

**{Addressee}**

**Sub: Request for Proposal for Syndicated Loan for an underwritten amount of USD 250 million with a green shoe option of up to USD 250 million (aggregating to USD 500 million) for a tenor of 5 years.**

Dear Sir / Madam,

Power Finance Corporation Limited (PFC) is a Government of India owned Navratna Non-banking financial company (NBFC) providing fund based and non- fund based financial assistance to Power sector. It is an Infrastructure Finance Company in terms of RBI guidelines. The government of India holds 66.35% stake in the equity capital of the company as on date. PFC is the nodal agency for Government of India's flagship schemes such as Integrated Power Development Scheme (IPDS), Ultra Mega Power Projects (UMPPs), Independent Transmission Projects (ITPs), etc., and occupies a key position in implementation of the Government's plans for the growth of Indian power sector.

International credit rating agency – Standard & Poor's and Fitch have awarded us credit rating of BBB -/stable which are at par with sovereign rating. Moody's has awarded credit rating of Baa3/stable. Domestic credit rating agencies- CRISIL, ICRA and CARE – have awarded PFC the highest safety rating of AAA to its long term domestic borrowing.

PFC wishes to raise an External Commercial Borrowing (ECB) through Syndicated Loan. Accordingly, PFC requests your esteemed organization to submit ***an unconditional and fully underwritten firm offer for raising ECBs through syndicated loan for an underwritten amount of USD 250 million with a green shoe option of upto USD 250 million (aggregating to USD 500 million) for a tenor of 5 years.*** Further, you can submit only a single bid either individually or in consortium. Consortium may be formed only with banks to which RfP has been sent by PFC. In case of consortium, the number of institutions in the consortium may not exceed three (3) keeping in view the operational convenience.

The facility is to be raised on unsecured basis without any guarantee or Letter of Comfort from Government of India or any security creation by PFC or any covenant with regard to any commitment towards shareholding by Government of India (GoI) but only on the financial strength of PFC. There would not be any clause on the minimum shareholding by GoI. However, in January 2012, Govt. of India stated that as per the current disinvestment policy, the Govt. of India would retain at least 51% equity and management control.

The parameters of the facility would be as under:

<b>Borrower</b>	:	Power Finance Corporation Limited
<b>Nature of the Company</b>	:	A Company registered under the erstwhile Companies Act, 1956 A Public Financial Institution (PFI) under section 2 (72) of the Companies Act, 2013 A non-banking finance company and infrastructure finance company (NBFC-IFC) as per RBI.
<b>Ownership</b>	:	Government of India (GoI) owned company. 66.35% of the equity shareholding held by GoI
<b>Structure of the loan</b>	:	Syndicated Loan
<b>Currency</b>	:	<b>USD</b>

