



रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड

RURAL ELECTRIFICATION CORPORATION LTD.

भारत सरकार का उद्यम A Government of India Enterprise

Regd. Office Core-4 SCOPE Complex 7 Lodi Road New Delhi 110003

Tel:24368553,Fax:24362032 Email:reccorp@mail.recl.nic.in Gram: RECTRIC

No.REC/IPO/Insurance/2007-08/

Dated: 26-09-2007

LIMITED TENDER ENQUIRY

1. ICICI Lombard General Insurance Company Ltd
Birla Towers,5th Floor
25,Barakhamba Road,
New Delhi – 110 001
2. TATA AIG General Insurance Co.Ltd.
1st Floor,Lotus Tower,
Community Centre,
New Friends Colony,
New Delhi – 110 065
3. United India Insurance Co.Ltd
8th Floor,Kanchanjunga Building,
Barakhamba Road
New Delhi – 110 001
4. Oriental Insurance Co.Ltd.
Oriental House
A/25-27, Asaf Ali Road
New Delhi – 110 002
5. New India Assurance Co.Ltd
Jeevan Bharti Building
Tower II,Level 5,
124,Connaught Circus,
New Delhi – 110 001
6. National Insurance Company Ltd
Jeevan Bharti Building
Tower II,Level IV,
124,Connaught Circus,
New Delhi – 110 001

7. Bajaj Allianz General Insurance Company Ltd
C-31/32,First Floor,
Connaught Place,
New Delhi- 110 001

Sub.: Invitation for bids for Public Offering of Securities Insurance (POSI)
(Only above addressees are eligible for response)

Dear Sir,

1 Background

- a) Rural Electrification Corporation Limited (REC) is a Public Sector Company fully owned by the Government of India (GOI), under the administrative control of the Ministry of Power. It was declared a Public Financial Institution in 1992 under Sec. 4A of the Companies Act, 1956. REC undertakes debt financing to the Indian Power Sector. The Corporation is a consistently profit making and dividend paying company. Further details about REC can be accessed through our website – www.recindia.com.
- b) REC is proposing for an IPO of 15.6 crore Shares of Rs10/- each, constituting 20% of the pre-issue paid-up Capital of REC consisting of 10% disinvestments by GOI and 10% fresh issue of Shares.
- c) REC intends to take Public Offering Securities Insurance (POSI) cover in line with the specifications, requirements, terms and conditions elaborated in the Bidding Documents.

2. Scope of Coverage:

We are enclosing detailed bidding documents comprising of the following:

- a) Instruction to Bidders – Section I
b) Scope & Conditions of Insurance Cover – Section II
c) Bid Proposal Sheets - Section III

3. Submission of Bid

- a) We request you to submit your financial bid in respect of POSI
- b) The sealed envelope containing Price bids should be super scribed “ **Price Bid for Insurance Agency - IPO**” addressed to Rural Electrification Corporation Ltd.,Core-4,

SCOPE Complex, 7 Lodhi Road, New Delhi-110003 and dropped in the Bid Box placed at the reception in the REC's Corporate Office. New Delhi.

- c) The bids shall be received up to 3.00 PM on 11th October, 07 and the same shall be opened at 3.30p.m.on the same day at the Corporate office REC Ltd. Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi-110003.The bidders are free to depute their authorized representative to be present at the time of opening of the bid.

For any clarification the bidder can contact Shri R.P.Vaishnaw, DGM IPO Cell at 01124365328 & 9899648477 or the undersigned.

Thanking you.

Yours sincerely,

Sd/-

Rajiv Sood
Chief Manager(IPO)
M- 9899896416

SECTION-I

INSTRUCTIONS TO BIDDERS

INVITATION FOR BIDS FOR PUBLIC OFFERING OF SECURITIES INSURANCE (Only above addressees are eligible to respond)

1.0. INFORMATION TO BIDDERS

- 1.1 Rural Electrification Corporation Ltd. (hereinafter referred to as REC or Company), a Govt. of India undertaking, intends to take Public Offering of Securities Insurance in line with the specifications, requirements, terms and conditions elaborated in the Bidding Documents.
- 1.2 The bidders to whom the Limited Tender Enquiry has been addressed are invited to submit a Bid Proposal covering aspects as well as Price Quotes for the subject requirement.
- 1.3 REC will provide necessary inputs/information as considered necessary to the successful bidder for completion of the requirement.
- 1.4 The cost on account of preparation of bid, negotiation, discussion etc. as may be incurred by the bidder in the process of finalization of the contract are not reimbursable by REC.
- 1.5 REC reserves the right to reject any or all bids, wholly or partially, without assigning any reasons whatsoever.

