



TORRENT POWER LIMITED

INVITATION TO OFFER

FOR SUPPLY OF LNG

(CY-2017 TO CY-2021)

Dated 21st October 2016

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DISCLAIMER

All information contained in this Invitation to Offer, or any information which is subsequently provided, by or on behalf of Torrent Power Limited (“TPL”) is being provided to the Bidder(s) for the purpose of inviting offers and does not constitute nor should be interpreted as an offer. This Invitation to Offer is meant to provide information only and the Bidders acknowledge that it shall be used only for the purpose of preparing and submitting the offer and for the purpose necessarily associated therewith and for no other purpose whatsoever.

This Invitation to Offer has not been filed, registered or approved in any jurisdiction. Recipients of this Invitation to Offer resident in jurisdictions outside India should inform themselves of, and observe all applicable legal requirements.

The Bidders agree, understand and accept that the information contained in this Invitation to Offer is subject to change without notice. Further, in no event, may it be assumed that there shall be no deviation or change in any of the information mentioned herein.

TPL may, at its sole discretion, without any obligation to do so, update, amend or supplement any information contained in this Invitation to Offer, including the evaluation methodology, at any time. The Bidders shall be required to submit the offer in relation to this Invitation to Offer as so amended/ updated/ supplemented.

TPL reserves the right to cancel this Invitation to Offer or reject any or all offers made pursuant to it, at its sole discretion without assigning any reason therefor.

While this Invitation to Offer has been prepared in good faith, neither TPL nor its consultants, officers or employees make any representation or warranty or shall have any responsibility or liability whatsoever in respect of adequacy of information for the purpose or any statements or omissions here from. Bidders may decide whether and what other information they require for the purpose.

Nothing in this Invitation to Offer shall be construed as legal, financial or tax advice. Any liability is accordingly expressly disclaimed by TPL, its consultants, partners, affiliates, their respective officers, agents and employees even if any loss or damage is caused by any act or omission on the part of TPL, its consultants, partners, affiliates, their respective officers, agents or employees, whether negligent or otherwise.

1 Introduction

Torrent Power Limited (“**TPL**”) is an integrated power utility and one of the largest private sector players in India having interests in power generation, transmission, distribution and manufacturing and supply of power cables.

TPL has reserved for its Power Plants storage and regasification capacity of up to 1 MTPA at Petronet LNG Limited’s Dahej Terminal effective April 2017 onwards.

TPL desires to import cargoes of Liquefied Natural Gas (“**LNG**”) on Delivered Ex-Ship (“**DES**”) basis and pursuant to this invitation to offer (“**Invitation to Offer**”), invites offers from interested LNG suppliers (each a “**Bidder**” or “**Seller**”) who have executed or are in process of executing a Master Sale Purchase Agreement with TPL for sale and purchase of LNG (“**Master Agreement**”).

This Invitation to Offer is sent to those parties who have in recent past indicated an interest in supplying LNG to TPL. This Invitation to Offer is also being uploaded on its web site www.torrentpower.com for the benefit of those Bidders who have not been sent the same. However, TPL is not liable for any act or omission in this regard. TPL will also consider on merit, at its sole discretion, if any other Bidder approaches TPL for its interest in supplying LNG within the framework of this Invitation to Offer.

2 Timeline

Description	Date
Invitation to Offer	21 October 2016
Last date for Bidders to request Clarifications	27 October 2016
Response by TPL to Clarifications	7 November 2016
Last date for executing MSPA with TPL	11 November 2016
Last date for Offer Submission	14 November 2016
Note: Time line ends at 5 pm IST of the applicable date	

3 Information on the Bidder

The Bidder will submit the following information in the format given as Annex 2.

