



**PUNJAB STATE INDUSTRIAL
DEVELOPMENT CORPORATION
LTD. (PSIDC)**
(A State Govt. Undertaking)

Registered Office:

**Udyog Bhawan, Plot No.18,
Sector 17, Himalaya Marg,
Chandigarh-160017**

Invites

**EXPRESSION OF INTEREST
(Amended Document)**

**For Joint Venture Partner(s)
for Exploration, Development, Mining and Marketing
of Coal**

Phone 91 - 172 - 2704040, 2705909
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e.mail psidc@rediffmail.com
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INFORMATION MEMORANDUM

Expression of Interest for joining PSIDC as partner(s) in a Special Purpose Vehicle (SPV) for mining of coal

A. INVITING EXPRESSION OF INTEREST

1. Punjab State Industrial Development Corporation Limited (PSIDC) was established in 1966 as a wholly-owned State Govt. Undertaking with the objective of acting as a Catalyst for the promotion and development of large and medium scale industries in the State of Punjab. It has been a premier institution for this purpose and has been combining in itself the role of an Institutional Entrepreneur, Financial Institution and Facilitator for achieving this end. It has played a pivotal role in industrialisation of the State and promoted a large number of projects in the Public, Joint and Assisted Sectors and has also provided term loans to various industrial units in the State of Punjab.

2. PSIDC has been approved as a Nodal Agency of Govt. of Punjab to apply for allocation of coal blocks to the Government of India, under its Government Company Dispensation Scheme. The Memorandum and Articles of Association of PSIDC contain a provision to the effect that coal mining is one of the objectives of the Corporation.

3. Accordingly, PSIDC intends to apply to Ministry of Coal, Government of India, to obtain coal blocks under its Government Company Dispensation Scheme. The coal blocks could be located in any of the coal producing States. PSIDC intends to apply for coal blocks with end use other than power e.g. commercial end use.

4. The cost of the project is estimated at Rs.250 crore. However, this is subject to the size, quality, location and

characteristics of the Coal Field to be allocated. The project cost estimates include cost of land, buildings, power infrastructure, mining infrastructure, connectivity & regulatory costs. It is presumed that the machinery etc. would be hired on contractual basis. Considering a Debt-Equity Ratio of 1.5:1, the total equity of the project is estimated at Rs.100 crore. PSIDC will hold 51% in the joint venture as equity and 49% of equity will be with the JV Partner.

5. Entire pre-mining activities (including exploration, statutory clearances etc), Equipment procurement, Development, Construction, Operation & Maintenance of the Coal mine will have to be carried out by the JV partner with his own investment.

B. ROLE OF JOINT VENTURE PARTNER(JVP)

1. The JV Partner will be responsible to carry out pre-mining activities, construction, development and extraction of coal. The entire investment required for above and associated activities will be borne by the JV Partner.

2. All the relevant clearance/approvals for installation/construction and operations of the coal mine under relevant acts and rules like the Mines Act, The Coal Mines Regulations, Forest Act, Environment Management Plan etc. shall have to be obtained by the JV partner at their own cost from competent authority of State and Central Government as applicable. PSIDC, if requested for, may render reasonable assistance to the JV Partner in obtaining consent/approval.

3. The JVP will be responsible for all aspects of the day-to-day operations & management of the coal-mining activities. To achieve this objective, the JVP will contribute equity to the JVC and will appoint (3 out of 7) directors to the Board of Directors of Joint Venture Company (JVC), one of whom shall be the Managing Director. PSIDC (or its nominees/assigns) shall nominate the remaining 4 directors to the Board of Directors including a Chairperson.

4. The relations between PSIDC (including its nominees or assigns), JVP and JVC shall be governed by :

- a) The Memorandum of Understanding executed between PSIDC & JVP with the intent of setting up the JVC.**
- b) The terms & conditions of allocation of coal block(s) by Government of India to PSIDC, and any policy, guidelines & instructions of Government of India, on the matter.**
- c) The Joint Venture Agreement (JVA) and/or Shareholders' Agreement (SA) executed between PSIDC, JVP and any other parties that may join as shareholders in the formation of JVC.**
- d) The Memorandum & Articles of Association of the JVC, which shall be approved by the parties to JVA/SA.**
- e) Any directives or instructions of Government of Punjab, on the matter.**

5. Divestment of interest by JVP:

It is expected that JVP will not divest its equity, guarantees, commitments, engagements, management & other interests in JVC for a period of at least 10 years from incorporation of JVC or 5 years from commencement of coal mining operations, whichever is later. PSIDC shall have the first right of refusal for any equity proposed to be divested by the JVP. Any divestment, substitution or change in constitution of JVP (any of its constituents) will be with prior written approval of PSIDC. For this purpose, JVP will serve a notice of at least 60 days to PSIDC seeking its approval, with full facts, details & justification.