<b>Amount</b>	:	underwritten amount of USD 250 million with a green shoe option of upto USD 250 million (aggregating to USD 500 million)
<b>Security</b>	:	Unsecured loan. The issue will rank pari-passu with Issuer's other unsecured and Unsubordinated indebtedness
<b>Purpose</b>	:	For on-lending in INR to the Company's borrowers in power sector
<b>Repayment</b>	:	Bullet repayment at the end 5 <sup>th</sup> year
<b>Average maturity</b>	:	5 years
<b>Interest Rate</b>	:	3 month USD LIBOR, set in advance, plus margin. Interest payable quarterly in arrears
<b>Tentative date of drawl</b>	:	July / August 2018
<b>Other important terms &amp; conditions</b>	:	<p>*The facility to be raised is purely on unsecured basis without any lien, security, encumbrance etc.</p> <p>*No negative pledge</p> <p>*PFC to follow only the minimum applicable financial/operational guidelines issued by RBI from time to time</p> <p>*No restriction on financial indebtedness for subsidiaries,</p> <p>*No clause on the minimum shareholding by Gol.</p> <p>*No environmental undertakings,</p> <p>*No first right to match rates for hedging transactions, nor for inward / outward remittances rates in relation to the Facility.</p> <p>*PFC, at its sole discretion, may approach multi-lateral agencies like KFW, IFC, AFD-France etc. to avail credit facilities, international markets for syndicated loans and bond issuance under MTN Program, etc., before the completion of this transaction.</p> <p>*PFC, at its sole discretion, may approach domestic market to raise funds through bonds, loans, CP etc., at any time on or before the completion of this transaction.</p> <p>*Financial and other covenants / compliances shall be on annual standalone basis only.</p> <p>*Availability Period to be minimum 45 days from the date of the Facility Agreement.</p> <p>*PFC is at liberty to do publicity with respect to the facility and any publicity by the lead managers shall be at their own costs.</p> <p>*For publicity, PFC's logo can be used with prior approval of PFC.</p> <p>*Any further addition of Lead Arranger/s shall not be allowed after the award of the mandate by PFC.</p> <p>* Sharing of information with other lenders for the purpose of syndication shall be based on mandate letter to be issued by PFC.</p> <p>* The court of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with facility agreement.</p> <p>* Borrower shall not be made liable to increase any payment (gross up), reimburse / indemnify for any costs or expenses in respect of a FATCA deduction on account of payments to the lender, facility agent, legal counsels or other intermediaries to this ECB</p> <p>* A bidder shall disclose upfront at the time of bidding the amount it will hold to maturity. Once disclosed, the bidder is expected to hold such amount till maturity. In case of down selling of such hold to maturity portion before maturity as well as down selling of other portion, PFC shall not be liable to bear any incidence of increase in withholding tax, if such down selling results in increase in withholding tax. If however, such down selling results in lower withholding tax, PFC will bear such lower withholding tax (please also see the evaluation criteria).</p> <p>*Any tax imposed on and calculated by reference to the net income received or receivable by lender and the facility agent in the jurisdiction in which such lender</p>

	<p>and facility agent is incorporated or the jurisdiction in which the borrower is incorporated shall not be borne by the borrower.</p> <p>* If on a fixation date relevant to an interest period, the screen rate of LIBOR is zero or negative, the LIBOR is deemed to be zero and the interest for that relevant period shall be calculated as the aggregate of zero plus margin. There shall be no market disruption event on account of LIBOR being zero or negative on the interest fixation date.</p> <p>* No indemnities other than indemnity in the event of default shall be acceptable. All the terms of facility documentation like break cost, representation, information undertakings, financial covenants, market disruption, material adverse change clause, events of default, enforcement, etc., shall be finalized mutually at the time of documentation of facility agreement.</p>
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PFC invites you to quote for its proposed Syndicated Loan. You are requested to submit your financial proposal in the format as enclosed in **Annexure A**. Further, PFC reserves the right to accept or reject any of the agencies recommended by the bidder.

Offers should be submitted keeping in view that your organization would be responsible for guiding PFC on preparation of the documentation and in fulfilling the regulatory requirements. The offer(s) should clearly provide information requested for in **Annexure A**, including the details about the upfront / arrangement fee, legal expenses, facility agent fee, out of pocket expenses, other expenses etc. clearly indicating each item of expense, overall ceiling if any.

The financial bids shall be evaluated on the basis of L-1 considering all in cost (including taxes) in respect of amount committed on firm underwritten basis, at upper cap of the expenses with the floating 3 month USD LIBOR rate plus spread and the mandate shall be placed on L1 bidder which may be a single bank or a consortium of banks.

In case of tie between two or more bids, the banks with L1 rate shall be requested to further reduce the effective rate to PFC. In case of further tie, preference will be given to the consortium / bank with more number of successful deals for Syndicated loans during the last 10 years with PFC. However, PFC shall also have the option to accept the L1 bids within the overall amount of USD 500 million.

Bids less than of USD 250 Million will not be considered valid bids and summarily rejected. The Company reserves the right to reduce the issue size.

It is clarified that the bids of banks which submit an unconditional and fully underwritten firm proposal for amount of USD 250 million shall be considered valid bids. Evaluation shall be carried out based on the firm underwritten amount quoted by individual bank / consortium.

