

कुद्रेमुख



KUDREMUKH

## **KIOCL Limited**

**(A Government of India Enterprise)**

Regd. Office: II BLOCK, KORAMANGALA,  
BANGALORE 560 034

### Notice Inviting Tender (NIT)

**No. KIOCL/NBD/STEEL PLANT/2009/01, DATED 27.04.2009**

Selection of Joint Venture Partner for the equity participation by KIOCL for setting up of an Integrated Steel Plant in the State of Karnataka

Executive Director (New Business Development /CNH)

KIOCL Limited

II Block, Koramangala,

Bangalore 560 034

Phone: 080 2553 5892/2553 2168

Fax: 080 2553 2153/2553 5941

E -mail: [kiocl\\_blr@bsnl.in](mailto:kiocl_blr@bsnl.in)

Website: [www.kudremukhore.co.in](http://www.kudremukhore.co.in)

## TABLE OF CONTENTS

<b>Sec.No.</b>	<b>Description</b>	<b>Page No.</b>
1.0	Introduction	1
2.0	KIOCL's profile	1
3.0	Proposed integrated steel project	5
3.1	Concept of joint venture company	5
3.2	Brief project proposal	6
4.0	Nature of KIOCL's participation	8
5.0	Evaluation of bids	8
5.1	Essential criteria	9
5.2	Desirable criteria	9
5.3	Techno-economic criteria	11
6.0	Invitation to tender	12
6.1	Bidding process	12
6.2	Submission procedure and dates	13
6.3	Documents and information to be submitted along with the bid	15
6.4	Earnest Money Deposit	16
6.5	Disqualification	17
6.6	Request for clarification	18
6.7	Amendment and cancellation of tender	18
6.8	Governing laws	19
6.9	Settlement of disputes	19
6.10	Integrity pact	20
6.11	Checklist	20

## LIST OF ENCLOSURES

<b>Enclosure No.</b>	<b>Description</b>	<b>Page No.</b>
Enclosure-1	Format of the covering letter with bid documents	22
Enclosure-2	Confirmation of compliance to essential criteria	24
Enclosure-3	Summary statement	25
Enclosure-4	Details of arbitration disputes/legal suits or other legal proceedings during the last three years	27
Enclosure-5	Details of bidder	28
Enclosure-6	Proposed business plan of the bidder	29
Enclosure-7	Description of the proposed integrated steel plant in the state of Karnataka	30
Enclosure-8	Form of bank guarantee for Earnest Money Deposit	31
Enclosure -9	Format of Integrity Pact	34

## **1.0 INTRODUCTION**

- 1.1 Proposals are invited from interested parties to set up an integrated steel plant in the State of Karnataka as a Joint Venture (JV) with KIOCL Limited (KIOCL). The said JV will finally lead to formation of a Joint Venture Company (JVC). KIOCL and Joint Venture Partner (JV Partner) will have equity participation in the JVC.
- 1.2 JV Partner should be a legal entity registered in India under Indian Laws.
- 1.3 Two or more organisations intending to jointly participate as a consortium in the tender must form a legal entity before submitting their bid.

## **2.0 KIOCL's PROFILE**

- 2.1 KIOCL Limited, formerly Kudremukh Iron Ore Company Limited, was incorporated on 2<sup>nd</sup> April 1976. It is a Government of India Enterprise, under the administrative control of Ministry of Steel, and is a Mini Ratna Company. It has a 3.5 million tons per year (mtpy) iron ore pelletisation complex and a blast furnace complex with a capacity of 216,000 tons per year (tpy) pig iron, at the coastal city of Mangalore in Karnataka. It is engaged in the manufacture and export of high quality iron oxide pellets, and supply of foundry grade pig iron for the domestic market. KIOCL is a 100 per cent export oriented unit.

## **2.2 KIOCL's Mining Experience**

Kudremukh, the largest iron ore mine in India, was designed to produce 22.5 million tons of crude ore per year, with a daily production capacity of 80,000 tons. The mining was carried out with the most sophisticated equipment.