3.1 Bidder’s place of incorporation and shareholding structure;

- 3.2 Above details for Bidder's ultimate holding company;
- 3.3 Financial Statements of the Bidder and its ultimate holding company for the last financial year;
- 3.4 Credit rating with rationale, of the Bidder and its ultimate holding company;
- 3.5 Bidder's LNG portfolio describing inter-alia supply sources, long-term commitments and unsold capacity for the next 5 years; and
- 3.6 LNG cargoes delivered by the Bidder in India in the last 3 years.

4 Execution of Master Agreement

It is a pre-requisite for the Bidder to have executed Master Agreement with TPL prior to submission of its offer.

5 Supply Term

TPL desires to import LNG cargoes for the period starting from April 2017 to December 2021 ("**Supply Term**"). The Supply Term is further divided into three contract periods:

- 5.1 Period starting from April 2017 to December 2019 ("**Period 1**").
- 5.2 Period starting from January 2020 to December 2020 ("**Period 2**").
- 5.3 Period starting from January 2021 to December 2021 ("**Period 3**").

6 Quantity

TPL requires a total of 38 LNG cargoes during the Supply Term, each in the range of 3,000,000 to 3,600,000 MMBtu +/- 2.5% at a volumetric quantity range of 1,25,000 to 1,75,000 m³ ("**Contract Quantity**"). The Contract Quantity is trifurcated as under:

- 6.1 Twenty-two (22) cargoes during Period 1;
- 6.2 Eight (8) cargoes during Period 2;
- 6.3 Eight (8) cargoes during Period 3.

7 Offer Price

Bidders are required to quote their indicative price as "US\$ per MMBtu" on Delivered Ex-Ship (DES) basis ("**Price Offer**") for each LNG cargo for any or all of following options:

- 7.1 Option 1 - Fixed Price (“**Option 1**”): Bidders are required to quote a fixed price for all the offered LNG cargoes. Bidders are required to quote separately under this option for Period 1, Period 2 and Period 3 or any of them.
- 7.2 Option 2 - Brent-linked Price Formula (“**Option 2**”): Bidders are required to quote the slope of Brent for all the offered LNG cargoes. Bidders are required to quote separately under this option for Period 1, Period 2 and Period 3 or any of them. The Price formula should not include a constant and any deviation or violation of this requirement may render the Price Offer invalid for further consideration. For avoidance of doubt, TPL does not want an element of constant in the formula based price.
- Brent_m for a given month is the arithmetic mean of the 3 values of BRICE (US\$/bbl) for the 3 months immediately preceding (and not including) the month in which the commencement of unloading of the LNG cargo falls. Brent_m shall be rounded to 4 decimal places;
- BRICE for a given month is the arithmetic mean of all the settlement prices (in US\$/bbl) for each quoted day of that month as published by the Intercontinental Exchange of the first line ICE Brent futures contract. The first line settlement price will be used except to the expiration date of each maturity. On such date, the applicable pricing quotation will be rolled to the second nearby maturity. BRICE will not be rounded.
- Commencement of unloading shall be deemed to occur at the point at which the relevant LNG carrier is shown to be all fast in the port log at the Discharge Port.
- 7.3 Bidder may quote for any or both Option 1 and Option 2 for all or any of the Period 1 or Period 2 or Period 3. All the values of the price quoted shall be rounded to four (4) decimal places.
- 7.4 Bidders who submit Price Offer under both the options for any given Supply Period may also indicate its preference between the two options. Other things being same, TPL’s preference would be for Price Offer under Option 1, however Bidders are free to submit Price Offers for any Option.
- 7.5 In addition to the above, Bidders may specify any special Commercial Terms & Conditions they desire and having a bearing on the price and supplies in the Price Offer.

7.6 A successful Bidder is expected to execute Confirmation Memorandum as per indicative format given in Annex 1.

8 Performance Bond and Credit Support

Appropriate Performance Bond and Credit Support mechanism will be mutually provided by the Bidders and TPL. The modalities and details of the same shall be worked out at the time of finalization of the agreement.