Under the Indian Income Tax 1961, withholding tax @ 5% (plus applicable surcharge and cess) or applicable rates as per DTAA, whichever is lower, will be considered for all interest paid by our Company to a non-resident lender on the foreign currency loan borrowed from outside India. There is no such withholding tax, if such interest is paid to a resident lender.

So far as fees and other expenses are concerned, the rate of withholding tax to be used for evaluation purposes shall be based on the country of remittance and other particulars. In the absence of such information, a flat rate of 10% shall be used for evaluation. These tax rates will be grossed up while evaluating bids. Further, GST, as applicable on fees, expenses etc. shall also be used for evaluation.

The rate of withholding tax as quoted above shall remain valid till the maturity of the loan (except where such change in rate is on account of any amendment in any applicable tax law in India).

PFC's liability towards any incidence of withholding tax shall be limited to the rate considered for the purpose of evaluation as per Annexure A or any other actual rate, whichever is lower.

Hence, bidders are requested to take adequate care to disclose the relevant information like hold to maturity portion and down selling portion, including country of remittance in case of expenses other than interest so that evaluation of bid is to be done applying appropriate withholding tax rate.

Withholding tax (including other applicable taxes), wherever applied for evaluation, will also be grossed up. The bidders are required to clearly provide information requested for in **Annexure A**, including the details about the upfront / arrangement fee, legal expenses, facility agent fee, out of pocket expenses, other expenses etc., clearly indicating each item of expense, overall ceiling if any along with undertaking at Annexure – B.

**The proposal should remain valid for a period of at least 30 days from the last date for submission of proposal. The bids should be submitted as detailed below:-**

**The financial proposal should be submitted in a sealed envelope and super-scribed as below :**

**“Confidential: - To be opened by Addressee only  
Bid for ECB – placement of Debt through Syndicated Loan due at 03:30 PM (IST) on 25.06.2018”**

***Bids received after the above date and time or received by fax, open letter or e-mail will not be accepted. PFC will not be liable for any postal / courier delay. The bids addressed to The General Manager (RM - International), shall be put in the Tender Box, kept at the reception of PFC's registered office at “Urjanidhi”, 1, Barakhamba Lane, Connaught Place, New Delhi - 110001 by 03:30 P.M. on 25.06.2018 in hard copies in original. Each page of the proposal should be duly signed by an authorized representative of the bank and should bear seal of the bank.***

The opening of the financial proposal will take place at 03:45PM on 25.06.2018 to which all the participating banks are cordially invited. The venue shall be the registered office of PFC at New Delhi.

Incomplete bids and bids not as per specified format are liable to be rejected. Further, PFC reserves the right to accept or reject any bid without assigning reasons therefor. Submission of the proposal by the bank shall constitute acceptance by the bank of all the terms and conditions mentioned in this Request for Proposal.

Please note that award of mandate shall be subject to applicable RBI guidelines. In case of any queries you may contact the undersigned or Ms. Shraddha Arora at +91 9911515991 or Mr. Vineet Gaur at +91 9911888473.

**Thanking you,**

**Yours faithfully,  
For Power Finance Corporation Limited**



**(Parminder Chopra)  
General Manager (Finance)  
Resource Mobilisation - International  
Tel: +91 11 23456831**

**Encl: As above**

***(On the letter head of the bank/s)*****Financial Proposal for PFC's ECB through Syndicated Loan for fully underwritten amount of USD 250 mn****With a green shoe option of up to USD 250 mn (aggregating up to USD 500 mn)****Name & Address of the Bank:****Contact Person (incl. Tel, Fax, Email details):**

Particulars	Currency of remittance	Remittance to which Country	Specify Rate of Withholding Tax, wherever applicable, otherwise mention NIL (Refer note -1)	% / Amount
Margin over 3 Month USD LIBOR (in bps)	(Refer note -1)		(Refer note-5)	
Upfront / Arrangement Fee				
Facility Agent Fee				
Roadshow Expenses (incl. signing & syndication expenses), if any				
Out-of-pocket expenses (Legal fee/charges(Specify nature & amount of each expense)				
Out-of-pocket expenses (Printing expenses, miscellaneous expenses, any other charge etc.), if any (Specify nature & amount of each expense)				
Other Expenses, if any, under suitable heads				
<b>All-in-cost</b>				