Blast holes of 310 mm diameter were drilled in 14 m benches. The blasting was carried out using site mixed slurry explosives. The blasted material was loaded by 10.7 cu m electric shovel into large 120 tons capacity dumpers to feed crude ore to 4,000 tph gyratory crushers.

2.3 KIOCL is an ISO-9001:2000, ISO-14001:2004 certified company, also having OHSAS-18001:1999 certification for Occupational Health Hazards and Safety Management System, and is headquartered at Bangalore. The corporate policies and objectives of KIOCL are as follows:

- To strive to be an efficient organisation, committed to customer and stakeholders satisfaction.
- To enhance stakeholders satisfaction.
- To accord high priority for environmental protection and to take requisite measures for pollution control.
- To achieve high international standards of quality and productivity by adopting latest technological measures.
- To strive for constant improvement in product quality through R&D.
- To maintain quality management systems and environmental standards as per ISO 9001:2000 and ISO 14001:2004.
- To accord priority to Human Resource Development.
- To obtain alternate mine sites in the State of Karnataka or other places in India.
- To venture into new business avenues.

2.4 KIOCL is a leading Public Sector Enterprise and has achieved “Excellent Rating” for meeting the targets set out in the Memorandum of Understanding (MoU), entered into between Ministry of Steel, Government of India and KIOCL, for the years 1999-2000 to 2005-06. The company has also been conferred with awards for achievements in different fields like environmental conservation and rational

utilization of natural resources, export, best performance, excellent organization, energy conservation, pollution control, etc.

- 2.5 KIOCL produces pellets and pig iron for the discerning consumers from the steel industry worldwide and also for the domestic market.
- 2.6 Recently, KIOCL was recommended for mining lease for iron ore deposit at Chikkanayakanahalli in Tumkur district by Karnataka Government. Alongside, efforts are on for tie-ups for alternative sources of iron ore for sustaining the operations of the pellet plant. Efforts are also being made to get additional mining lease in Karnataka.
- 2.7 **Financial results:** The financial results of KIOCL for the last three financial years i.e. 2005-06 to 2007-08, and the unaudited results for the first six-month period of 2008-09 are as follows:

(in INR crore)

Sl.No	Item	2005-06	2006-07	2007-08	2008-09*
1.	Net worth (Capital+Reserves)	2,064	2,061	2,104	2,204
2.	Turnover	1,232	267	1,530	1,093
3.	Profit before tax	548	20	156	145
4.	Profit after tax	356	14	108	96
5.	Dividend, %	20	-	3.409	-

**NOTE:**

\* For the first six-month period only.

- 2.8 **Future plans:** KIOCL has drawn up several short term and long term plans for implementation. Notable amongst them are:

- 2.8.1 Development of infrastructure facilities at Mangalore for receipt, unloading, handling, blending, storage and grinding of haematite iron ore.
- 2.8.2 Mechanisation of the “Vessels Un-loading” system at Mangalore port for receipt and handling of raw materials.
- 2.8.3 Development of Chikkanayakanahalli Mines in Tumkur district, Karnataka.
- 2.8.4 Entering into the field of mining of minerals belonging to others as Mine Developer-cum-Operator (MDO).
- 2.8.5 Installation of a 3-lakh-ton capacity Coke Oven Plant at Mangalore.
- 2.8.6 Setting up of permanent railway siding at Mangalore for receiving domestic raw materials.
- 2.8.7 Upgradation of Pellet Plant’s capacity from 3.5 mtpy to 4.3 mtpy.
- 2.8.8 Setting up of a 100,000 tpy Ductile Iron Spun Pipe Plant for production of ductile iron spun pipes at the Blast Furnace Complex in Mangalore, as a value added product.
- 2.8.9 Development of Eco-tourism facilities, making use of the existing Kudremukh infrastructure facilities.

