GOVERNMENT OF KERALA
FINANCE DEPARTMENT

NOTIFICATION

No.74447/SS1/2008/Fin Dated, Thiruvananthapuram 30th September 2008.

Government of Kerala hereby notifies the sale of Kerala State Government Stock (securities) of 10-year tenure for an aggregate amount of Rs.800.000 crore (Nominal). The sale will be subject to the terms and conditions spelt out in this notification (called Specific Notification) as also the terms and conditions specified in the revised General Notification No. 18596/SS1/07/Fin. dated 20th July 2007 of Government of Kerala.

Object of the Loan

1. (i) The proceeds of the loan will be utilized for financing the developmental activities of the State.

(ii) Consent of Central Government has been obtained to the flotation of this loan as required by Article 293(3) of the Constitution of India.

Method of Issue

2. Government Stock will be sold through the Reserve Bank of India, Mumbai Office (PDO), Fort, Mumbai-400 001 by auction in the manner as prescribed in paragraph 6.1 of the revised General Notification No. 18596/SS1/07/Fin. dated 20th July 2007 at a coupon rate to be determined by the Reserve Bank of India at the yield based auction under multiple price format.

Place and Date of Auction

3. The auction will be conducted by the Reserve Bank of India, at its Mumbai Office, Fort, Mumbai on **October 7, 2008**. The application form duly filled in with the bids should be submitted to the aforesaid office on **October 7, 2008** by 12.30 p.m.

Result of the Auction

4. The result of the auction shall be displayed by the Reserve Bank of India at its Mumbai Office, Fort, Mumbai on **October 7, 2008**. The payment by successful bidders will be on **October 8, 2008.**

Method of Payment

5. Successful bidders will make payments on **October 8, 2008** before close of banking hours by means of cash, bankers' cheque/pay order, demand draft payable at Reserve Bank of India, Mumbai/Thiruvananthapuram or a cheque drawn on their account with Reserve Bank of India, Mumbai (Fort)/Thiruvananthapuram.

Tenure

6. The Stock will be of ten-year tenure. The tenure of the Stock will commence on **October 8, 2008.**

Date of Repayment

7. The loan will be repaid at par on **October 8, 2018**.

Rate of Interest

8. The cut-off yield determined at the auction will be the coupon rate percent per annum on the Stock sold at the auction. The interest will be paid every half yearly on **April 8** and **October 8.**

Eligibility of Securities

9. The investment in Government Stock will be reckoned as an eligible investment in Government Securities by banks for the purpose of Statutory Liquidity Ratio (SLR) under Section 24 of the Banking Regulation Act 1949. The stocks will qualify for the ready forward facility.

By order and in the name of the Governor of Kerala

L.C. GOYAL,
Principal Secretary (Finance)
Government of Kerala.

The Regional Director,
Reserve Bank of India,
Mumbai-400 001.

Dear Sir,

TENDER FOR 10-YEAR KERALA GOVERNMENT STOCK, 2018.
FOR AN AGGREGATE AMOUNT OF RS.800.000 CRORE
(Auction to be held October 7, 2008)

Pursuant to Government of Kerala, Ministry of Finance, Notification No.74447/SS1/2008/Fin. Dated, Thiruvananthapuram 30th September, 2008 and the Tender Notice issued by you, I/We, the undersigned hereby offer to purchase the 10 year Kerala Government Stock 2018 on the captioned date as set out below:

(i) Name/Constituent's Name ($$) .....

(ii) Address and Telephone No. .....

(iii) SGL Code, if any .....

(iv) Current Account No. if any .....

(v) Nominal value of Stock required

(vi) Yield per cent per annum desired to be earned thereon (expressed upto two decimal points rounded off to multiples of one) .....

(vii) Name of the Public Debt Office where the SGL account is desired to be credited/stock issued. : Mumbai

(viii) Place at which application money will be tendered : * Mumbai/Thiruvananthapuram

(ix) Place at which interest on Stock should be paid .....

Undertaking

1. On your acceptance of my/our bid, I/We agree/undertake to immediately collect the letter of acceptance from your Office and to deposit the requisite amount at Reserve Bank of India, Mumbai on the day/time as indicated therein.

2. I/We have read the terms and conditions of bidding for the auction to be held on the captioned date and undertake to abide by them.