2.0 BIDDING DOCUMENTS

- 2.1 The bidding documents comprise of the following:

i)	Instructions to Bidders	-	Section I
ii)	Scope & Conditions of Insurance Cover	-	Section II
iii)	Bid Proposal Sheets	-	Section III

- 2.2 At any time before the scheduled submission of bid, REC may, for any reasons, whether at its own initiative - or in response to a clarification requested by a prospective Bidder, modify the bidding documents by amendment. The amendment/response to clarifications (s), if any, will be sent in writing to all the prospective Bidders and will be binding on them. REC may, at its discretion, extend the deadline for submission and / or opening of the bid.
- 2.3 The bidding documents, are and shall remain the exclusive property of REC without any right of the bidder to use them for any purpose except bidding and for use by successful bidder with reference to the work.

3.0 **INSTRUCTIONS FOR PREPARATION OF BID PROPOSAL:**

- 3.1 The bidders will submit their Bid Proposal complete in all respect with requisite information and Annexure as specified in the Bidding Documents. It shall be free from any ambiguity, cutting, and use of correcting fluid or overwriting. Correction, if any, must be neatly done, and should be initialed by the persons, who sign the bids, along with stamp and date.
- 3.2 An authorized representative of the firm shall initial all pages of the bid proposal.
- 3.3 For preparation of Bid Proposal, Bidders are expected to examine the bidding documents in detail. It shall be the Bidder's responsibility to ensure that the information provided is adequate and clearly understood. Material deficiencies in providing the information requested may result in rejection of the bid.
- 3.4. While preparing the Bid Proposal, Bidders may give particular attention to the following aspects, in addition to Price quotes.
 - a) Scope of the Coverage
 - b) Extensions, Deviations/Exclusions & other conditions.
- 3.5 Bidders should agree to Scope of Coverage along with Extensions and other provisions of the bidding documents. In case of any deviation the bid shall be liable for rejection

4.0 **PRICE QUOTES**

- 4.1. All Premium Rates & Total Premium to be quoted by the Bidders will be in Indian Rupees only on firm price basis and shall remain valid during the currency of the Policy Cover.
- 4.2. The Bidders shall quote the Premium Rate and Total Premium as per Price Schedule of Bid Proposal Sheet. The Total Premium will be inclusive of all expenditures to be incurred by the Bidders and inclusive of all applicable taxes, service tax and surcharge, duties and levies and no expenditure other than those quoted in the Bid Proposal Sheet will be entertained by REC on any account for the defined ' Scope of Coverage' .
- 4.3. The Bidders are required to quote as detailed in the Price Schedule under Section-III of Bidding Documents.
- 4.4 The Bid Proposal shall remain, valid for a period of 60 days after the date of opening of Bid Proposal. In exceptional circumstances, REC may solicit the Bidder's consent for extension of the bid validity period. When the validity period is extended by the Bidder, the same shall be done without any modification to the Bid Proposal by the Bidder.

5.0 SUBMISSION OF BID PROPOSAL

- 5.1 The Bidders are requested to submit the bids written in English language.
- 5.2 The Bid Proposal shall comprise of "Letter of unconditional Support" from International Re-Insurer and all other information and details as per provisions of Bidding documents and Price Quotes as per Price Schedule & Deviation / Exclusions Schedules.
- 5.3 The Letter of unconditional support from International Re-Insurers with rating of A+ or above (S & P) shall necessarily form a part of Bid Proposal, failing which REC may reject the proposal.
- 5.4 The sealed envelope containing Price bids should be superscribed “ **Price Bid for Insurance Agency - IPO**” addressed to Rural Electrification Corporation Ltd., Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi-110003 and dropped in the Bid Box placed at the reception in the REC’s Corporate Office., New Delhi.
- 5.5 The bids shall be received up to 3.00 PM on October 11, 2007 and the same shall be opened at 3.30 p.m. on the same day at the Corporate office REC Ltd. Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi-110003. The bidders are free to depute their authorized representative to be present at the time of opening of the bid