### **3.0 PROPOSED INTEGRATED STEEL PROJECT**

#### **3.1 Concept of Joint Venture Company**

- 3.1.1 (a) KIOCL has proposed to set up an integrated steel plant in Karnataka through a JV partnership. KIOCL will hold 26 per cent equity stake in the JVC, with the JV Partner holding the balance 74 per cent.
- (b) The preferred debt:equity ratio of the proposed JVC would be around 3.
- 3.1.2 KIOCL intends to identify the most suitable JV Partner for setting up the proposed integrated steel plant in Karnataka, considering the JV structure as indicated in 3.1.1 above. The selection of the JV Partner will be made through a transparent competitive bidding process, details of which are provided in the later sections of this Notice Inviting Tender (NIT).
- 3.1.3 KIOCL or the JV Partner should not divest or dilute their respective equity stake in the JVC for a minimum period of 5 years, reckoned from the date of commencement of commercial production of rolled products from the plant. In case either KIOCL or the JV Partner intends to divest or dilute its equity stake after the said period of 5 years, then the other partner shall have the first right of refusal.
- 3.1.4 KIOCL reserves the right to withdraw from the JV formation process or to alter any of its terms and/or the selection and formation process at any stage but not later than signing of draft JV Agreement.

### 3.2 **Brief Project Proposal**

3.2.1 **Plant capacity:** The proposed integrated steel plant will have a minimum capacity of 1.5 mtpy in the first phase. The plant will have provision for expansion to 5 mtpy and beyond in the subsequent phases.

3.2.2 **Product-mix:** The plant will produce saleable items like rolled steel products comprising either long products or flat products or a mix of both. The product-mix selected shall have demand in the domestic/international markets. The saleable rolled steel products will conform to international quality standards.

3.2.3 **Plant concept:** The steel plant will be setup based on the concept of integrated operation, starting with iron ore and other raw materials, and ending with rolled steel products. The plant should have access to sustained supply of iron ore and other raw materials for the project. The JV Partner should either have tie-ups with suppliers of iron ore on long term basis or possess iron ore captive mine(s).

3.2.4 **Process route:** The integrated steel plant will adopt technically proven and commercially viable processes for production of iron and steel, as well as processing of the steel into the desired finished products. The capability of using KIOCL's iron oxide pellets in the iron making process, will be considered as an added advantage.

The iron making process will be capable of utilising locally available iron ore from captive mines, or from suppliers of iron ore on long term basis, after necessary up-gradation and/or agglomeration, as required by the process. The product of the reduction process may be either as hot metal (liquid iron), or in solid form as direct reduced iron (DRI). The iron will be converted into liquid steel by adopting

suitable steel making process. Appropriate secondary metallurgy will be practised for achieving the desired quality of steel. The liquid steel will be continuously cast into semis, and subsequently rolled into saleable finished products. If required, the rolled products will be further processed to obtain the desired profile/surface finish/properties.

The process route should optimise / economise on specific consumptions of raw materials/energy/water/utilities, enabling maximum recycling of wastes generated in-process, and be sustainable in the long run. The plant should adopt Clean Development Mechanism (CDM) in order to be eligible for carbon credit benefits.

- 3.2.5 **Plant configuration:** The integrated steel plant will have the required production and auxiliary facilities for achieving the desired productions. Due consideration will be given to captive generation of power for meeting the plant's requirement partly or fully. Adequate area and facilities will be provided for handling, storage and recycling of waste materials. The plant will also have a green belt, in accordance with the requirements stipulated by the Ministry of Environment & Forests (MoEF).
- 3.2.6 **Plant location:** The plant will be located at a suitable site in the State of Karnataka.
- 3.2.7 **Environmental compatibility:** The process route, technology, layout adopted should be compatible with the requirements of MoEF and the State Pollution Control Board of Karnataka, and other statutory agencies as applicable.

#### **4.0 NATURE OF KIOCL'S PARTICIPATION**

4.1 KIOCL desires to enter into a JV partnership with the JV Partner and set up the integrated steel plant. KIOCL will provide 26 per cent of the equity capital and the balance is to be provided by the JV Partner.

4.2 KIOCL will be adequately represented in the Board of Directors of the JVC. However, onus of project implementation and day-to-day management of the JVC will rest with the JV Partner.

