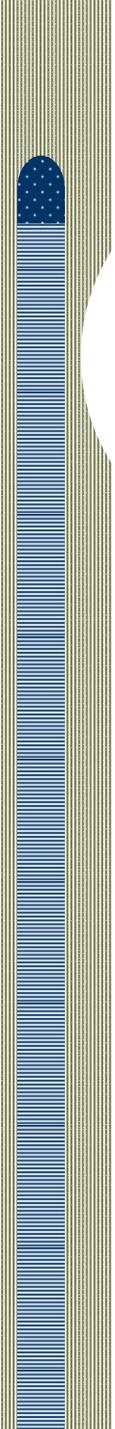


Pre-Bid Meeting with
Prospective Bidders
for selection of

Solar PV & Solar Thermal
Projects under JNNSM

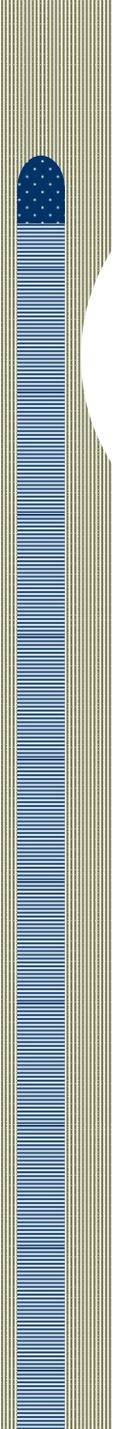
28th August 2010



NTPC Vidyut Vyapar Nigam Ltd
(A wholly-owned subsidiary of NTPC)

Welcomes & appreciates

**An overwhelming response from the Bidders &
interest shown in the developing of Solar
Power Projects under JNNSM Scheme of GOI**



Main issues identified are related to

1. Net Worth
2. Companies Eligible
3. Land
4. Water
5. PPA
6. Grid Connectivity
7. Other General Issues

1. NET WORTH

Calculation of net worth will be based on the total capacity of the Project applied for, as mentioned below:

