

NOTICE INVITING TENDER

(Empanelment as Lenders' Financial Advisor for Power Generation Projects)

Rural Electrification Corporation Ltd. (REC) invites "Sealed Bids" from **Reputed** Chartered Accountant/ Cost Accountant firms for Empanelment with REC as "Lenders' Financial Advisor" for Generation projects being financed by REC Ltd. The tender documents and other details are available at REC website www.recindia.nic.in. Last date of submission of bid is 08-APRIL-2013. For Clarifications, if any please contact:

AGM (Technical) Tel : 011-43091518

Chief Manager (Technical) Tel : 011-43091612

Invitation of Bids

For

Empanelment of Organizations as Lender's Financial Advisor (LFA)

Rural Electrification Corporation Ltd. (REC) is a Navaratna Central Public Sector Enterprise under Ministry of Power. REC intends to empanel Organizations capable of working as Lender's Financial Advisor for the Generation projects being financed by Rural Electrification Corporation Limited.

Chartered Accountants / Cost Accountants firms desirous of empanelling with REC as Lender's Financial Advisor may submit their sealed bids giving the particulars/details as per Forms I to VI.

Scope of Work:

The broad scope of work of a Lender's Financial Advisor is given in **Annexure I**. The scope of work is indicative only and REC reserves the right to add/change the scope, if found necessary during execution of work.

Project Type & Category:

Following categories shall be considered depending on size / magnitude of proposed project to be reviewed/audited:-

Group	Group – A	Group – B	Group - C
Project Type			
Thermal (Coal & Gas)	Above 600 MW	100 – 600 MW	0-100 MW
Hydro	Above 500 MW	100 – 500 MW	25-100 MW
Wind, Solar, Bio-mass & Hydro Projects under 25 MW	Nil	Nil	All cases

Minimum Eligibility Criteria:

S.No.	Benchmark	A	B	C
1	Minimum number of partners in the CAVCWA firm Full Time Partners (FCA/ ACA/FCWA/ACWA) with minimum 2, 1 and 1 FCA/FCWA partner in each of the category A, B and C respectively	6	3	2
2	Minimum Nos. of years operations/ existence	10	7	4
3(a)(i)	Minimum nos. of projects where acted as Legal Financial Advisor or in any other similar capacity in any of the last 3 Financial years	3	2	1

3(a)(ii)	Minimum Cost of each of the Infrastructure ⁽¹⁾ Project (Rs. Crores)	500	300	100
	OR			
3(b)(i)	Acted as Statutory Auditor of Infrastructure ⁽¹⁾ Company / NBFC/ Banks in last 3 Financial years	1	1	1
3(b)(ii)(a)	Turnover of the Infrastructure ⁽¹⁾ Company in any of the last 5 Financial years (Rs. Crores)	2500	1000	500
3(b)(ii)(b)	Turnover of the NBFC/ Bank (in any of the last 5 Financial years) (Rs. Crores)	5000	2000	1000
4	Minimum annual turnover of the CA/CWA firm in any of the last 5 Financial years (Rs. Crores)	1	0.5	0.25
5. Weightages - for evaluation of the firms as per Matrix below				
a)	0.5 point for every calendar year, maximum 15, to be counted from the date of the constitution of the firm			
b)	Full time FCA/FCWA partners, 5 points each for first 5 FCA/FCWA partners and 2.5 each from 6th FCA/FCWA partner onwards			
c)	Full time ACA/ACWA partners, 3 points each for first five ACA/ACWA partners and 1.5 each from 6th ACA/ACWA partner onwards			
d)	Points for long association with the same firm			
	- 5 points for each partner above 25 years			
	- 4 points for each partner above 20 years			
	- 3 points for each partner above 15 years			
	- 2 points for each partner above 10 years			
	- 1 point for each partner below 10 years but above 5 years			
e)	Full time CA/CWA employees			
	1 point each for first 5 CA/CWA employees, maximum 20 employees			