3. I/We have also submitted another bid(s)/not submitted any other bid (strike out which is not necessary) for the auction to be held on the captioned date.

Yours faithfully,

Dated : Signature and Office Stamp of the Bidder/s.

($$) If the application is on behalf of a Constituent, indicate the name of the Constituent.
*Strike which is not applicable.

ILLUSTRATIONS INDICATING AMOUNT PAYABLE ON INVESTMENT IN GOVERNMENT STOCK SOLD BY AUCTION

The Reserve Bank of India sells Government stock with a tenure of 10 years for an aggregate amount of Rs. 1,000 crore with face value of Rs. 100.00 at an auction. Assuming that the maximum rate of yield on the basis of bids received is determined at 12.75 per cent per annum, the bids accepted and payments to be made will be as under:

Illustration I : The following bids are received.

Nominal amount of bid	Expected yield by bidder *(Per cent per annum)*
Rs. 300 crore	12.00
Rs. 400 crore	12.25
Rs. 300 crore	12.75
Rs. 400 crore	13.00

The first three bids will be accepted while the fourth bid will be rejected. The price payable by the respective bidders will be:

	Price	*Amount to be paid*
1st bidder	Rs. 104.30	Rs. 312.90 crore
2nd bidder	Rs. 102.84	Rs. 411.36 crore
3rd bidder	Rs. 100.00	Rs. 300.00 crore

Illustration II: The following bids are received.

Nominal amount of bid	*Expected yield by bidder (per cent per annum)*
Rs. 400 crore	12.20
Rs. 300 crore	12.30
Rs. 1000 crore	12.75

In this case, the first two bidders will receive full allotment at the price @ Rs.103.13 and Rs.102.55 and the third bidder will get partial allotment (30 per cent) @ Rs. 100.00. The amounts payable by the respective bidders would be Rs.412.52 crore, Rs.307.65 crore and Rs. 300.00 crore.

Note:All successful bidders will receive half yearly interest @ 12.75 per cent per annum during the tenure of the bonds and the nominal value of the stock at maturity.

The yield assumed are **purely illustrative** and should not be taken as indicative.

NOTES

1. If the applicant's signature is by thumb mark, it should be witnessed by two persons. The full name, occupation and address of the witnesses should be appended to their signature.

2. If the application is made in the name of a registered body, the under noted documents, if not already registered at the Public Debt Office, should be submitted by the successful bidder to the Public Debt Office, Reserve Bank of India, Mumbai Office, Fort, Mumbai.

(i) Certificate of Incorporation/Registration in original or a copy thereof certified as true by the issuing authority under his official seal.

(ii) Certified copies of Memorandum and Articles of Association or the rules and regulations/Bye-laws of the Company/body.

(iii) Certified copy of resolution in favour of person/s authorised to deal in Government Securities on behalf of the company/body together with his/their duly attested specimen signature(s).

3. Applicant should also complete a Mandate Form (obtainable from the Public Debt Office, Mumbai for remittance of half-yearly interest on Stock Certificate/s issued to them.

Terms and Conditions

1. The Kerala State Government Stock will be issued for a minimum amount of Rupees ten thousand (face value) and in multiples thereof.
2. Separate tender form should be completed for each bid.
3. Results of the auction would be displayed at Reserve Bank of India, Mumbai Office, Fort, Mumbai.
4. The Reserve Bank of India will have full discretion to accept or reject any or all bids either wholly or partially, if deemed fit, without assigning any reason.
5. Tenderer should check for himself the result of the auction and, if successful, collect the letter of acceptance of the tender from the Reserve Bank of India, Mumbai.
6. In the case of accepted tenders, the Kerala State Government Stock would be issued for the nominal amount applied for at a price arrived at with reference to the yield per cent per annum desired to be earned thereon as given in the bid subject to a minimum allotment of Rs.10000 and further in multiples thereof.
7. The successful bidders will make payment on October 8, 2008 before close of banking hours by means of cash, Bankers Cheque/Pay Order or Demand Draft payable at Reserve Bank of India, Mumbai or a cheque drawn on a account with Reserve Bank of India, Thiruvananthapuram.
8. The Kerala State Government Stock will be issued to the parties by credit to their Subsidiary General Ledger Account maintained with Reserve Bank of India to those having such accounts and in the form of Stock Certificates to others.