6.0 AWARD OF INSURANCE COVER / POLICY

- 6.1 The Policy will be finalized with the Bidder, whose bid is financially evaluated the lowest. (L1).
- 6.2 In case two or more bidders are evaluated lowest (L1), all those lowest bidders (L1) shall be asked to participate in the Snap bidding at REC office and they will be required to submit their fresh financial bid on spot basis. In case of snap bidding, the policy will be finalized with the bidder whose bid emerges to be the lowest on the basis of snap bidding in presence of bidders participating in the snap bidding.
- 6.3 However, REC reserves the right to reject any or all bids without assigning any reason thereof and REC’s decision in this regard shall be final and binding on all the bidders.

7.0 SETTLEMENT OF DISPUTES

- 7.1 If any dispute (s) or differences (s) of any kind whatsoever arise between the Parties hereto in connection with or arising out of the policy/ Award of Insurance Cover, the Parties hereto shall negotiate with a view to its amicable resolution and settlement. In the event no amicable resolution or settlement is reached within a period of thirty (30) days from the date on which the dispute (s) or difference (s) arose such dispute (s) or differences shall be referred to and settled by Arbitral Tribunal comprising of three (3) arbitrators, one to be appointed by each party, the third arbitrator to be appointed by both the arbitrators. In case

of difference (s), the third arbitrator shall be appointed by the Hon'ble Chief Justice of Delhi High Court. The arbitration proceedings shall be in accordance with the prevailing Arbitration and Conciliation Act, 1996 and Laws of India as amended or enacted from time to time. The existence of any dispute (s) or difference (s) or the initiation or continuance of the arbitration proceedings shall not permit the Parties to postpone or delay the performance by the parties of their respective obligations pursuant to this Contract/Policy. The venue of the arbitration shall be New Delhi, India. The fee & other charges of Arbitrator shall be as per rates fixed by the REC and shall be shared equally between the parties. The arbitrator will give the speaking and the reasoned award. The party will not be entitled to any pendentelite interest during Arbitration proceedings.

7.2 Governing Law & Jurisdiction

The contract shall be governed by and interpreted in accordance with the law of India and jurisdiction of courts for dispute resolution shall be New Delhi.

End of Section-I

SECTION-II

SCOPE & CONDITIONS OF INSURANCE COVER

PUBLIC OFFERING OF SECURITIES INSURANCE

The Scope of Coverage along with other features shall be as under:

1.1 SCOPE:

Insurance cover shall provide protection against potential liabilities arising from the following amongst others with respect to the IPO of REC:

- (i) (a) Liability of each and every individual Director and Officer of REC its Subsidiaries arising out of any award, judgments, settlements, civil fines & penalties etc. awarded against a Director or Officer.
- (b) Liability of the individual outside Directors (including officers nominated by REC as directors in other entities) and Ministry officials associated with Public Issue of shares.
- (ii) Liability of the Company where the Company has indemnified the individuals.
- (iii) Liability against the Company with respect to securities (The forthcoming Initial Public Offering of 15,61,20,000 shares of REC consisting of 7,80,60,000 shares as Offer for Sale by GOI and 7,80,60,000 shares as fresh issue) for claims arising, out of any award, judgments, settlements, civil fines & penalties etc.
- (iv) The cost & legal expenses of the insured persons towards defending a potential action or allegation.

1.2 EXTENSIONS:

- i) Coverage for selling shareholder.
- ii) Estates & Legal Representatives
- iii) Civil fines and penalties
- iv) Entity Employment Practices Liability extension
- v) Retired Directors & Officers
- vi) Outside directorship (including officers nominated by REC as directors in other entities)
- vii) Bump up inclusions
- viii) Worldwide jurisdiction
- ix) Directors vs. Directors defense costs
- x) Crisis Communication Cover
- xi) Retroactive cover from 01.04.2007
- xii) Crisis Fund Coverage
- xiii) Investigation/legal Coverage costs.