⁽¹⁾ Infrastructure means and includes:-

(a) Transport sector including sub-categories Roads and bridges, Ports, Inland Waterways, Airport, Railway Track, tunnels, viaducts, bridges, Urban Public Transport (except rolling stock in case of urban road transport)

(b) Energy Sector including sub-categories Electricity Generation, Transmission, Distribution, Oil pipelines Oil/Gas/Liquefied Natural Gas (LNG) storage facility (Includes strategic storage of crude oil), Gas pipelines (Includes city gas distribution network)

(c) Communication sector including sub-categories Telecommunication (Fixed network) (Includes optic fiber/cable networks which provide broadband / internet) and Telecommunication towers

Note:

- 1) The nature of projects referred above can be any of infrastructure projects. However, experience of Financial Arranger/Syndication will not be counted.
- 2) An applicant must apply ***specifically for any of the project type & group*** to which it believes of meeting the minimum criteria. Applicant eligible for more than one project type & group category has to apply separately for each project type & group. The processing fee shall be Rs. 25,000 /- for one company irrespective of its application for various project/group.
- 3) Notwithstanding the right of termination as per general terms & conditions of the contract, the empanelment herein shall be for a minimum of 3 years during which the applicant should be available to take-up the assignments unconditionally and without seeking any revision of fee or terms and conditions.
- 4) The quote of Fee for subject review and reporting should be exclusive of all taxes and duties, which has to be shown separately by the bidder. The fee shall be firm and final for a period of 3 years and no escalation in the same due to any reason shall be entertained. In case of extension of assignment beyond 3 years, annual escalation @ 9% shall be allowed. The incidental of Tours and Travel shall be reimbursed extra as per REC's prevalent TA Rules.

Further, Price Bids of only top firms based on their score as per Sr.No 5 of Minimum Eligibility Criteria in the ratio of 3:1 (whereby 1 stands for firms to be empanelled under each category) will be opened.

Submission of Bids:

The bidders are requested to submit their competitive offer as per Form I to VI and **along with duly signed accepted Terms & Conditions enclosed (Attached as per Annexure II)** along with sealed envelope super scribing the envelope "**Bids for Empanelment of LFA in REC**" and "**DO NOT OPEN BEFORE 08-APRIL-2013**" The envelopes shall be marked as below. The bid for empanelment needs to be accompanied with following:

Envelope-1 : NON REFUNDABLE PROCESSING FEE OF Rs. 25000 /-

(Demand Draft or Banker's Cheque of Rs. 25,000 /- towards **non - refundable processing fee**, in favour of "**Rural Electrification Corporation Ltd.**" payable at New Delhi, without which bid shall not be considered by REC)

Envelope-2 : TECHNOCOMMERCIAL Bid (Bids Form I to IV)

Envelope-3 : PRICE BID (Financial/Price Bid as per Form-V)

Time line for bid process:

Issue of RFP/NIT	21-Feb-2013
Pre-bid meeting	11-Mar-2013
Last date & time for receipt of bid	08-Apr-2013, 3 PM
Date & Time of opening of technical bids	08-Apr-2013, 4 PM
Date & Time of opening of Financial bids	To be notified later to eligible bidders.
Place of submission of bids	Tender Box on Ground Floor Rural Electrification Corporation Ltd. Scope Complex, Core-IV, 7, Lodhi Road New Delhi-03, India
Place of Opening of bids	Rural Electrification Corporation Ltd. Scope Complex, Core-IV, 7, Lodhi Road New Delhi-03, India
Address for communication	Additional General Manager(Gen-I)/Chief Manager (Gen-I) Rural Electrification Corporation Ltd. Scope Complex, Core-IV, 7, Lodhi Road New Delhi-03, India Phone : 011-43091518, 43091612 Fax : 011-24368554 e-mail : p.baburaj@recl.nic.in & bhupender_g@yahoo.com

Opening of Tenders

Envelope-1 and Envelope-2 of the Bids shall be opened on 08-Apr-2013, 4 PM in the presence of Authorized representatives of bidders at above mentioned REC Office. The format for Letter of authorization for attending bid opening is enclosed as **Form VI**. Envelope-3 (Price Part) of the tenders of Techno Commercially qualified Bidders shall be opened at a later date with due information to the eligible bidders.