9 Submission of Offer

The offers shall be submitted in two parts as mentioned here under (“Offer”). Each part shall be in a separate pdf document:

9.1 Information Letter shall contain the documents/information as set out in section 3, and as per Annex 2.

9.2 Price Offer shall contain the quoted price in the form set out in Annex 3.

9.3 Each page of the Offer shall be initialed by duly authorized official of the Bidder.

9.4 The Offer should be marked as "Offer for Supply of LNG" and must be sent by email to:

Attention: **Executive Director**

Email: sdlng@torrentpower.com

9.5 The original letters containing information as per Annex 2 and Price Offer as per Annex 3 may be marked ‘Confidential’ and sent on the following address:

Confidential : For Attention of Mr. Sanjay Dalal.

Torrent Power Limited,

Torrent House, Off Ashram Road,

Ahmedabad 380009.

Gujarat, India.

10 Offer evaluation

10.1 The Offers shall be evaluated on the basis of overall consideration of Price, other commercial terms and relevant factors, if any.

10.2 TPL may, at its sole discretion, short list 3 Bidders based on above (“Shortlisted Bidders”) for further negotiations.

10.3 Shortlisted Bidders would be required to provide their binding price offer (“Final Offer”) after negotiations.

10.4 Subject to due consideration of price and associated terms and conditions, TPL will have preference: (a) for fixed price option; (b) to select Bidders offering for longer Supply Period; and (c) bids which have not deviated from the terms and conditions of the Invitation to Offer.

10.5 TPL may, at its sole discretion, accept or reject the Final Offer from any or all of the Shortlisted Bidders. If the Final Offer of the Shortlisted Bidder(s) is accepted by TPL, then the Shortlisted Bidder(s) will be bound to sign the confirmation memorandum with TPL on the lines specified in Annex 1 and any other necessary documents for the contract.

11 Sole discretion of TPL

TPL shall have the right at any time or from time to time to modify the terms of this Invitation to Offer or extend the timelines set out herein without TPL incurring any liability to the Bidders, or to any one of them, as a consequence thereof and this Invitation to Offer is to be read in conjunction with any addenda issued pursuant to it; and

At any time, TPL reserves the right to cancel this Invitation to Offer or to reject any or all Offers without assigning any reason therefor and without incurring any cost or liability for such cancellation or rejection, nor will TPL be obligated to concede any compensation or indemnity to any person (including the Bidder).

12 Confidentiality

Bidders shall be bound by customary Confidentiality Obligations for all matters related to their Price Offer.

ANNEX 1 - KEY FEATURES OF INDICATIVE CONFIRMATION MEMORANDUM

Pursuant to the Master Sale and Purchase Agreement dated [], between Torrent Power Limited (“TPL”) and [] (“ ”) (the "MSPA"), Buyer and Seller agree upon the following sale and purchase of LNG on this [] day of [], 2016].

1. Buyer

1.1. Buyer shall be Torrent Power Limited.

2. Seller

2.1. Seller shall be [].

3. Terms of Delivery

3.1. The deliveries under this Confirmation Notice shall be on [DES] basis. Incoterms 2000 shall be applicable.

4. Loading location/Alternate Loading location

4.1. Seller shall communicate to TPL in writing the location of the Loading Port and/or identity of Seller's Facilities and/or Gas Supply Area and the loading date for each of the LNG cargoes as soon as practicable after the Delivery Window is finalized but in no case later than thirty (30) days prior to the first day of the relevant final Delivery Window.

4.2. Seller shall not nominate the Loading Port (or Alternate Loading Port) and/or Seller's Facilities (or Alternate Seller's Facilities) and/or Gas Supply Area (or Alternate Gas Supply Area) affected by Force Majeure. Force Majeure will only apply if the Force Majeure event occurs at the Loading Port (or Alternate Loading Port) and/or Seller's Facilities (or Alternate Seller's Facilities) and/or Gas Supply Area (or Alternate Gas Supply Area) after nomination by Seller. The performance of Seller's obligations under the applicable Contract will be unaffected by any existing Force Majeure event.