4.3 The JVC may avail the following facilities and services of KIOCL, at mutually agreed terms and conditions, in addition to KIOCL's equity participation:

- a) Utilization of pelletising and pig iron facilities.
- b) Utilization of KIOCL's expertise in mining, iron ore beneficiation, pelletising and pig iron production.
- c) Availability of KIOCL's trained and skilled manpower.
- d) Utilisation of KIOCL's existing port facilities and infrastructure at Mangalore.

4.4 The JVC shall also be allowed to benefit from the goodwill and market credibility, established over the years by KIOCL, at agreed terms and conditions, including adequate compensation.

#### **5.0 EVALUATION OF BIDS**

The bids will be evaluated in two stages. First, all the bids will be evaluated with respect to fulfillment of certain essential criteria. Those bids that fulfill all the essential criteria will qualify for the next stage of evaluation. In this

stage of evaluation, there are six 'Desirable criteria', of which any three have to be fully complied with for further evaluation.

The criteria for bid evaluation, along with the marks assigned against each criterion, have been indicated at the end of this NIT.

## **5.1 Essential Criteria**

### **5.1.1 Technical**

- a) The proposed integrated steel plant will be located in the State of Karnataka.
- b) The proposed integrated steel plant will have a minimum capacity of 1.5 mtpy in the first phase. The plant will have provision for expansion to 5 mtpy and beyond in subsequent phases.

### **5.1.2 Commercial**

- a) Must be a legal entity registered in India under the Indian Laws.
- b) Must have at least INR 500 crore of positive net worth as per the latest financial statements.
- c) In case the bidder is a consortium as defined in clause 1.3 earlier, the lead member must hold at least 51 per cent stake.

## **5.2 Desirable Criteria**

- 5.2.1 The following items, in connection with the project, will be given due weightage, as per the list of criteria for bid evaluation, attached with this NIT, only if the same are in conclusive position. For this purpose, the bidder shall

furnish along with the bid appropriate supporting documentary evidence.

- a) The land for the total project (considering expansion to 5 mtpy and beyond in phases by bidder) should have been acquired.
- b) Tie-up(s) with suppliers of iron ore on long term basis should have been established or should possess iron ore captive mine(s) with access to iron ore for the proposed integrated steel plant.
- c) Statutory permission should have been obtained for uninterrupted withdrawal of adequate quantity of water for the life of the project.
- d) Depending on the process of iron making, access to coking coal/non-coking coal, as the case may be, should have been established.
- e) Project Report for the proposed project should be completed and approved by the appropriate authority of the bidder's organisation.
- f) Permission for connectivity with Karnataka State Grid/other appropriate agencies should have been obtained for drawing/export of power.

5.2.2 At least three of the six desirable criteria under clause No. 5.2.1 must be fully complied with in order for the bid to be considered for further evaluation.

### **5.3 Techno-economic Criteria**

5.3.1 In addition to the criteria, as mentioned in clause No. 5.0, the following five techno-economic criteria of the proposed integrated steel project will be considered for evaluation and appropriate marks allocated:

- a) Potential for the project to earn carbon credits through adoption of technologies utilising CDM.
- b) Capability of the project to utilise KIOCL's pellets in the iron making process.
- c) Implementation schedule envisaged for the initial phase (minimum 1.5 mtpy) of the proposed integrated steel plant; the plant will have provision for expansion to 5 mtpy and beyond in subsequent phases.
- d) Return on investment (ROI), computed for the first year of full production, for the initial phase (minimum 1.5 mtpy) of the proposed integrated steel plant; the plant will have provision for expansion to 5 mtpy and beyond in subsequent phases.
- e) Projected profitability in terms of post-tax internal rate of return (IRR) for the initial phase (minimum 1.5 mtpy) of the proposed integrated steel plant, calculated for 15 years of plant operation; the plant will have provision for expansion to 5 mtpy and beyond in subsequent phases.