For up to 20MW @ Rs 3 crore/MW

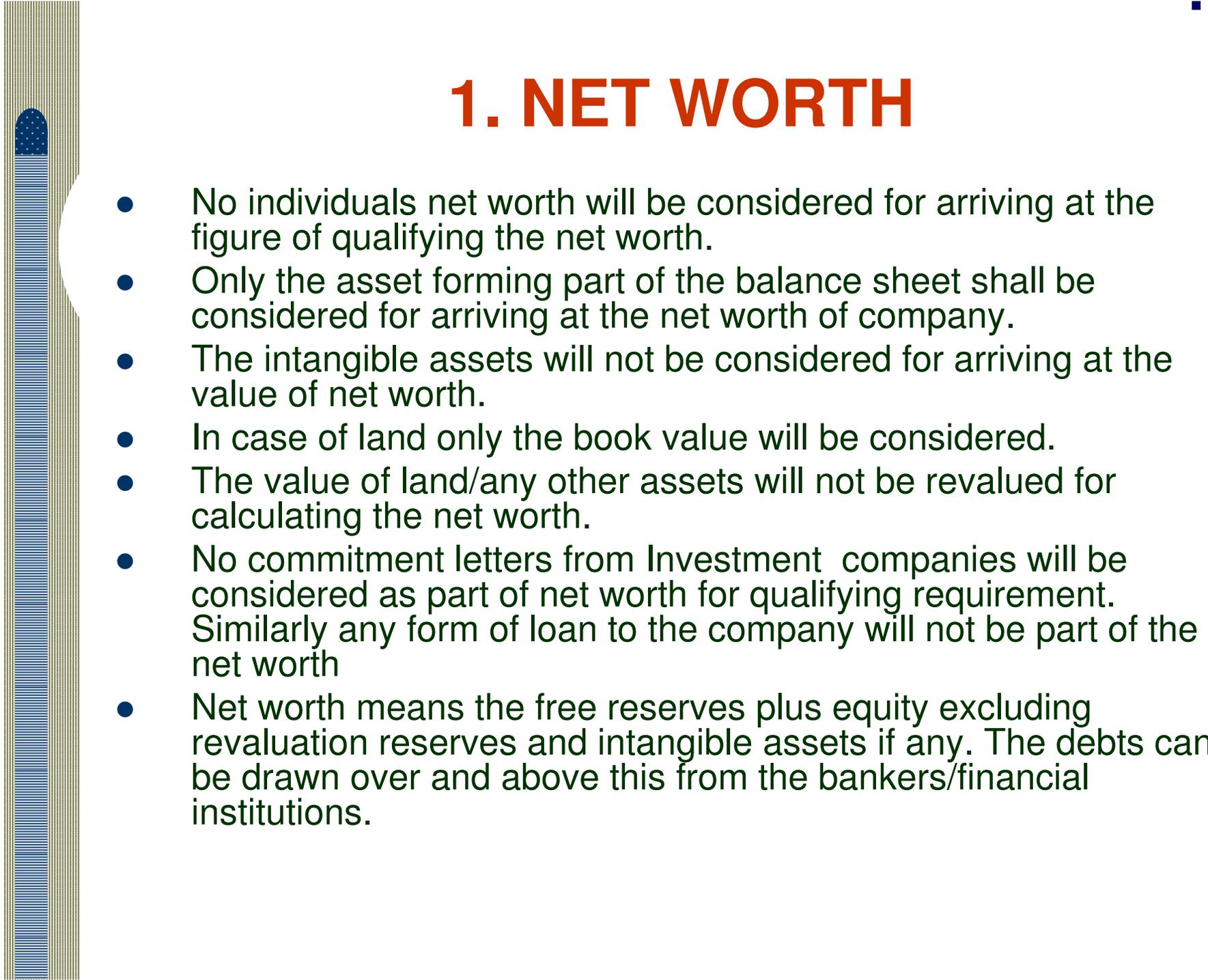
Any addition thereafter @ Rs. 2 Crore/ MW

i.e. for 35 MW the net worth required will be Calculated as:

$20\text{MW}@Rs3 \text{ Cr}/\text{MW} + 15\text{MW}@2\text{Cr}/ \text{MW} = 90 \text{ Crore}$

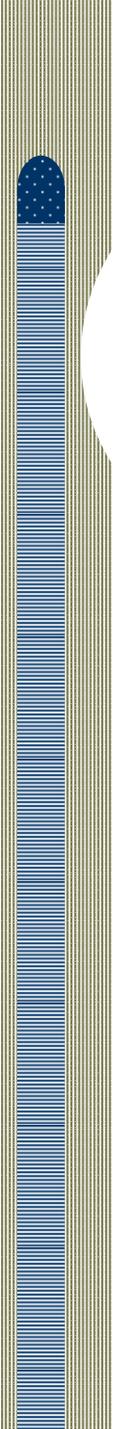
1. NET WORTH

- **The financial strength of the parent/ultimate parent/group company or an affiliate can be taken for calculation of net worth for qualifying at the time of submission of RfS, but before signing of PPA the required net worth is required to be infused in the company registered in India which will be known as project company.**
- **In case the strength is drawn from parent / ultimate parent / affiliate / group company, copy of Board Resolution authorizing to invest the committed equity for the project company / Consortium is to be submitted with RfS along with an unqualified opinion from a legal counsel of such foreign entity stating that the Board Resolution are in compliance with applicable laws of the respective jurisdiction of the issuing company and the authorization granted therein are true and valid.**



