

The clarifications for the queries received during the pre-proposal conference held on Monday the 26th September 2011 at Conference hall of Directorate of IT & BT Bangalore.

	Queries	Clarifications
1	<b>Performance Guarantee</b>	
	<p>As per Clause No. 2.13, Pre Qualification Proposal, the authority is required a commitment letter indicating the minimum fund to be raised &amp; additional performance security for the same.</p> <ul style="list-style-type: none"> <li>- In view of the above the tender document is silent on the minimum amount VC fund to be raised by the participant/consultant (on behalf of their investor) and the percentage of the performance security for the same.</li> <li>- In addition to the above, Clause no. 2.26 indicate consultant shall provide BG to the tune of the 15% of the Fees receivables. So the quantum of the BG (considering the performance guarantee) is not concluded.</li> </ul> <p>Kindly confirm whether the term "Bank Guarantee" and "Performance Security" mentioned in the Tender are same or different?</p>	<ul style="list-style-type: none"> <li>• Bank guarantee of 15% of the negotiated offer value to be provided by the successful bidder.</li> <li>• Commitment letter indicating the minimum amount of VC funds in the company letterhead should be provided as per 2.13.2 item (e) [Instructions to Applicants] of the tender document. In the event, this is not indicated, the bid will be treated as non-responsive and reject.</li> <li>• Performance security to be indicated on the minimum amount of fund to be raised by the applicant / bidder. Performance security to be provided by the successful bidder in the form of security deposit or bank guarantee or any other instrument as decided by KBITS.</li> <li>• Performance security will be returned to the bidder soon after achieving the minimum amount of fund raised as indicated.</li> <li>• Performance security is in addition to the bank guarantee.</li> </ul>

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2	<p><b>Fund Amount</b></p> <p>It not simplify from the document that, the minimum amount to be raised by the consultant. In case of non achievement of the targeted fund amount of Rs. 71.15 Crores, what should be the minimum justified amount to be raised by the consultant?</p>	:	<p>No minimum amount has been declared. The corpus proposed for the semi-conductor venture capital fund is Rs. 96.15 cr., of which Rs. 71.15 cr., are required to be mobilized by the bidder from investors as specified in the tender document Clause-4 of terms of reference.</p>
3	<p><b>Relaxation in Bid Security.</b></p> <p>The tender process requires a bid security to the tune of Rs. 1 lac as EMD which shall be refundable. However, where the consultant has to provide the 15% BG &amp; performance guarantee for the amount raised for VC fund. Such addition of the amount to be payable will be so high to the consultant. Hence there should be any relaxation in the amount of the Bid security.</p>	:	<ul style="list-style-type: none"> <li>• EMD will be returned to all the unsuccessful bidders through the e-procurement portal.</li> <li>• EMD of would be returned to the successful bidder after furnishing the bank guarantee.</li> <li>• Successful bidder would also required to be provide performance guarantee in addition to the bank guarantee.</li> </ul>
4	<p><b>Negotiation in time frame</b></p> <p>The determined time frame is very short for preparing Information memorandum &amp; to</p>	:	<p>Agreed. Time frame would be negotiated with the successful bidder. The milestones in the time frame are indicated and can be changed subject to adequate justification by the</p>

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	meet the investors. Hence it should be reorganized		successful bidder. Time frame would be a part of the contract / agreement between KBITS and the successful bidder.
5	<p><b>Commitment Charges</b></p> <p>The tender document does not contain any information which clarifies the commitment charges in case of non fulfilment of the proposed activity. Hence the said point may cover in the document</p>	:	<p>Commitment charges are not specified. The draft agreement provides for compensating the successful bidder for his commitment. Please refer item No. 2 (commencement, completion &amp; termination of agreement) of draft agreement.</p>
6	<p><b>Tentative Expected Return</b></p> <p>Considering the industry outlook, the industry is growing at the rate of 27%. However the investment in the industry is in declining trends. In such state one has to arrived at the minimum return to be paid to the investors. If the trustee of the fund fixed any margin on the return on the fund it shall be communicated to the consultants.</p>	:	<p>Minimum return to the investors cannot be ensured as it is a venture capital fund. Covered under 4.1 other terms – scope of assignment in terms of reference.</p>

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7	Involving investors in the Semiconductor VC fund in decision making process of investment in the Semiconductor industry – representative in the Committee / Board, in each Company, etc.	:	<ul style="list-style-type: none"> <li>• Investors in the Semiconductor VC fund will be a member of investment committee. One Representative for every Rs. 5 crores investment.</li> <li>• The Fund to invest in the unit as per the recommendations of Investment Committee.</li> <li>• One person would be nominated in the Board of Company in which, investment is made by the VC. The nominated member could be a Representative from Investment Committee, KBITS or Expert in the field.</li> </ul>
8	Quantum of investment in each Company and any agreement between VC and Company	:	<ul style="list-style-type: none"> <li>• Investment Committee to decide on the quantum of investment to be made in each Company i.e., percentage of corpus to be invested within the framework of SEBI guidelines</li> <li>• VC fund and Company to sign shareholders / subscribers agreement</li> </ul>

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9	The Semiconductor VC Fund is it all India or restricted to Karnataka	:	<ul style="list-style-type: none"> <li>• The Investors for the fund are on All India basis.</li> <li>• Investment by the VC Fund in companies shall be for the companies having registered office &amp; manufacturing activity in Karnataka</li> </ul>
10	Investment by the VC fund in existing companies or new companies	:	Investment by the VC fund shall be in the start-up companies/ manufacturing activities in the field of Semiconductor as covered in the Semiconductor Policy 2010, Government of Karnataka
11	Tenure of the fund and exit	:	The tenure of the fund is 10 years and can be extended for further period with the written consent of all the investors of the fund. Investor cannot exit before that period.
12	How many Fund Mobilizers / Arrangers will be selected	:	Only one exclusive Fund Mobilizer will be selected.