C. ELIGIBILITY CRITERIA

The company desirous of working with PSIDC for the aforesaid purposes must fulfill the following minimum eligibility condition:-

- i) The Bidder can be a single company registered under the Companies Act, 1956 or a Consortium of maximum two such companies.
- ii) Net worth of at least Rs.250 crore as per the latest audited annual report
- iii) Positive Net Cash accruals for each of the last five years
- iv) Experience of mining of minerals for a minimum of 5 years with a total of 5 million tons of minerals/ores extracted with documentary evidence of its usage.
- v) Turnover of Rs.500 crore per annum, in at least one of the previous five years. Average turnover of Rs.250 crore, per annum, over the last 5 years.

Notes:-

1. The terms Net Worth, Cash Accrual and Turnover shall have the meaning as follows:

Net Worth = Equity Share Capital + Reserves & Surplus- Revaluation reserves – Intangible assets – Miscellaneous expenditures to the extent not written off and carry forward losses

Cash Accrual = Profit After Tax + Depreciation & Amortization + Other Non Cash expenses (including deferred tax)

Turnover is the Gross Sales or Gross Revenue, as defined by the Indian Accounting Standards published by the Institute of Chartered Accountants of India (ICAI).

2. In case of JV/Consortium proposed, the financial strength of the consortium shall be calculated as in proportion of their ownership (existing or proposed) in the JV.

D. CHECK LIST OF DOCUMENTS/INFORMATION TO BE SUBMITTED:

Interested parties may submit, in writing, to the Managing Director, PSIDC, at the address given at (J) - 'CONTACT FOR FURTHER INFORMATION' AND ALSO ON TITLE PAGE, the following details in a sealed cover :

- i) Company profile including:**
 - a) Name**
 - b) Date of incorporation**
 - c) Place of incorporation/Registered Office**
 - d) Head Office & branches in India**
 - e) Members of Board of Directors**
 - f) Senior Executives with experience in mining**
 - g) Major business activities**
 - h) Address**
 - i) Documents authenticating above**
 - j) Proportion of equity committed or proposed between the consortium partners in case of a consortium**

- ii) Annual Report for the last five financial years**
- iii) Certificate of the net worth of the applicant as per the latest annual report, signed by a Chartered Accountant.**
- iv) CA certificate regarding the Net Cash Accruals for the last five years**
- v) Applicant's experience of mining supported by copies of mining lease, evidence of mining & sale of minerals and other relevant documents**

All details, as required in this EOI would need to be provided on or before the deadline for submission of EOI at the prescribed place, in the prescribed manner, failing which the EOI would be summarily rejected.

Note:

- 1. Cost of Preparation & Submitting the response to EOI: The Applicant shall bear all costs associated with the preparation and submission of its response to the EOI. PSIDC will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the process.**

2. **Language of responses:** The responses as well as all supporting documents relating to it submitted by the bidder shall be written in English language. Supporting documents and printed literature that are part of the responses may be in another language, provided they are accompanied by an accurate translation of the relevant passages in English language, in which case, for purposes of interpretation of the response, the translation shall govern.

E. SELECTION PROCESS

PSIDC may make multiple applications to Government of India for allocation of coal blocks. For this purpose, PSIDC reserves the right to enter into one or more JVAs for setting up one or more JVCs in the selected JVP(s)

Proposed Time Schedule

- i) Issue of advertisement on 3rd February, 2009
- ii) Receipt of Expressions of Interest on 31st March, 2009 till 4.00 pm
- iii) Opening of EOI on 31st March, 2009 at 4.15 pm
- iv) Evaluation of proposals by the "Proposal Opening & Evaluation Committee", based on the pre-qualification criteria detailed in the Information Memorandum.
- v) Inviting financial bids from pre-qualified parties and after interse bidding, the highest bid would be the benchmark for forming Joint Venture Partners which could be more than one.
- vi) Signing of Memorandum of Understanding with selected Joint Venture Partner(s).
- vii) Signing of Joint Venture Agreement (including Shareholder Agreement) after the allocation of coal block.
- viii) Formation of Joint Venture Company(ies). **F. DATE & PLACE FOR SUBMISSION OF EXPRESSIONS OF INTEREST**

The last date for submission of the Expressions of Interest is 4.00 pm on 31st March, 2009 along with Processing Fee in the shape of Demand Draft of Rs.2.00 lacs (Rupees two lacs only) payable to PSIDC at Chandigarh. This Processing Fee shall not be refunded.