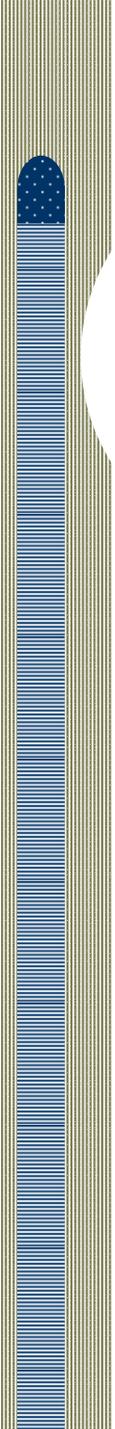
1. NET WORTH

- No individuals net worth will be considered for arriving at the figure of qualifying the net worth.
- Only the asset forming part of the balance sheet shall be considered for arriving at the net worth of company.
- The intangible assets will not be considered for arriving at the value of net worth.
- In case of land only the book value will be considered.
- The value of land/any other assets will not be revalued for calculating the net worth.
- No commitment letters from Investment companies will be considered as part of net worth for qualifying requirement. Similarly any form of loan to the company will not be part of the net worth
- Net worth means the free reserves plus equity excluding revaluation reserves and intangible assets if any. The debts can be drawn over and above this from the bankers/financial institutions.



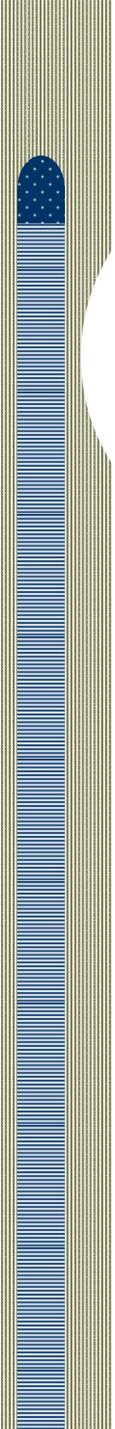
1.A WHO CAN CERTIFY

- Owning of net worth either by the bidding company / bidding consortium need necessarily be certified by practicing Chartered Accountant of India or equivalent qualified accountant of respective countries ,in case bidding company/ consortium member is of foreign origin.
- The Board Resolution can be signed either by a Director/ Managing Director / Company Secretary.
- Only the applicable Board Resolutions are required to be submitted.
- The RfS and all the supporting documents to RfS are required to be signed by the authorized signatory of the bidding company or the bidding consortium.
- The net worth certificate can even be signed by the Statutory Auditor also.



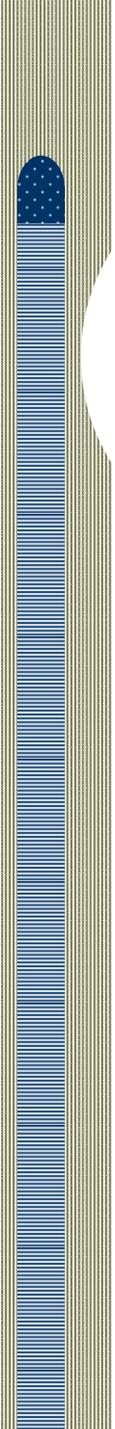
1.B Selection on the Basis of Discount

- **In case of bidding ,it will be the amount of discount in paise/Kwh which will be the basis for selection of the project irrespective of the tariff chosen i.e. whether with normal rate of depreciation or with accelerated rate of depreciation.**



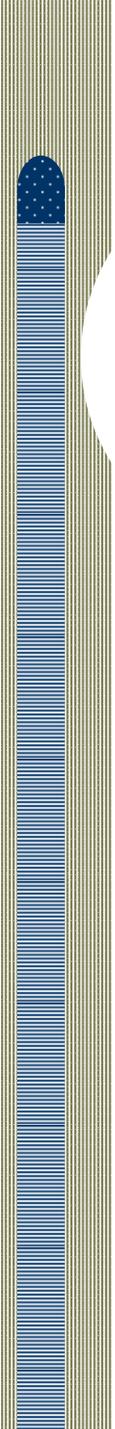
2. Companies Eligible to Bid

1. Companies incorporated under Indian Companies Act, 1956. Bidding on stand-alone basis.
2. Companies incorporated under Indian Companies Act, 1956 and forming consortium for the purpose of bidding.
3. Companies as above along with Foreign Companies and forming a consortium for the purpose of bidding.
4. Foreign Companies forming a consortium for the purpose of bidding.
5. Foreign Companies registered under the equivalent laws of the respective countries. Bidding on a Stand alone basis.