5. Discharge location/Alternate Discharge location

5.1. Buyer's Facilities shall be Petronet LNG Limited's Dahej terminal, India.

5.2. Discharge Port shall be Petronet LNG Limited's Dahej terminal, India.

5.3. Subject to ship-shore compatibility, Buyer has right to discharge cargoes to any port in India without incurring any additional costs.

6. Diversion

6.1. Buyer may request diversion of cargoes to any other discharge port other than the ports in India, Seller shall consider and agree to such request, subject to shipping capacity and ship-shore compatibility. Seller and TPL shall mutually agree on the price revision to reflect the change in the shipping costs.

7. Contract Quantities

7.1. Seller shall deliver and Buyer shall take [quantity as finalised by the Parties] cargoes during [time-period].

7.2. The approximate energy content comprising the estimated Contract Quantity for each Cargo is 3.0 - 3.6 TBtu +/- 2.5%.

8. Delivery Window

8.1. Seller shall deliver and Buyer shall take the cargoes as per the [delivery schedule finalised by the Parties].

9. Contract Price

9.1. The delivered ex-ship Contract Price for each LNG cargo shall be [Contract Price as finalised by the Parties]

10. Allowed Laytime

10.1. The Allowed Laytime for LNG Ship shall be 30 hours for discharge at Petronet LNG Limited's Dahej terminal, India. If there is change in the Discharge Port, Parties shall mutually agree on any changes required in Allowed Laytime.

11. Demurrage rate

11.1. The rate of Demurrage shall be United States Dollars 100,000 per day and pro rata for any begun day for discharge at Petronet LNG Limited's Dahej terminal, India. If there is change in the Discharge Port, Parties shall mutually agree on any changes required in Demurrage Rate.

12. Deemed Boil-Off rate

12.1. Boil off rate for all LNG Cargoes under this Confirmation Notice shall be 0.15% (zero point one five percent) per day of the full vessel capacity for discharge at Petronet LNG Limited's Dahej terminal, India. If there is change in the Discharge Port, Parties shall mutually agree on any changes required in Deemed Boil-Off Rate.

13.LNG Specifications

13.1. The Specifications for the LNG at the Delivery Point are as follows:

Gross Heating Value (volume based)	1000 – 1180 Btu/SCF
Wobbe Index	1360 - 1440 Btu/SCF
Methane	Min. 85 mol %
Ethane	Max. 8.0 %
Propane and heavier	Max. 3.5 %
Butanes and heavier	Max. 2.0 %
Pentanes and heavier	Max. 0.1 %
Nitrogen	Max. 1.0 mol %
Carbon Dioxide	Max. 1.0 mol %
Oxygen	Max. 0.5 mol %
Hydrogen Sulphide	Max. 5 mg/ Nm ³
Mercaptan Sulphur	Max. 7 mg/ Nm ³
Total Sulphur (including mercaptans)	Max. 10 mg/ Nm ³

14.Title transfer and Risk of loss transfer

- 14.1. Title of LNG shall transfer from Seller to TPL in international waters en-route to the Discharge Port at the point which is the last point where the LNG Ship is outside the EEZ of the country in which Buyer's Facilities are located ("Title Transfer Point"). Title to any LNG remaining on the LNG Ship after discharge of the LNG Cargo (including the Heel) will revert from Buyer to Seller at the first point following the exit of such LNG Ship from the EEZ of the country in which Buyer's Facilities are located.
- 14.2. Risk of loss for all LNG being transported by an LNG Ship for which title has passed to TPL, shall pass from Seller to TPL at the Delivery Point. Risk of loss for any LNG remaining on the LNG Ship after discharge of the LNG Cargo (including the Heel) shall remain with Seller.