## **6.0 INVITATION TO TENDER**

### **6.1 Bidding Process**

6.1.1 Non-transferable NIT document with the official stamp of KIOCL, can be obtained from the Office of The Executive Director (NBD/CNH), KIOCL Ltd, II Block, Koramangala, Bangalore 560 034, after submitting a letter of authorisation issued by their principal, from 27<sup>th</sup> April 2009 during working hours, on payment of non-refundable fee of INR 1,00,000.00 (Indian Rupees One lakh only), in the form of a demand draft drawn in favour of “KIOCL Limited”, payable at Bangalore on any Nationalised Bank or Scheduled Bank. The NIT document can also be downloaded from KIOCL’s website [www.kudremukhore.co.in](http://www.kudremukhore.co.in) and Government tenders portal NIC <http://www.tenders.gov.in/departments.asp?id=215>. In such a case, the demand draft for INR 1,00,000.00 (Rupees One lakh only) will have to be submitted along with the bid document. In case of any discrepancy between NIT documents downloaded from the website and the master copy available in the office of KIOCL, the later shall prevail and will be binding on the bidders. No claim on this account will be entertained.

6.1.2 A pre-bid meeting will be held at KIOCL’s Bangalore Office on 15<sup>th</sup> May 2009, at 10.00 hrs IST. Prospective bidders shall confirm their participation along with their queries, if any, by 7<sup>th</sup> May 2009, addressed to the Executive Director (NBD/CNH), KIOCL Ltd, II Block, Koramangala, Bangalore 560 034. The clarifications, if any, to the NIT, arising out of the pre-bid meeting, will be compiled as a bulletin, duly signed by KIOCL with the official seal, and shall be published in KIOCL’s website [www.kudremukhore.co.in](http://www.kudremukhore.co.in) and Government tenders portal NIC <http://www.tenders.gov.in/departments.asp?id=215>.

- 6.1.3 During the evaluation of the bids, the bidders may be invited for meetings at KIOCL's Bangalore Office for any clarifications/additional information required by KIOCL.
- 6.1.4 The bidder securing the highest rating will be invited for discussion to finalise and agree upon the terms and conditions of the draft JV Agreement.
- 6.1.5 The draft JV Agreement will be reviewed and approved by the respective Boards of KIOCL and the prospective JV Partner.
- 6.1.6 Upon such approval by the respective Boards, the JV Agreement shall be signed by KIOCL and the selected JV Partner.
- 6.1.7 The progress of work in the selection process of the suitable JV Partner shall be periodically published in the KIOCL website.
- 6.1.8 All costs arising out of, or in connection with submission of the bid, including participation in all meetings in connection with this tender, till the finalisation of the JV Agreement, shall be borne by the bidder, and KIOCL shall not be liable for any claims whatsoever on this account.

## **6.2 Submission Procedure and Dates**

- 6.2.1 All correspondence, bids, documents in connection with this tender shall be in English language only. In case of any ambiguity in interpretation, Oxford Dictionary will be referred.

- 6.2.2 The bid shall reach the specified address as given below on or before 17.00 hrs IST of 10<sup>th</sup> June 2009:

**EXECUTIVE DIRECTOR (NBD/CNH)  
KIOCL LIMITED  
II BLOCK, KORAMANGALA  
BANGALORE 560 034  
KARNATAKA, INDIA**

- 6.2.3 The bid shall be valid for a period of 6 (six) months from the bid due date.

- 6.2.4 The bid shall be submitted by the bidder in the manner as described below:

6.2.4.1 The first sealed envelope shall contain one full set of NIT document, including pre-bid meeting bulletin if any, as well as 4 (four) sets (one original and three copies) of technical and commercial documents, duly signed by authorised signatory with official seal on all pages. This envelope shall be superscribed as "TECHNICAL AND COMMERCIAL DOCUMENTS - JOINT VENTURE PARTNER FOR EQUITY PARTICIPATION FOR SETTING UP OF AN INTEGRATED STEEL PLANT IN THE STATE OF KARNATAKA".

6.2.4.2 Second sealed envelope superscribed as "EMD AND TENDER DOCUMENT FEE - JOINT VENTURE PARTNER FOR EQUITY PARTICIPATION FOR SETTING UP OF AN INTEGRATED STEEL PLANT IN THE STATE OF KARNATAKA" shall contain the Earnest Money Deposit and tender fee as per clause 6.1.1, in case the NIT document downloaded from the website.