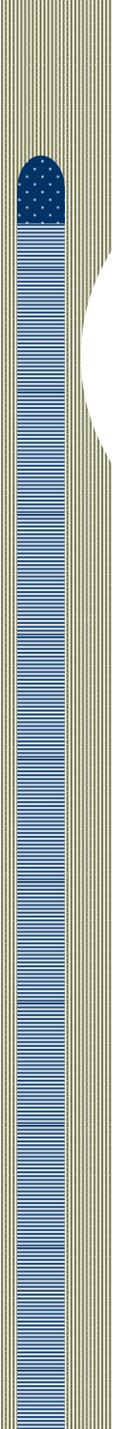
2. Companies Eligible to Bid

6. Consortiums consisting of Indian Companies or Consortiums consisting of Foreign Companies or a mix of both shall be required to form a Project Company registered under the Companies Act, 1956 before signing of PPA.
7. Foreign Companies bidding on a Stand alone basis also required to form a Project Company registered under the Companies Act, 1956 before signing of PPA.
8. Guarantee/Bonds submitted by Foreign Companies must be submitted through Banks having branches in India/correspondent banks in India and such Bank Guarantees issued by Foreign Banks should be endorsed by the Indian branch of such Foreign banks. In case of claim on Bank Guarantee, same shall be paid by the Indian branches of such Foreign banks.



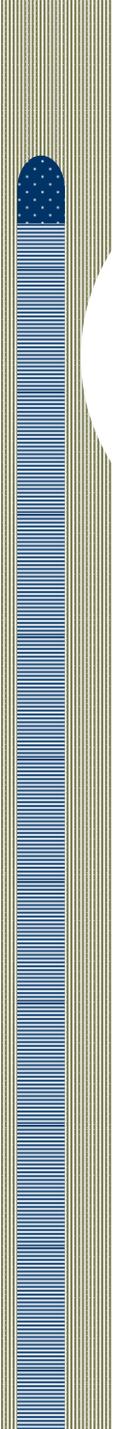
3. Land

1. Location details shall be indicated by the bidder in the Format 6.8 and a letter from STU for technical feasibility. However, undertaking is to be submitted as per Format 6.7 for ownership of the land, suitability of the land for industrial use, and an Affidavit certifying the total land required will be in clear possession with the bidder at the time of Financial Closure.
2. Change of Location is not desirable, however, if the bidder is required to change the location of land after submission of RfS due to exceptional circumstances, the bidder would seek approval for the same from NVVN. On approval documentary evidences as per Format 6.7 will be required to be submitted.



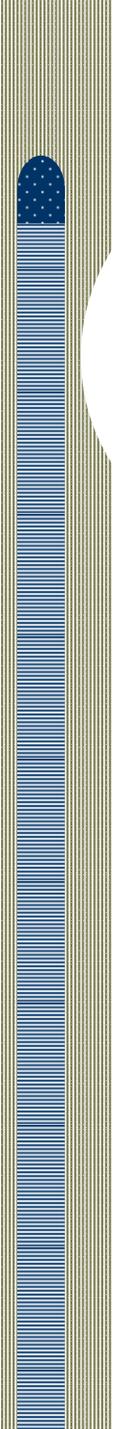
3. Land

3. Change of location of land from one state to another state after submission of RfS is not permitted.
4. For any change of location within State if accepted, fresh letter from STU as per Format 6.8 has to be submitted.



