bonds				USD 1,850 million

- 1.4 The intermediaries that had been appointed for the recent 144a bond issuance of REC were M/s Allen & Overy as the International Legal Counsel to Issuer, M/s Linklaters as the International Legal Counsel to JLMs, M/s J. Sagar as the Domestic Legal counsel to Issuer and Cyril Amarchand Mangaldas as the Domestic Legal counsel to JLMs. The Principal Paying Agent to all the above bond series is M/s Bank of New York Mellon, London and the Registrar is M/s Bank of New York Mellon, Luxembourg, S.A.
- 1.5 As per the Terms and Conditions governing above REC’s outstanding bonds, the proposed Acquisition by PFC may trigger the Change of Control (“CoC”) and may also result in an Event of Default (“EoD”) and thus pre-payment of the bonds, subject to approval from RBI. Accordingly, REC proposes to obtain consent from the USD bond holders for each of the above bond series to waive or to alter certain CoC and EoD triggering events to avoid a prepayment/ mandatory redemptions scenario and for the same, REC intends to appoint Lead Advisors(s) and other Third Parties to help obtain such consents. Banks are requested to provide their best quote individually for acting as Lead Advisor for this consent solicitation exercise on “inclusive of all expense” basis.

1.6 REC intends to appoint upto three Advisor(s) who shall together be called as Joint Lead Advisors and will be appointed for all the bond series as mentioned above. However, REC may at its sole discretion appoint lower or higher number of Advisors, as it may consider appropriate. The Consent Exercise for all the above series will run concurrently on the basis of single consent solicitation document.

2. Scope of work

2.1 The broad scope of work of the Lead Advisor(s) shall inter-alia include the following:

- 2.1.1 Assisting in appointment of other intermediaries including International Legal Counsel(s), Domestic Legal Counsel(s), Information and Tabulation Agent etc. required for the consent solicitation exercise and actively coordinate with them on all the relevant documentation;
- 2.1.2 Manage the overall consent solicitation process including seeking out and soliciting bond holders during the offer period;
- 2.1.3 Advising and planning for setting up of road shows and calls with investors, if required, in consultation with REC;
- 2.1.4 Prepare Consent solicitation strategy, in consultation with REC, to meet the required objectives;
- 2.1.5 To assist REC in appointment of third party for Bond Holders Identification for each of the bond series of REC, if required;
- 2.1.6 Liaison with the bondholders during the consent period and answer to their queries/requests on behalf of REC, after seeking consent of REC;
- 2.1.7 Ensure compliance to the various Domestic and International statutory requirements, including but not limited to the Reserve Bank of India (RBI), FEMA and any other such statutory guidelines applicable to the transaction and facilitating obtaining the requisite approvals, in consultation with the International and Domestic Legal Counsel;
- 2.1.8 Coordination for successful completion of the deal including but not limited to drafting of comprehensive Consent Solicitation Memorandum within the decided timelines;
- 2.1.9 Coordinating with the rating agencies for the rating exercise, as required;
- 2.1.10 Assisting REC in any other matter relating to consent solicitation exercise;

REC's decision shall be final and binding with regard to the scope of work/services of the Lead Advisor(s).

2.2 The broad scope of work of the other major intermediaries shall inter-alia include the following:

- 2.2.1 International Legal Counsel(s)
 - Prepare the Consent Solicitation Memorandum (CSM),
 - Prepare Consent Solicitation Agency Agreement and other transaction documents
 - Provide legal advice pertaining to English law
 - Assist with due diligence
 - Issue customary legal opinions
 - Communicating with the Stock Exchange(s) and managing the notices thereof
 - Any other work as may be necessitated on part of International Legal Counsel

- 2.2.2 Domestic Legal Counsel(s)
- Provide legal advice pertaining to Indian law
 - Advise on consents, approvals and other authorizations required under Indian law in connection with the documentation and transaction
 - Review documentation from Indian law perspective
 - Provide legal opinion to the Issuer and CSA
 - Any other work as may be necessitated on part of Domestic Legal Counsel
- 2.2.3 Information and Tabulation Agent
- Responsible for reviewing the CSM, liaising with clearing systems and tabulating consent instructions
 - Distributes documentation and helps address investor questions
 - Tabulates and tracks results in the consent and facilitates settlement
 - Any other work as may be attributable to Information and Tabulation agent

The decision of the company shall be final and binding with regard to the scope of work/ services of the all the intermediaries.