Rate Finalization

The price bid of qualified bidders shall be opened in the presence of authorized representative of bidders. After finalization of L-1 bidder. All other bidders shall have right to match their rates with rates quoted by L-1 party, so as to have uniform rates for all parties. **An undertaking in Letter Head signed by the authorized person to this effect has to be submitted along with their offer for aligning with the rates of the L1.** By doing so, the all prospective Lender's Financial Advisor will get equal chance in getting assignment from REC.

Methodology of award of work

The work will be awarded on priority starting from L1 to Ln. The geographical location benefit will also be taken into consideration and the decision to award the work will be at the sole discretion of REC. The work will be awarded on rotational basis, i.e. the party awarded the first work will be approached again when the entire cycle is completed.

Extra Work

For any extra/additional work assigned by REC beyond the scope of work, the services shall be payable **per man days basis**.

Important Notes:

- 1) Firms not having minimum relevant experience in the respective field as per Form-IV need not to apply.
- 2) Firms not having Service Tax Registration or not having applied for Service Tax Registration before the last date of Receipt of the requests will be rejected.
- 3) REC reserves the right to accept or reject any other request for empanelment also without assigning any reason. Firms empanelled will be informed suitably.
- 4) The bid submitted without the acceptance of REC's terms & conditions shall be summarily rejected.
- 5) No further discussions/interface will be granted to bidders whose bids have been disqualified.
- 6) REC reserve the right to accept or reject any or all tenders in part or in total without assigning any reason and REC decision shall be final and binding on all the parties.
- 7) The bid not submitted in the prescribed bid form shall be summarily rejected.
- 8) If the last date of submission and opening of bid is a holiday, the bids shall be opened on the next working day.
- 9) Canvassing in connection with the bids is prohibited and the tenders submitted by the bidder who resort to canvassing are liable for rejection.
- 10) The companies/firms banned or blacklisted by Govt. Institutions in India will not be eligible to participate. An undertaking to this effect signed by authorized signatory has to be submitted on the letter head of the CA/CWA firm.
- 11) If the performance of the assignment found unsatisfactory, REC shall have the right to terminate the work assigned without any further notice/correspondence. No fees will be paid once the notice issued to the party. In case of unsatisfactory service or discontinuation of service by LFA, REC will engage alternate LFA at the sole risk of the existing LFA.

Chief Manager (Generation-I)

REC Ltd., New Delhi

Enclosures:

- 1) Form I to IV
- 2) Form V (Form for Price Bid)
- 3) Authorization Letter (Form VI)
- 4) Broad Scope of Work (Annexure 1) & REC Broad Terms & Conditions (Annexure-2)

FORMH
APPLICATION FOR EMPANELMENT OF LENDERS FINANCIAL ADVISOR

To

Chief Manager (Generation-I)

Rural Electrification Corporation Ltd.,
Core- 4, Scope Complex,
7, Lodhi Road, New Delhi- 110003

Sir,

We undersigned offer to apply for empanelment with REC Ltd. as a Lender's Financial Advisor for category A/B/C as per details enclosed.

Name of the Organization	
Year of Establishment	
Affiliates /Collaborators	
Head Office Address , E-mail & Contact Nos. with Name of Contact Person	
PAN Number (Attach attested# copy)	
Service Tax registration copy / Acknowledgement of Service Tax Application (Attach attested# copy)	
Latest Audited Annual Accounts for the last 3 years (Rs. Crores)	: To be enclosed
ISO or any other relevant certification (If any)	: To be enclosed
Any other Documentary Evidence in support of the application may be enclosed with the application. (If such evidence is not enclosed, and is deemed necessary REC reserves the right to ask for such evidence at any stage)	

all attestation are to be done by either of any partner & in case of financial documents by the Statutory Auditors

We agree to abide by this bid offer for the period upto six month from the date of opening of Price Bid and the conditions of this offer shall remain effective & binding upon us for the acceptance at any time before the expiry of the said period.