4. Water

1. Bidder shall make arrangement for Water required for the project as per the technology finalised and submit documentary evidence in the form of in-principle approval from State/Local Authority for the quantity of water required for the project along with response to the RfS.
2. Quantity of Water for the technology considered shall be furnished as assessed by the bidder along with RfS will be accepted.
3. Ground water as source may be accepted only up to 10 MW capacity.

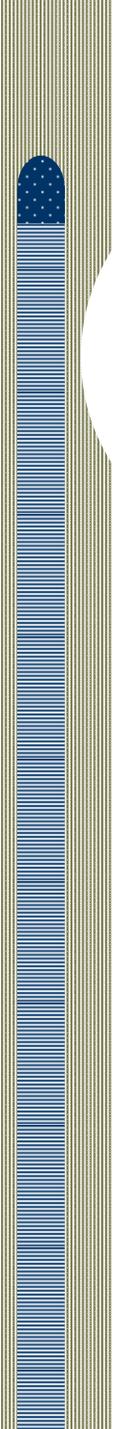


4. Water

4. In the case of a consortium, If water commitment is arranged by a member of the consortium other than lead member, disclosure has to be made in the Application for RfS that the same commitment is specific for the project and that same water approval has not been considered in other application for any other project.

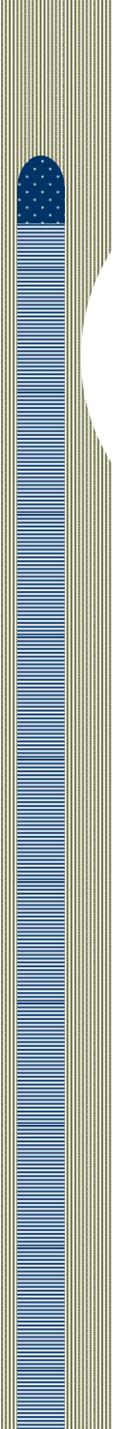
5. PPA

1. Payment Security has been provided to solar Power Developers in form of Letter of Credit.
2. The default in payments is backed by the opening of Escrow account having pari-passu charge for both SPD & NTPC Coal stations power from the incremental receivables on account of sale of bundled power from the Discoms.
3. Diversion of Power is envisaged in case of default in payment by Discoms.
4. Further, an arrangement to make payment from the budgetary support is envisaged from the GOI for which modalities shall be worked out in case of continuing default of payments for more than 3 months.



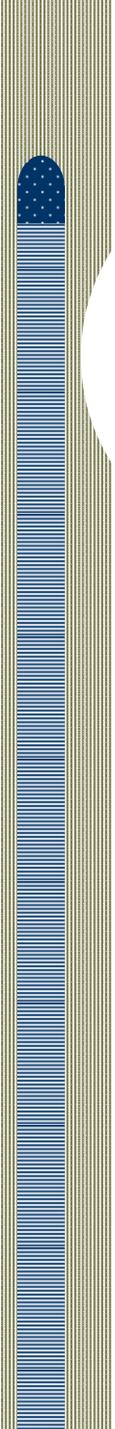
5. PPA

5. Other provisions related to Rebate on timely payments, Late payment surcharge on delay beyond the due dates have been reviewed and shall be maintained.
6. The guidelines specify the maximum time duration of commissioning of Projects. These shall be maintained as per the guidelines.
7. Delay caused due to Force Majeure is subject to review on case to case basis. No change in Force Majeure provisions is envisaged at this stage in PPA.