15. Force Majeure

15.1. Buyer's force majeure shall include TPL's named power plants and identified transportation pipelines connecting regasification terminal to the power plants.

16. Credit Support

16.1. Performance Bond and Credit Support mechanism to be mutually provided as agreed by the Seller and Buyer.

17. Documentation

17.1. Seller shall provide the following documents to the Buyer at least ____ Business Days prior to start of the Delivery Window:

- 17.1.1. Full set of original Bill of Lading in name of Torrent Power Limited
- 17.1.2. Certificate of Origin
- 17.1.3. Certificate of Quality
- 17.1.4. Certificate of Quantity
- 17.1.5. Loading Port documents
- 17.1.6. Pro-forma invoice

[List of documents not exhaustive and will include any other customary documents required]

17.2. If so required by the Buyer, Seller shall provide separate Bill of Lading for part of a LNG cargo in the name of a co-buyer. In this regard, the Seller, Buyer and the co-buyer shall cooperate inter-se to ensure timely completion of required documentation.

18. Other terms and conditions

18.1. Any changes to the provisions of the MSPA and any additional terms and conditions shall be inserted by the Parties.

IN WITNESS WHEREOF, the Parties, have executed this Confirmation Memorandum on the date stated above.

TORRENT POWER LIMITED []

By: By:

Name and Title: Name and Title:

ANNEX 2 - INFORMATION LETTER

To,

Executive Director

Torrent Power Limited

Torrent House, Off Ashram Road,

Ahmedabad 380 009, Gujarat, India

Subject: INFORMATION FOR SUPPLY OF LNG CARGOES

Dear Sir,

This is with reference to your Invitation to Offer dated _____ for supply of LNG on DES basis at PLL, Dahej, India pursuant to which we attach the information as follows:

- Certificate of incorporation of _____ and _____, our ultimate holding company;
- Financial Statement for the last financial year of _____ and _____;
- Credit rating with rationale of the _____ and _____;
- Documents evidencing [Seller]'s LNG portfolio describing supply sources, long-term commitments and unsold capacity for the next 5 years; and
- Table showing LNG cargoes sold directly to Indian buyer during each of the last 3 years.

We understand and acknowledge that you are not bound to discuss or accept any Offer that you may receive.

We hereby confirm that the information provided as part of our Offer is complete and accurate and all necessary Corporate authorisations and approvals have been obtained prior to the submission of our Offer.

Thanking you.

Yours faithfully,

Authorized Signatory

ANNEX 3 - PRICE OFFER LETTER

To,

Executive Director

Torrent Power Limited

Torrent House, Off Ashram Road,

Ahmedabad 380 009, Gujarat, India

Subject: PRICE OFFER FOR SUPPLY OF LNG CARGOES

Dear Sir,

This is with reference to your Invitation to Offer dated _____ for supply of LNG on DES basis at PLL, Dahej, India; pursuant to which we provide our indicative price offer as under:

Period		Period 1			Period 2	Period 3
Years		2017	2018	2019	2020	2021
Months		Apr-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
No. of cargoes		6	8	8	8	8
Price (US\$ per MMBtu)	Option 1 Fixed price	P-1			P-2	P-3
	Option 2 Formula-linked price	C-1			C-2	C-3
Credit support required		Yes / No				
Offers submitted are		Negotiable / Non-negotiable				

- *P-1 is the fixed price for Period 1*
- *P-2 is the fixed price for Period 2*
- *P-3 is the fixed price for Period 3*
- *C-1 is the Brent-linked price for Period 1*
- *C-2 is the Brent-linked price for Period 2*
- *C-3 is the Brent-linked price for Period 3*

[Indicate any special Commercial Terms & conditions which the Bidder may want to specify]

We further acknowledge that we have read all terms and conditions of the Invitation to Offer and its respective Appendices, Addendums (where applicable) and Annexures and we confirm all of them are acceptable to us.

Thanking you.

Yours faithfully,

Authorized Signatory