We understand that REC reserves the right to accept /reject any bid, without assigning any explanation or reason and decision of REC management on the subject shall be final and binding on all the bidders.

(Signature of duly authorized person on behalf of the bidder)

(Affix official seal of the firm)

FORM - II

BRIEF CVs OF KEY PERSONNEL WITH RELEVANT EXPERIENCE

1. Name :
2. Date of Birth :
3. Academic & Professional Qualifications:
4. Employment Record :
(Starting with present position, list in reverse order every employment held. List all positions held giving dates, names of employer, and location of assignments. For experience in last ten years, also give types of activities performed and owners' references, where appropriate)
5. Detailed tasks assigned :

6. Assignments performed in the Power Sector and in other Infrastructure sectors along with title of assignment, clients name, location, period & scope of work in not more than two lines each :

7. Membership of Professional Institutes /Bodies : _____
8. Total Experience in (Number of years) : _____
9. Duration of association with Present Firm (Number of Years) : _____
10. Present place of posting (Full address) : _____
11. Contact Details (Email Id & Phone no) : _____

For: M/s _____

(Signature of duly authorized person on behalf of the bidder)

(Affix official seal of the firm)

FORM - III

CATEGORY WISE PROFESSIONAL EXPERIENCE OF THE FIRM

Category :
Experience In years :
Collaborations/JVs (if any) :
Areas of Professional experience : Range of Services Offered

Experience as LFA:

No of Assignment(s) undertaken as Lenders' Financial Advisor :

List of assignments as per following format :

Project Name & size with configuration	Location details	Owners Name & address	Lead Lenders Name & Address	Scope of Work Please list out all the major works taken up	Work order No. & Date with Value in Rs. (Enclose copy of work order)

Experience as Statutory Auditors(SA):

No of Assignment(s) undertaken as Statutory Auditors :

List of assignments as per following format :

Client Name	Location details	Owners Name & address	Scope of Work Please list out all the major works taken up	Work order No. & Date with Value in Rs. (Enclose copy of work order)

Summary:

Total No. of assignments undertaken as LFA : _____

Total No. of assignments undertaken as SA : _____

Major Legal Cases / Disputes pending against the firm and steps being taken to resolve them:

(Signature of duly authorized person on behalf of the bidder)

(Affix official seal of the firm)

FORM-IV

**DETAIL OF FIRM WITH RESPECT TO MINIMUM QUALIFYING REQUIREMENT FOR LENDER'S FINANCIAL
ADVISOR**

S.No.	Benchmark	Group A	Group B	Group C
1	Number of partners in the CA/CWA firm			
	Full Time Partners (FCA/ ACA/FCWA/ACWA) with minimum 2, 1 and 1 FCA/FCWA partner in each of the category A, B and C respectively			
2	Nos. of years operations/ existence			
3(a)(i)	Nos. of projects where acted as Legal Financial Advisor or in any other similar capacity in any of the last 3 Financial years			
3(a)(ii)	Cost of each of the Infrastructure Project (Rs. Crores)			
	OR			
3(b)(i)	Nos. of projects where acted as Statutory Auditor of Infrastructure Company / NBFC/ Banks in last 3 Financial years			
3(b)(ii)(a)	Turnover of the Infrastructure Company in any of the last 5 Financial years (Rs. Crores)			
3(b)(ii)(b)	Turnover of the NBFC/ Bank (in any of the last 5 Financial years) (Rs. Crores)			
4	Annual turnover of the CA/CWA firm in any of the last 5 Financial years (Rs. Crores)			

Note: Applicants shall provide separate data for Thermal, Hydro and Renewable Categories.

FORM-V

PRICE BID FORM

(The Bidders should submit their offer only in Price Bid Form for the acceptances of REC)

The project shall be categorized as mentioned in Project Type & Category and the prospective Lender's Financial Advisor has to quote their rates minimum lump sum rates against each category and its group :-

Fees for Quarterly report on the review and activities undertaken by the LFA (Lump sum Charges)			
Group			
Project Type	Group - A	Group - B	Group - C
Thermal (Coal & Gas) and Hydro			
Wind, Solar, Bio-mass & Hydro Projects under 25 MW	-	-	

Note:

The prices should be quoted for complete scope of work. The taxes and duties will be as per actual over and above the quoted price.