6. Grid Connectivity

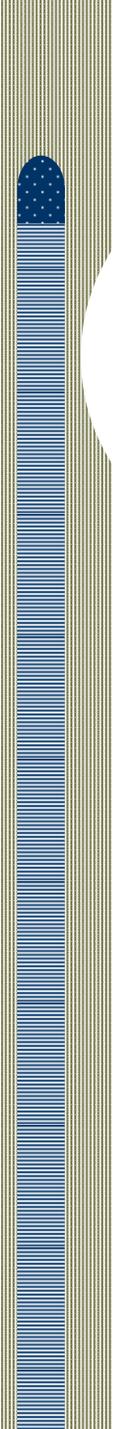
1. The connectivity from the pooling Sub-station up to the STU Grid Sub-Station to be arranged by SPD in consultation with STU.
2. Metering of Energy shall be at the point where power is delivered to the STU.
3. Transmission Line charges/Losses for the STU system shall be paid by NVVN and recovered in the bundled tariff from the Discoms.
4. Deemed generation is not admitted.



7. Other General Issues

A. Bank Guarantee

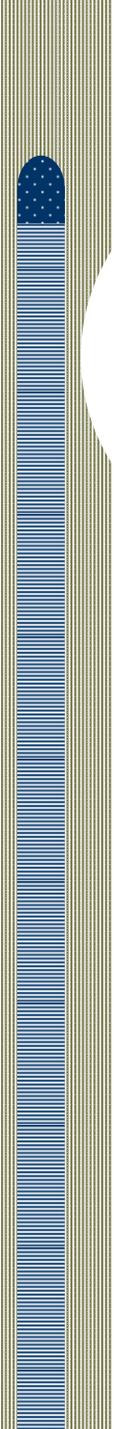
1. All the Bank Guarantees are required to be submitted by the Bidding Company / Consortium from the list of Banks mentioned in PPA/RfS.
2. Bank Guarantee towards EMD/Bid-Bond in case of Bidding Consortium shall be submitted by Lead Member.
3. If Bank Guarantee is submitted by a Foreign Company, the Bank Guarantee can be issued from the list of banks mentioned at 1 above from outside India also.
4. Such Bank Guarantees are to be routed through the Indian branches of such Banks and endorsed by the Indian branch.



7. Other General Issues

A. Bank Guarantee

4. In case these are submitted by other than the project company (Indian company which is ultimately going to sign the PPA with NVVN) these BGs are required to be of transferable nature so that these can be transferred on or before signing of PPA in favour of Project Company.
5. Bank Guarantee submitted by an Entity other than the Bidding Company or Lead member in case of Bidding Consortium shall not be accepted.
6. In the event of any claim on the bank Guarantee, the same shall be claimed on the Indian branch endorsing the Guarantee and the amount shall be payable by the concerned Indian branch of such Foreign bank.
7. Validity of Bank Guarantee for EMD required is 210 days from the last date of submission of RfS.



7. Other General Issues

A. Bank Guarantee

8. The value of the bank guarantee required to be submitted along with RfS has to be split into 3BGs of the required value in the ratio of 20:40:40.
9. Guarantee Formats and commitments for EMD and Bid Bond are different from that of Performance Guarantee Format and thus EMD amount and Bid Bond amount is required to be converted into Performance Guarantee Format for successful bidder after issue of LOI so that total Guarantee amount as Performance Guarantee is valid up to the required end date.
10. At the time of signing of PPA the total Bank Guarantee value (after conversion of EMD, Bid Bond and Performance Guarantee) shall be submitted
11. Performance bank guarantee is required to be submitted at the time of signing of PPA.

7. Other General Issues

B. Project Report

- No Project Report is required to be submitted along with RfS.

C. Availability of RfS & PPA document

- RfS and PPA Documents for Solar PV & Solar Thermal Projects are available as free download from web-site of NVVN.
- However, RfS and PPA Document can also be purchased from NVVN Office against payment of Rs.5,000/- for each of Solar PV & Solar Thermal Project.