**Notes**

- Please specify the detail, also the country to which the above fee / expenses are to be remitted. In absence of such details, withholding tax shall be taken as 10% (plus applicable surcharge and cess) or applicable rates as per DTAA, whichever is lower, for the purpose of evaluation of financial bids.
- Expenses should be indicated as single figures. If range / percentage is indicated, the upper cap should be mentioned for evaluation Purpose. The bidders shall be required to quote under all the heads compulsorily. In case of no charge, nil shall be mentioned. Where expenses cannot be ascertained, the upper cap for the same may be mentioned.
- GST as applicable on fees and expenses shall be used for the purpose of evaluation.
- Road-show expenses, out of pocket expenses and other expenses will be paid in lump-sum on certification basis except for legal expenses which will be on production of actual bills.
- Withholding tax @ 5% (plus applicable surcharge and cess) or applicable rates as per DTAA, whichever is lower, will be considered on interest charges by PFC to a non-resident lender on the foreign currency loan borrowed from outside India. There is no such withholding tax, if such interest is paid to a resident lender.
- We undertake that the above withholding tax rates remain valid till maturity of loan / payment of relevant expenses (except where such change in rate is on account of any amendment in applicable tax laws in India).

**Date:****Place:****Signature(s) and name(s) of Authorized Signatory with seal of the Bank (s)**

**Undertaking:**

We undertake that:

- a) The financial proposal submitted hereunder shall remain valid for a period of at least 30 days from the last date for submission of proposal.
- b) The rate of withholding tax as quoted above shall remain valid till the maturity of the loan/ payment of relevant expenses (except where such change in rate is on account of any amendment in any applicable tax law in India).
- c) PFC's liability towards any incidence of withholding tax shall be limited to the rate considered for the purpose of evaluation as per Annexure A or any other actual rate, whichever is lower.
- d) Any tax imposed on and calculated by reference to the net income received or receivable by lender and the facility agent in the jurisdiction in which such lender and facility agent is incorporated or the jurisdiction in which the borrower is incorporated shall not be borne by the borrower.
- e) Borrower shall not be made liable to increase any payment (gross up), reimburse / indemnify for any costs or expenses in respect of a FATCA deduction on account of payments to the lender, facility agent, legal counsel or other intermediaries to this ECB.
- f) In the event of cancellation or withdrawal of the Facility by the borrower, no costs and expenses shall be payable and / or reimbursable except actual amount of legal and road show expenses incurred.
- g) Expenses as quoted in the financial proposal shall be payable not before the drawdown under the Facility.
- h) No other costs / expenses / taxes / levies shall be payable by the borrower except as mentioned in the Financial Proposal.
- i) Any expenditure including publicity expenses incurred by bank in India or abroad after closing of the syndication shall not be claimed from PFC.
- j) In case of joint proposal, the Bidders shall be jointly and severally responsible for the underwritten performance of their obligations under the Facility till the drawl of the loan.
- k) Appointment of legal counsel/s shall be made in consultation with the Borrower. However, other agencies if required shall be appointed by PFC.
- l) If on a fixation date relevant to an interest period, the screen rate of LIBOR is zero or negative, the LIBOR is deemed to be zero and the interest for that relevant period shall be calculated as the aggregate of zero plus margin. There will be no market disruption event on account of LIBOR being zero or negative on the interest fixation date.
- m) No indemnities other than indemnity in the event of default shall be acceptable. All the terms of facility documentation like break cost, representation, information undertakings, financial covenants, market disruption, material adverse change clause, events of default, enforcement etc. shall be finalized mutually at the time of documentation of facility agreement.
- n) The court of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with facility agreement.
- o) We accept all the terms & conditions as mentioned in the RfP. In the event of any contradiction in the terms and conditions as mentioned in the RFP and our proposal, the RfP shall prevail.

**Date:**

**Place:**

**Signature(s) and name(s) of Authorized Signatory with seal of the Bank (s)**