Panel will be constituted for each project type in each Group.

(Signature of duly authorized person on behalf of the bidder)

(Affix official seal of the firm)

FORM-VI
LETTER OF AUTHORIZATION FOR ATTENDING BID OPENING
 (To be submitted at the time of bid opening)

To,

Chief Manager (Generation-I)
 Rural Electrification Corporation Ltd,
 Core-4, SCOPE Complex,
 7 Lodi Road,
 New Delhi -110003.

Subject: Authorization for attending bid opening on in the Tender "Empanelment of practicing firms of Chartered Accountants/ Cost Accountants as Lenders' Financial Advisors (LFA) for the REC funded Generation projects.

Following persons are hereby authorized to attend the bid opening for the tender mentioned above on behalf of in order of preference given below:

Order of Preference	Name	Specimen Signature
Alternative Representative		

Signatures of bidder

Or

Officer authorized to sign the bid Documents on behalf of the bidder.

Note:

1. Maximum of two representatives will be permitted to attend bid opening. In cases where it is restricted to one, first preference will be allowed. Alternate representative will be permitted when regular representatives are not able to attend.
2. Permission for entry to the hall where bids are opened may be refused in case authorization as prescribed above is not recovered.

BROAD SCOPE OF WORK FOR LENDER'S FINANCIAL ADVISOR (LFA)

A. General duties for full term of engagement :

- 1) The review by the LFA shall be quarterly or as asked by the REC and shall last till the end of 4 quarters after the Commercial Operation Date (COD) of the project **or** 12 quarter from the date of award of this contract, whichever is later. The review should be made for the cumulative position of the project till the review period and not limited to only events occurred during the span of review/quarter. The LFA, in the above review, is expected to adhere to the all generally accepted Audit Assurance and Accounting Practices and Standards as applicable in the industry/ country.
- 2) Report whether the borrower company is regular in honouring payments (including interest) falling due from time to time of its long-term loans from the REC in particular and from other entities in general. If any default is noticed, the same need be reported explicitly along with comments on the management representation for such default.
- 3) Report any material non-compliance of any terms and conditions of the loan agreement.
- 4) Verify whether the borrower company has obtained and kept renewed all the times the insurance covers for the Borrower's all assets duly endorsed in favour of the Lender as required by the Loan Agreement.
- 5) Report whether the required infusion from time to time of equity component by the promoters; availability of funds from other lenders/ promoters so as to maintain the required debt/equity ratio; as well as pledging and maintaining the value of shares pledged in favour of REC; as envisaged in the approved project financing plan has been adhered to. Details of non compliance, if any, need explicitly be reported appropriately.
- 6) Ensuring that all TRA and/or Escrow accounts are maintained and all receipts are routed through them as required by the Loan Agreement/ TRA agreement and comment on their adequacy. Also verify the receivables of the Loney and suggest improvements as may be deemed necessary. All cash/bank transactions need be 100% vouched having –
 - a) Value of Rs.2.5 lakhs or more where Loan amount is up to Rs.50 crores
 - b) Value of Rs.10 lakhs or more where Loan amount is more than Rs.50 crores.
- 7) Review the details of the investments (including surplus funds) made by the Loney.
- 8) Report any major loss, damage, fraud, diversion, transfer, abandonment or disposition of project assets/ funds in any manner other than as envisaged in the approved project plan.
- 9) Verify whether the securities offered by the Loney are as per the requirements of the Loan Agreement and that the registration of charges thereon with ROC/appropriate authorities and survey of title deeds and pledging thereof has been made within the stipulated time. Also conduct physical verification of mortgaged/hypothecated assets as above and monitor that there is no major erosion in the value of it, which leads to insufficiency of it as against the requirement of the Loan Agreement.