6.2.4.3 Both the above envelopes should be kept in one single cover and sealed and superscribed as "CONFIDENTIAL - JOINT VENTURE PARTNER FOR EQUITY PARTICIPATION

FOR SETTING UP OF AN INTEGRATED STEEL PLANT IN THE STATE OF KARNATAKA” and addressed to:

**EXECUTIVE DIRECTOR (NBD/CNH)  
KIOCL LIMITED  
II BLOCK, KORAMANGALA  
BANGALORE 560 034  
KARNATAKA, INDIA**

6.2.4.4 Bids not submitted in strict compliance with the clauses mentioned above shall be rejected.

6.2.5 Bid document received by FAX/Email and in open condition will not be accepted.

**6.3 Documents and Information to be submitted along with the Bid**

6.3.1 A covering letter, to be submitted with bid documents, confirming the interest for participation in the Joint Venture, as per the prescribed format, enclosed as Enclosure-1.

6.3.2 Confirmation of compliance to essential criteria, as per format given in Enclosure-2.

6.3.3 Summary of the Project Report, covering the technical aspects and financial details/projections of the project.

6.3.4 Registration Certificate under Indian Laws.

6.3.5 Memorandum and Articles of Association.

6.3.6 Audited financial statements for the last three financial years together with a summary statement, as per Enclosure-3.

6.3.7 Power of Attorney/Board Resolution for the authorised signatory of the bidder.

6.3.8 All bidders should furnish the following along with their bids:

a) Details of Arbitration Disputes/ Legal Suits or other legal proceedings during the last 3 years, as per the format enclosed as Enclosure-4.

b) A snapshot of the bidder in the prescribed format enclosed as Enclosure-5.

c) Proposed business plan in brief as per Enclosure-6.

d) Brief description of the proposed integrated steel plant in Karnataka as per Enclosure-7.

e) Integrity Pact as per Enclosure- 9.

f) Any other information which the bidder feels necessary for the project. (Attach separate enclosure if required).

6.3.9 The bidder shall furnish supporting documentary evidences for all the information provided in the bid, as applicable.

#### **6.4 Earnest Money Deposit**

6.4.1 The bid should be accompanied by an interest free Earnest Money Deposit (EMD) of INR 1,00,00,000.00 (Indian Rupees One Crore only) to be deposited in the form of a Demand Draft from any Nationalised Bank or Scheduled bank drawn in favour of “KIOCL Limited”, payable at Bangalore, or in the form of a Bank Guarantee as per the format attached as Enclosure-8, valid for a period of 6 (six)

months from the bid due date. The Demand draft/ Bank Guarantee from Co-operative bank will not be accepted. The Bank Guarantee should be from any of the Nationalized Bank or Scheduled Bank on non-judicial stamp paper of INR 100/- (Indian Rupees One hundred only) or as applicable as per rules.

6.4.2 KIOCL reserves the right to accept EMD in the above form or any other form at its discretion.

6.4.3 Bid not accompanied by EMD shall be summararily rejected.

6.4.4 The EMD shall be returned to the unsuccessful bidders. In case of the successful bidder, the same shall be returned after signing of the JV Agreement.

6.4.5 The EMD shall be forfeited by KIOCL in any of the following cases:

(i) Bidder withdraws the bid during its validity period specified in the NIT.

(ii) Selected bidder refuses to enter into the JV Agreement, after finalisation of the draft JV Agreement.

(iii) In case any information or document furnished by the selected bidder is found to be incorrect or false.

## **6.5 Disqualification of Bid**

6.5.1 KIOCL will not consider those bids, which are found to be incomplete in content and/or attachments and/or authentication etc.

6.5.2 KIOCL will reject the bid received after the bid due date and time

6.5.3 KIOCL will not consider the bid if not submitted in accordance with clauses 6.2.4.1 to 6.2.4.3.

6.5.4 KIOCL will not consider the bid if bidder failed to provide the necessary information/clarifications during the tendering process, treating it as incomplete bid.

6.5.5 If any information furnished by the bidder is found to be incorrect/false at any stage of the bidding process, KIOCL reserves the right to disqualify and reject the bid at any time after such information becomes known to KIOCL.