The Expression of Interest addressed to Managing Director, PSIDC, shall be submitted in a sealed envelope and deposited with the Receipt Clerk of PSIDC in its Administration Division on second floor, Udyog Bhawan, Plot No.18, Himalaya Marg, Sector 17, Chandigarh-160017. PSIDC will not accept facsimile, internet or email proposals.

G. PRE-PROPOSAL MEETING

A pre-proposal meeting will be held on 17th February,2009 at 12.00 noon in the Committee Room of PSIDC. All interested parties are requested to attend the pre-proposal meeting.

H. OPENING & SCRUTINY OF EXPRESSIONS OF INTEREST

The Expressions of Interest received shall be opened on 31st March, 2009 at 4.15 pm in the Committee Room of PSIDC, by a Committee constituted for the purpose in the presence of interested parties, present on that date, time & venue. Persons present on behalf of a party should carry a Letter of Authority on the letter head of the Company, signed by a Director, Company Secretary or authorised signatory.

I. EXPRESSIONS OF INTEREST RECEIVED LATE

Any EOI (including an EOI received at any point in PSIDC other than the location of lodgement, regardless of when it was received) will be deemed to be late if it is received by the Receipt Clerk after the deadline.**J. CONTACT FOR FURTHER INFORMATION**

All requests for further information regarding this EOI must be in writing and directed to :

**Shri J.S.Mann,
Sr.General Manager(Projects),
Punjab State Industrial Development Corporation Ltd.,**

**Udyog Bhawan, Plot No.18, Himalaya Marg,
Sector 17, Chandigarh-160 017
E.Mail: psidc@rediffmail.com
Telephone No.91-172-2705909, Fax: 91-172-2704145**

K. REQUEST FOR STATUS UPDATE ON EVALUATION PROCESS

PSIDC will not accept or respond to Proponents' requests for information on the status and progress of the EOI evaluation process. Successful/Pre-qualified Proponents will be informed in writing.

L. OWNERSHIP OF EOI DOCUMENTS AND INFORMATION THEREIN

All Expressions of Interest documents will become the property of PSIDC upon submission. In submitting the EOI, the proponent is agreeing to allow PSIDC to use the ideas contained therein and that no consideration is payable.

Where the Proponent believes that information provided in response to this EOI is, or should be kept confidential; or disclosure of this information would unreasonably affect the Proponent's business affairs, notice is to be given at the time of delivery of the information or documents by clearly marking such information 'confidential'. In so far as is practicable, PSIDC will give effect to the Proponent's stated wishes, and requests for access to such information will be determined under the RTI Act.

M. NO CONTRACTUAL OBLIGATION

PSIDC is not bound contractually or in any other way to any Proponent to this Expression of Interest. PSIDC is not liable for any costs or compensation in relation to the consideration of this Expression of Interest or any by the Proponents to this Expression of Interest whether or not PSIDC terminates, varies, or suspends the Expression of Interest process or takes any other action

permitted under this Expression of Interest, including consideration of concepts proposed and future developments. PSIDC may ask the parties who have submitted expression of interest to make a presentation before its management on their proposal/plan for mining of coal.

N. PSIDC reserves the right to accept/cancel any offer in full or in part or to reject any or all proposals without assigning any reasons whatsoever.

O. Dispute Resolution

In case of any dispute or difference between PSIDC and the JVP, such dispute or difference shall be referred to a sole arbitrator who shall be appointed by the Chief Justice of the Punjab High Court. The seat of the arbitration shall be at Chandigarh and the proceedings shall be conducted in accordance with the Arbitration & Conciliation Act, 1996.

P. Governing Law

The laws applicable to this agreement shall be the laws in force in India. The courts of Punjab, India shall have the exclusive jurisdiction in all matters arising under and on account of this agreement.

Q. Force Majeure

Any delay in or failure of performance by a Party shall not constitute default hereunder or give rise to any claims for damages against said Party if and to the extent caused by reasons which are beyond the control of the said party, including but not limited to acts of God, strikes or other concerted acts of the workman, fires, floods, explosions, riots, war (declared or undeclared), rebellion, sabotage, extra ordinary severe weather, civil commotion and criminal acts of the third parties