1.3 Exclusions:

The *insurer* shall not be liable to make any payment for *loss* in connection with any *securities claim* made against the *insured*:

- (i) arising out of, based upon or attributable to:
 - (a) the gaining in fact of any profit or advantage to which the *insured* was not legally entitled;
 - (b) the committing in fact of any dishonest or fraudulent act;
 - (c) payments to an *insured* of any remuneration without the previous approval of the shareholders or members of the *company*, which payment without such previous approval shall be held to have been illegal or unlawful;
- (ii) alleging, arising out of, based upon or attributable to the facts alleged or to the same or related *wrongful acts* alleged or contained in any *securities claim* which has been reported or in any circumstances of which notice has been given under any policy of which this policy is a renewal or replacement or which it may succeed in time;
- (iii) alleging, arising out of, based upon or attributable to any pending or prior litigation, or alleging or deriving from the same or essentially the same facts as alleged in the pending or prior litigation. For the purposes of this exclusion, the term 'litigation' shall include, but not be limited to, any civil or criminal proceedings as well as any administrative or regulatory proceedings or official investigation or arbitration or adjudication, but shall not include any grand jury investigations not known to the chairman of the board, president, chief executive officer, chief operating officer or chief financial officer of the *policyholder*;
- (iv) alleging, arising out of, based upon or attributable to any actual or alleged act or omission of a *director, officer* or *employee* in their capacities as *directors, officers, trustees, employees, governors* of any entity other than the *company*, or by reason of their status as *directors, officers, trustees, employees* or *governors* of such other entity;
- (v) which is brought by or on behalf of any *insured* or the *company*; or which is brought by any securities holder or member of the *company*, whether directly or derivatively, unless such shareholder's or member's *securities claim* is instigated and continued totally independently of, and totally without the solicitation or active participation of, any *director* or *officer* or the *company*; provided, however, this exclusion shall not apply to:
 - (a) any *securities claim* brought by a *director, officer* or *employee* for contribution or indemnity if the *claim* results directly from another *securities claim* otherwise covered under this policy; or
 - (b) any *securities claim* by a liquidator, receiver or administrative receiver, or similar person under the laws of any other jurisdiction, either directly or derivatively on behalf of the *company* without the solicitation or active participation of any *insured* or the *company*;
- (vi) for bodily injury, sickness, disease, death or emotional distress of any person, or damage to or destruction of any tangible property, including the *loss* of use thereof;
- (vii) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly:
 - (a) the actual, alleged or threatened discharge, dispersal, release or escape of *pollutants*; or
 - (b) any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise *pollutants, nuclear material* or *nuclear waste*,

including a *securities claim* alleging damage to the *company* or its securities holders, provided, however, that this exclusion shall not apply to non-indemnifiable loss arising from a *securities claim*;

- (viii) in a capacity as trustee or fiduciary under law (statutory or non-statutory including common) or administrator of any pension, profit sharing or *employee* benefits programme, including but not limited to an actual or alleged violation of the responsibilities, obligations or duties imposed by any enactment including the Indian Trusts Act, 1890, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 or the Employee Retirement Income Security Act of 1974 (USA) and any amendments thereto or any similar provisions of the law, common or statutory, of any state, territory, jurisdiction, or political subdivision thereof.

2.0 **Policy period**

The, Policy period shall be for a period of six year, as per bidding documents provisions.

3.0 **Insured**

The policy shall provide cover to Rural Electrification Corporation Ltd. (REC), its Directors, Company Secretary, officers, employees outside directors (including officers nominated by REC as directors in other entities) of REC managing the affairs of company.

4.0 **Limit of indemnity / sum insured**

The limit of indemnity shall be Rs. 50 Crores (Rupees fifty crores)

5.0 **Excess**

The amount of policy excess shall be Nil for personal liabilities arising 'on an individual. In case of losses to the company arising within India, the retention amount (excess) is proposed to be kept at Rs.2 lacs and for losses outside India, the retention amount (excess) is kept at Rs.10 lacs,

6.0 **Order of Payment**

The Policy shall provide for application insurance proceeds first towards the liabilities of the individual directors (including outside directors), officers, employees, and then the remaining, if any towards the liabilities of the company.

7.0 **Advancement of Defence Costs**

The Policy shall provide for the payment of defence cost by the insurer in advance to the insured parties.

8.0 **Subsidiaries**

The Policy would extend coverage to the Directors & Officers and Employees of both the existing subsidiaries as well as the subsidiaries that may be acquired or formed in the future.

9.0 **Retroactive Date**

The policy would provide for a retroactive cover starting from 1st April, 2007.