7. Other General Issues

D. Payment Security Mechanism

- The following mechanism has been considered for payment security to Solar Power Developers:

i) NVVN shall make the payment to the SPD on raising of Bill between 5th to 15th of the month

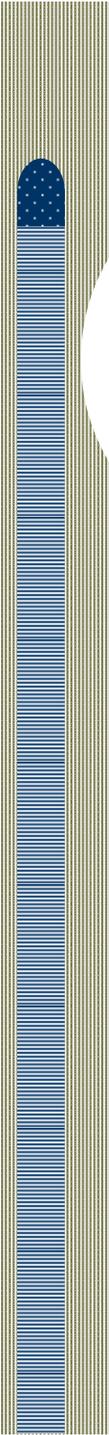
ii) Letter of Credit

A irrevocable revolving Letter of Credit (LC) amounting to 100% of average monthly billing shall be opened in favour of the Solar Power Developers.

iii) Escrow Arrangement

An Escrow Arrangement shall be provided in favour of Solar Power Developer so that incremental receivables received by NVVN shall directly flow to the SPD & NTPC Account.

The SPD & NTPC shall have a pari-pasu charge on the incremental receivables.



7. Other General Issues

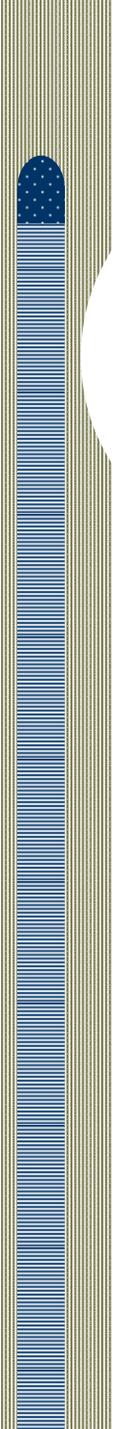
D. Payment Security Mechanism

iv) Open market Sale

In case there is continuous default in payment by Discoms, then NVVN shall sell the bundled power on Short-Term basis and the amount so realised realized shall be utilised for payment to SPD & NTPC.

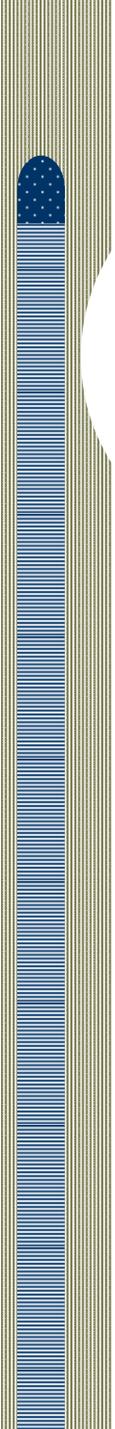
v) Government Support

GOI, Ministry of Finance has given the consent that a mechanism shall be developed by MOP, MNRE and NVVN so that any Revenue loss to NVVN shall be provided by Ministry of Finance.



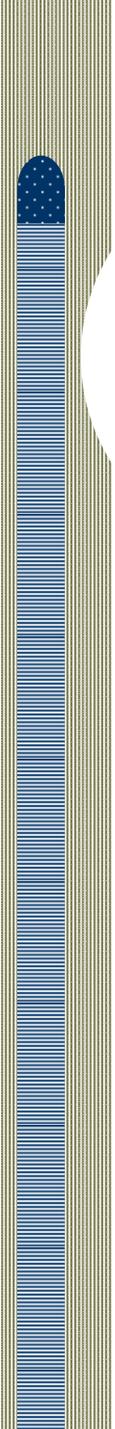
7. Other General Issues

- In a foreign company, in case calendar year instead of financial year is used for compilation of accounts the same will be considered.
- They will be required to submit the accounts for the calendar years 2006,2007,2008 & 2009.
- In case the accounts for the financial year 2009-10 are not audited , the unaudited account are required to be certified as true and fair by practicing chartered accountant.
- Bidding Company can form a project Indian company before signing of PPA.