- 10) Report any major change in the shareholding/ ownership of the borrowing company or any major changes, vacation or disqualification of Directors/MD/ Chairman or key officials.
- 11) Report appropriately any major changes in the Govt. fiscal plans, Taxes & Duties at any stage which are likely to escalate/ deviate the Project estimates materially.
- 12) Report any major qualifications and non-compliance thereof, if any, as reported by the various Auditors from time to time.
- 13) Report if the borrower company, without or beyond or other than the manner as approved by the REC in the Loan Agreement or subsequent approvals, has or proposes to raise funds by issue of shares, debentures, loans etc. or has or is in the process of setting-up subsidiary company(s) or other projects/ businesses.

B. Pre-Commissioning Phase:

- 1) Verifying that the loan disbursed remain all the time within the borrowing power of the Lonee or the borrowing powers are appropriately enhanced before seeking further loan disbursements from REC and other lenders.
- 2) Verifying that the loan amount drawn by the Lonee are utilised for the project purpose only as envisaged in the approved project plan and within a maximum span of 120 days. Also the loan disbursements are generally drawn as per draw down schedule of loan agreement with REC/ other lenders.
- 3) Verify that the project expenses should generally be in consonance to the milestones set in the approved project plan and vet the quarterly progress reports submitted by the Lonee.
- 4) Verify whether any cost overruns including general price escalation are likely to deviate project estimates materially. Any cost overrun as permitted by the REC is financed by the promoters according to terms and conditions of the Loan Agreement or according to the REC's instructions in its subsequent approvals.
- 5) Also verify that the Capita Grants, Subsidies, CDM benefits or any Fiscal Benefits as may be available to the project are availed off and accounted for towards the reduction of the actual project capital cost.
- 6) To verify if there is any double financing.
- 7) Review of disposal of scrap, surplus stores or capital goods etc.

C. Post-Commissioning Phase:

- 1) Review of the capitalized value of the Project and Tariff calculation.
- 2) Notwithstanding to the above general duties, LFA should carry quarterly review of the –
 - a) Billing of the power exported and passable adjustments in tariff;
 - b) Profit & Loss Statements;
 - c) Cash Flow Statements;

- d) Working Capital management;
 - e) Receivables, Stocks, Loans & Advances;
 - f) Creditors for supplies of fuel and stores;
 - g) Disposal of scrap, surplus stores or capital goods etc.; and
 - h) The quantitative details of operations e.g. plant load factor achieved, consumption of fuel, auxiliary power etc.
- 3) Quarterly review the Operating Costs with the Projections/ budgets.
 - 4) Specific quarterly review of the borrower's Debt Service Coverage Ratio and repayments of term loans due and made.
 - 5) Yearly inspection at ROC.

D. Misc. duties:

- 1) Apart from above scope, the following may also be required from the LFA –
 - a) To attend meeting with REC management as and when required.
 - b) To carry without delay any on-site and specific review as desired by the REC.
 - c) Review and reporting any other matter as may be necessary in the opinion of the LFA in order to ensure the interest of the REC in the Loan Agreement.

E. Deliverables:

- 1) Quarterly report on the review and activities undertaken by the LFA as cited above.
- 2) Consolidated abstract report on the audited/ un-audited accounts of the project as presented during or at the end the period of each review.
- 3) Submission of an exception report on above matters with LFA's comments and suggestions on the management representation for the same.
- 4) Other responsibilities as may be assigned in case of occurrence of event(s) of default by the Borrower Company/ Promoters.
- 5) The quarterly reports shall be submitted to REC to the satisfaction of REC within 30 days from the last day of the respective quarter. Consolidated annual report immediately after the Commercial Operation Date (COD) shall be submitted to the satisfaction of REC within 60 days from the end of such financial year/ commissioning period.

Note : The Audit Team making first visit after award of this contract and immediately after the COD of the project as well as all visits at the end of each financial years must be lead by the senior partner of the firm.