End of Section-II

SECTION-III

PACKAGE. PUBLIC OFFERING OF SECURITIES INSURANCE

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BID PROPOSAL SUBMISSION FORM

SUB. : FOR PUBLIC OFFERING OF SECURITIES INSURANCE

Bid Ref No. and Date

Bidder's Name and Address

Person to be Contacted - Name & Designation

Telephone No.

FAX No. / E-Mail

Mr. Rajiv Sood

Chief Manager. (IPO)

Rural Electrification Corporation Ltd.

SCOPE COMPLEX,

Core – 4, 2nd Floor,

7, Lodi Road,

New Delhi – 110 003

Dear Sir,

- 1.0 We hereby propose to provide Public Offering of Securities Insurance cover as outlined in your bidding documents.

We have understood the instructions and the terms and conditions mentioned in the bidding documents furnished by you and have thoroughly examined the detailed Scope of Insurance Coverage along with Extensions and Exclusions with other conditions laid down by you and are fully aware of nature and scope .of coverage required.

We hereby confirm our unconditional and complete acceptance and compliance to the provisions contained in the bidding documents. We declare that the Insurance Coverage and Services will be rendered strictly in accordance with the requirement.

- 2.0 The following are hereby furnished in addition to other information as sought in bidding documents.

- ii) Re-Insurance Arrangement Details (Format F-2)
 - iii) Price Schedule (Format F-3)
- 3.0 Our Price Bid is submitted as per Price Schedule in line with the requirement of bidding documents.
- 4.0 We declare that the following are our Total Insurance Premium in **Indian Rupees on firm price basis** for the entire Scope of Insurance Coverage, detailed in Bidding Documents.

Total Premium for the entire scope of Insurance Coverage and Services

Public Offering of Securities Insurance cover:

- i) In figures _____
 - ii) In words _____
- (Break up of Premium Rates and Total Premium is provided in the Price Schedule, duly filled in by us & enclosed herewith.)
- 5.0 We declare that the above quoted Premium Rates & Total Premium are firm and shall not be subject to any variation for the entire period of the Insurance Cover. We further declare that the above quoted prices include all taxes, duties and levies payable by us under aforesaid assignment.
- 6.0 Our Bid Proposal shall remain valid for acceptance for a period of 60 days from the date of opening of the Bid Proposal by REC.
- 7.0 Shri_____ shall act as dedicated representative to interact and deal with REC throughout the finalization, implementation and claims settlement process with respect to Insurance Covers under reference.

Date.....
Place.....

Signature.....
Name.....
Designation.....
Seal.....

RE-INSURANCE ARRANGEMENT DETAILS

BID REF. NO. & DATE:

1. Name & Address of Re-Insurance Company.
2. Name of the Contact Person (if any)
3. International Rating of the Re-Insurance Company
4. Name of the Certifying (Rating) Agency
5. Letter of Support in original on their letter-head from Re-Insurance Company in favour of bidder towards REC quotes

Date _____

Signature _____

Place: _____

Name _____

Designation _____

Seal _____

PRICE SCHEDULE

We hereby offer our Price quotes for Public Offering of Securities Insurance cover as specified in Scope of Coverage and terms and conditions as provided in bidding documents.

PUBLIC OFFERING OF SECURITIES INSURANCE COVER

S. NO.	COVERAGE	LIMIT	PERIOD	RATE	PREMIUM (Rs.)	S.TAX/ Cess or any other tax (Rs.)	TOTAL (Rs.)
1.	Public Offering of Securities Insurance cover	Rs.50 Crores	Six Years				
	TOTAL						

1. POLICY EXCESS / RETENTION AMOUNT

- a) Nil for personal liabilities arising on an individual.
- b) Rs.2 lacs for losses arising in India and Rs 10 lacs for losses arising outside India.

2. The Policy will cover all the liabilities arising world wide including US, UK and Canada.

Note:

- 1. The Total Premium arrived in this Schedule should match with the same indicated at Para 4.0 of Price Bid Submission Form.
- 2. Price quotes will be evaluated taking into account the total Premium and Service Tax/cess/ any other tax quoted.
- 3. Evaluation process and the provisions contained hereinabove, override all other similar or related clauses appearing anywhere in the bidding documents, and such clauses and provisions. are deemed to have been modified to the extent stipulated above.
- 4. Premiums to be quoted both in figure and words.
- 5. In case of any discrepancy between the two ,the rates quoted in words shall prevail.

SIGNATURE OF THE BIDDER
WITH THE SEAL