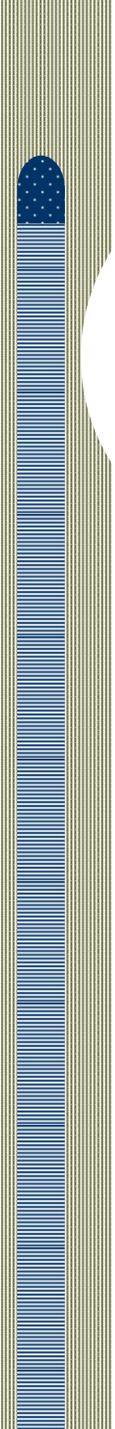
7. Other General Issues

- The equity structure offered at the stage of submission of RfS has to be maintained till the execution of PPA.
- Once PPA is executed, at-least 26% of the committed equity (having voting right) has to be maintained for at-least one year from the COD of the last unit of the project.
- The controlling shareholder being the lead member has to be nominated at the time of submission of RfS,
- This can not be changed till the expiry of one year from the COD of the last unit of the project.



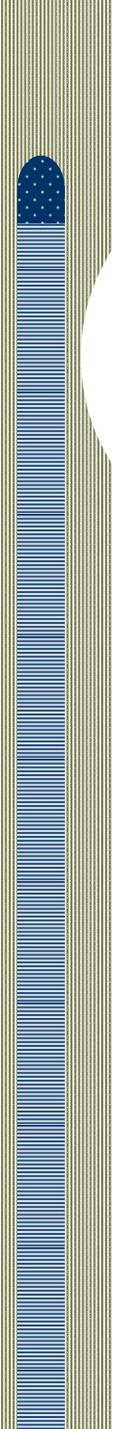
7. Other General Issues

- The power to direct in case of group company can be drawn through the ownership of securities, some agreement or any other arrangement or otherwise.
- In a bidding consortium each share holding company needs to satisfy the net worth requirement on a pro rata equity commitment basis.



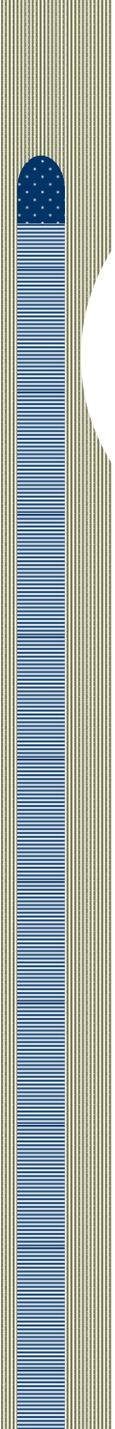
7. Other General Issues

- Equity equivalent to 74% of the project company can be divested after signing of PPA without disturbing of controlling share holder and lead member equity at least to the extent of 26% of the net worth.
- Ultimate parent shall mean a company, which controls/owns at least 26% equity either directly or indirectly in the parent and affiliates.
- A company having share less than 10% in two bidding companies then both the bidding companies can be considered provided it does not have any other relationship such as affiliate/parent/ ultimate parent/group company with each other or with any other bidding company/consortium.



7. Other General Issues

- The copies of all the Balance Sheets whether of parent /affiliate from where the financial strength is drawn has to submitted along with the RfS documents.
- No specific format has been designed for issuing an unqualified opinion by the legal counsel of the foreign entity. The intent used in the format must be clear.
- The company having the maximum number of shares (having voting right) has to be a lead member.
- The bidding company and project company could be the same company or it can be separate companies.
- An appropriate object clause of the memorandum must contain a provision for entering into this business of generation of electricity.



7. Other General Issues

- Any member having ownership/leasehold rights over the required land must satisfy the criteria of land possession. Further, it must not have applied with any other Company/consortium.
- There is no restriction on the number of companies joining the consortium.
- If at any point of time it is known that the asset are not owned by the project Company, the applicable tariff will get changed to the tariff based on accelerated rate of depreciation with the applicable discount from the COD of the first unit of the project.





Thank you