TERMS AND CONDITIONS FOR REC'S LENDER'S FINANCIAL ADVISOR (LFA)

1) Compensation and Incidental Expenses –

- a) The firm lump sum fee for the per quarter review shall Rs. _____/- (Rs. _____). This is exclusive of all prevailing taxes and duties as may be applicable from time to time for the work subjected herein but excluding of tour and travel expenses of the audit team. The fee shall be firm and final for a period of 3 years and no escalation in the same due to any reason shall be entertained. In case of extension of assignment beyond 3 years, annual escalation @ 9% shall be allowed.
- b) The amount equivalent to the Fee for one-quarter review shall be released as mobilization advance by the borrower company on submission of first audit plan. This advance shall be adjusted from the due payments for the last quarter.
- c) REC may request the LFA for attending certain additional tasks beyond the defined work scope in annexure for which the due reasons shall be explained to the LFA 7 days in advance. However additional fee for the same as agreed mutually shall be paid extra.
- d) The travel expenses for the outstation visits e.g. air/train fares, hotel charges and local traveling as per the entitlement of GM level officers in REC for the tours undertaken by partners and as per the entitlement of Assistant Manager level officers in REC for the tours undertaken by others. In this regard you shall submit to REC the list of persons nominated for such assignment stating name, sex, age, designation, dates of arrival and departure and mode of travel up to the project and a tentative audit program/ agenda at least 7 day in advance before taking-up the subject review from time to time with copy to the borrower company whose review is subjected. The above expenses shall be restricted for the distance from your nearest office to the project site or place visited.
- e) Generally the arrangement of local travels and stay shall be arranged by the borrower company whose review is subjected, in absence of same or non-confirmation of same by the borrower company, LFA may arrange the same at its own and REC shall arrange reimbursement of same from the borrower company. On failure of the borrower company in paying the same, REC shall reimburse to LFA on submission of claim in this regard.
- f) The Fee for each quarter shall be paid by the REC within 7 days of acceptance of the LFA's report for the respective quarter.
- g) The currency of payment shall be Indian Rupee thru crossed cheque payable at Delhi.

2) Period of engagement –

The agreement shall remain valid till the end of 4 quarters after the COD of the project or 12 quarter from the date of award of this contract, whichever is later or till the period as may be agreed mutually.

3) **Standard of Performance and Secrecy** –

- a) The LFA and their affiliates shall always act, in respect of any matter relating to this contract or to the services, as faithful and prudent advisor to the REC, and shall at all the times support and safeguard the REC's legitimate interests in any dealing with the project owners or third parties and shall ensure abidance of all the applicable standards in the industry.
- b) LFA agrees to maintain a strict secrecy of the facts and figures revealed/ obtained in the course of his subjected review in regard of either the project or their promoters or of REC and shall not share with third party or use elsewhere in any manner except as expected as in the contract.
- c) He shall execute a personal bond equivalent to the 4 quarter's fee in the manner satisfactory to the REC and submit the same before taking-up this assignment which shall stand valid till the expiry of the defect liability period of LFA as defined hereafter.
- d) The LFA agree to exercise reasonable skill, care and diligence in the performance of this contract and to ensure that no direct or indirect loss/ damage/ injury occur to the property, manpower or business of the project/ company/ subsidiary/ promoters/ REC either by the LFA and their affiliates. If any such loss/ damage/ injury and/or expenses other than contractual one are caused due to the act, negligence, misconduct or omission of the LFA and their affiliates, to either of project, promoters or REC, the same shall be indemnified to all the times.
- e) In the event if REC is satisfied of any deficiency in the services from LFA as expected out of this contract, the LFA shall promptly redo the same audit up to the satisfaction of REC at no additional fee from REC. In the event of failure on the part of LFA for the same, LFA agrees to the REC's right to engage any other LFA/ firm for the desired job at the cost and risk of the LFA.