SECTION – II

Financial proposal

- 3.1 The “Financial Proposal” shall be submitted by the bidder in a sealed envelope on firm basis in the manner and format as per Annexure-A of this RFQ. Please note that proposals with any conditionality will be summarily rejected.
- 3.2 The Lead Advisor(s) must ensure presence of their representatives in REC’s New Delhi office or any other place as may be required in India for which no additional fees or TA/ DA expenses will be paid. In case of Road shows are to be conducted outside India, the actual expenses for arranging the same and TA/ DA expenses of the Lead Advisors shall be paid as is mutually decided by REC with the appointed Lead Advisors. However, other than Road shows no expenses or fees for travelling outside India shall be paid.
- 3.3 The bids submitted in response to the financial proposal shall be evaluated only on the basis of fee as mentioned in Annexure-A. It is made clear that the fee to be quoted shall be total fee for the transaction, payable by REC, which shall be shared by the Lead Advisors equally, in case two bidders are appointed in proportion of 1/2 and in case three bidders are appointed in proportion of 1/3. In case of the fee quoted by the bidder(s) varies, the L2, L3, L4 and so on bidders will be called to match the fees as quoted by L1 bidder so as to make total of desired number of bidders, presumed to be maximum three bidders. Only one single fee shall be paid to the group of appointed bidders, to be shared by them equally.

Example

The fee is to be quoted by the bidder at % of the total outstanding notes of USD 1,850 million.

If the fee quoted by the bidder is say x% of the total outstanding notes of USD 1,850 million, the same will be divided by the number of Lead Advisors appointed.

The fees that will be paid to individual Lead Advisor by REC shall be x% divided by two (2), if two bidders are appointed and x% divided by three (3), if three bidders are appointed.

However, as mentioned above fees at different rates will not be paid to the bidders and the L2, L3, L4 and so on bidders will be asked to match the fee that of L1 bidder.

- 3.4 REC shall not pay any other costs/expenses/taxes/levies of any nature whatsoever other than GST to any bank except for as mentioned in financial proposal and the same shall be subject to deduction of applicable tax/withholding tax as may be applicable from time to time.
- 3.5 The entire process of seeking consent be supervised by MD Level or equivalent Official of the banks selected.
- 3.6 The proposals should be signed by the authorized officer of the Bidder with the stamp. No proposal will be entertained after the appointed time and date. REC will not be responsible for any postal/courier delay. The proposals received after the appointed time and date will be summarily rejected.
- 3.7 The Financial Proposals shall be evaluated in a manner as above and any further interpretation and clarification shall be at the sole discretion of REC.
- 3.8 REC reserves the sole right to accept or reject any or all the Proposals thus received without assigning any reasons thereof. Please note that proposals with any conditionality will be summarily rejected.
- 3.9 The fees for the consent exercise shall be paid as follows:
 - a) Abandoned/ discontinued for whatsoever reason before the documentation is completed – no fees shall be paid.
 - b) Documentation completed but public announcement(s) not made/ deferred for whatsoever reason – 25% of the fees agreed. In case the balance exercise is undertaken after a gap, the Lead Advisors shall complete the balance assignment, if so required, at 75% of the agreed fee and they will have to revisit the earlier documentation done and make the necessary changes required at no extra cost.
 - c) The entire fee shall be paid only after successful completion of the entire transaction.
 - d) In case of discontinuation of the transaction before successful completion of the transaction as explained above, within a reasonable time after completion of the milestone as mentioned above.

Annexure A: Financial Proposal

(on the letter head of bidder)

Proforma for submission of FINANCIAL PROPOSAL

Financial Proposal must be submitted on firm basis in the manner as specified below.

Particulars	Fee quoted (in %age) (to be paid in USD)
<p>Lead Advisor(s) fees</p> <p><i>(The fees is to be quoted in % to be applied on the outstanding USD Notes in total i.e. USD 1,850 million, targeted for the Consent exercise)</i></p> <p><i>(The fees as referred above shall be paid in equal proportion to Lead Advisors appointed (presumed to be maximum three)</i></p> <p><i>(Bidder to clearly read and understand particulars mentioned in Clause 3.3 above and quote the fees accordingly)</i></p>	<p><i>(Fee to be quoted by the bidder)</i></p>

Undertaking to be submitted by the Bidder:

"We undertake that:

- a) The validity of the financial proposal submitted hereunder shall be 30 days from the last date of submission of the bids.*
- b) We accept all the terms & conditions as mentioned in the RFQ. In the event of any contradiction in the terms and conditions as mentioned in the RFQ and our proposal, the decision of REC shall prevail.*

The name and contact details of the MD Level or equivalent Official of the bank who shall be supervising the consent process on behalf of the bank:

Name : _____

Designation : _____

Location : _____

Phone number : _____

Email id : _____

I am fully authorized to sign the financial proposal on behalf of the Bidder.

Name & Signature of Bidder's Authorized Signatory
along with the Stamp