4) **Declarations and Conflict of Interest** –

- a) The LFA also agree to declare the facts appropriately, in the present or in the previous three years, in any direct or indirect manner, of being a stake holder in project/ company/ subsidiary/ promoters nor has been in receipt of any commission, fee or payments of any nature collectively exceeding 10% of the aforesaid Fee. If there exist any such reportable case at the time of assigning the review of subjected project, the same shall be brought to the notice of REC before taking-up such assignment and any developments in this regard shall be brought immediately to the notice of REC and abstain from taking-up further the subjected assignment till further instruction from REC.
- b) The LFA agrees that after the termination/ expiry of this contract, the LFA and their affiliates shall not undertake any work for the project/ company/ subsidiary/ plant/ unit/ promoters of a collective value exceeding 10% of the aforesaid Fee for at least a period of three years after expiry of this contract.
- c) Also agree to bring in to the notice of REC without any delay any changes/ vacation/ disqualification of any of its Partners.

5) **Termination of Contract** –

- a) Either party to this contract may, by giving a written notice at least 15 days in advance, terminate this contract on being satisfied of existence of any material breach by the other party in fulfilling its obligations pursuant to this contract.
- b) Notwithstanding to such termination of contract, no party to this contract shall not be absolved of its financial obligations under this contract at any time and same shall be honored within reasonable time.
- c) Notwithstanding to such termination/ expiry of existing contract, The LFA shall submit its last report and surrender all the documents obtained in the course of their review without any delay.

6) **REC's liability rested** – Notwithstanding to above and hereafter, the REC shall not be liable for

- a) Any direct or indirect loss/ damage/ injury to the property, manpower or business of the LFA or their affiliates caused due to the act, negligence, misconduct or omission of the project authorities/ promoters/ REC officials except as defined herein or by virtue of any prevalent law.
- b) Any direct or indirect loss/ damage/ injury to the property, manpower or business of the project/ company/ subsidiary/ promoters/ REC caused due to the act, negligence, misconduct or omission of the LFA and their affiliates except as defined herein or by virtue of any prevalent law.

7) **Defect liability Period of LFA and Security Deposit** –

- a) The defect liability period for the LFA under this contract shall be of one year after termination/ expiry of this contract.
- b) An amount equivalent to the 50% of the last quarter's fee shall be retained by the REC out of last payment to LFA as Security Deposit (SD) till the expiry of above defect liability period of LFA. LFA has option to replace the above SD amount by the Bank Guarantee of equivalent amount valid inclusive of claim period for a period six months beyond the above defect liability period of LFA.

8) **Scheduled Time Frame and Liquidated Damages** –

The quarterly reports shall be submitted to REC to the satisfaction of REC within 30 days from the last day of the respective quarter. Consolidated annual report immediately after the Commercial Operation Date (COD) shall be submitted to the satisfaction of REC within 60 days from the end of such financial year/ commissioning period. Any delay in above shall make liable the LFA for a deduction of liquidated damage @ ½ % of the relevant quarter fee for every week of delay or part thereof subject to a maximum of 5%

9) **Sub-contracting & Assignment by LFA** –

LFA shall not assign/subcontract, any or whole of any work scope of this contract, to any of third party without obtaining the prior permission of REC.

LFA shall not engage themselves directly or indirectly in any other assignment for the Company and/or Promoters.

10) **Indemnity**

The LFA shall indemnify, defend and hold REC harmless from against any claim, loss, liability, cost and expenses (including attorney fee) for damage to Project Owner's property arising from the loss of equipment/software/data regardless of their accounts.

11) **Force Majeure**

Neither party shall be held responsible for any loss or damage or delay in failure of performance under the engagement letter to the extent that such loss or damage or delay is or failure of performance is caused by the force majeure.

12) **Confidentiality**

As this assignment is of confidential nature, LFA shall give an undertaking that they will hold in strict confidence all information obtained from the REC and the Project owners and shall not disclose such information to others except in connection with the performance of services for which they are engaged.

13) **Arbitration**

Any dispute or difference arising out of this assignment shall be settled by mutual negotiations. If dispute or difference arising out of this assignment cannot be settled by mutual negotiations then it will be referred to an Arbitrator to be appointed by the CMD of REC.

14) **Governing Law and Jurisdiction**

This assignment shall be governed by Indian Laws and Courts at Delhi/New Delhi shall have the exclusive jurisdiction of the subject matter.