6.5.6 In case of occurrence of such events, as specified under clauses 6.5.1 to 6.5.5, the decision of KIOCL shall be final and binding on the bidder.

## **6.6 Request for Clarification**

6.6.1 If at any time during the bidding process, KIOCL requires any further clarification and/or information, it reserves the right to request for such clarification/information from the bidders and the bidders shall be obliged to provide such clarification/information within reasonable time as KIOCL may request.

## **6.7 Amendment and Cancellation of Tender**

6.7.1 KIOCL reserves the right to amend any of the conditions in this NIT document during the bidding process, if required, and such amendment shall be notified to the bidders.

6.7.2 KIOCL reserves the right to accept or reject any or all bids, without assigning any reasons and without incurring any liabilities thereof.

6.7.3 Decision of KIOCL in respect to the above would be final and binding on the bidders.

## **6.8 Governing Laws**

6.8.1 This NIT shall be governed and interpreted in accordance with Laws of India.

## **6.9 Settlement of Disputes**

6.9.1 All disputes and/or differences arising out of or in connection with this NIT shall be settled amicably. If, however, such disputes and/or differences cannot be resolved amicably, such disputes and/or differences whatsoever, arising out of or in relation to this NIT, shall be settled by Arbitration in accordance with the provisions of Arbitration as per Arbitration and Conciliation Act 1996 and amendments thereof. The venue of Arbitral proceedings shall be only in Bangalore, India.

6.9.2 Courts at Bangalore shall have jurisdiction of this NIT.

6.9.3 If the bidder happens to be a Government of India Enterprise under the administrative control of Ministry of Steel, the mechanism for settlement of disputes between public sector enterprises under Ministry of Steel shall be as per letter No. 13(23)/2003-Coordn dated 08.09.2003 or any amendments thereto.

6.9.4 However, if the bidder happens to be a Government of India Enterprise or Government Department, other than under the administrative control of Ministry of Steel, the disputes shall be resolved as provided in OM No. 53/3/6/91-Cab, dated 31/12/1991 and OM No. 53/3/10/94-Cab, dated 24/1/1994 of Cabinet Secretariat.

## **6.10 Integrity Pact**

- a) A copy of an Integrity Pact is enclosed as Enclosure-9.
- b) Bidders are requested to confirm acceptance of all terms of the Integrity Pact and to return signed copy of the same, affixing signature along with seal on all pages, along with the bid.
- c) The name and address of External Independent Monitor (EIM) will be as under:

Sri S S Meenakshisundaram,  
No. 1332, Double Road,  
Indiranagar,  
Bangalore -560 038  
Phone:080 25288265  
Email: meenakshi54@hotmail.com

## **6.11 Checklist**

6.11.1 This section prescribes formats for submission of information to ensure that information and data collected from each bidder is interpreted in a consistent manner. Hence it is required that all bidders should submit information as per the formats indicated below:

### **6.11.2 Envelope-1: Technical and Commercial Documents**

- (i) Covering letter as per Enclosure-1.
- (ii) Original NIT document signed, along with the official seal of the authorised signatory, on all pages.
- (iii) Confirmation of compliance to essential criteria as per Enclosure-2.
- (iv) Summary of the Project Report of the envisaged project.
- (v) Registration Certificate under Indian Laws.
- (vi) Memorandum and Articles of Association.

- (vii) Power of Attorney/Board Resolution for the authorised signatory of the bidder.
- (viii) Audited financial statements for the last three financial years together with a summary statement as per Enclosure-3.
- (ix) Details of Arbitrations Disputes/Legal Suits or other Legal proceedings during the last three years as per the format enclosed as Enclosure-4.
- (x) A snapshot of the bidder in the prescribed format enclosed as Enclosure-5.
- (xi) Proposed business plan in brief as per Enclosure-6.
- (xii) Brief description of the proposed integrated steel plant in Karnataka as per Enclosure-7.
- (xiii) Filled-in and signed copy of Integrity Pact as per Enclosure -9.

6.11.3 Envelope-2: Earnest Money Deposit as per the format attached as Enclosure-8 or a Demand Draft. The tender fee also has to be enclosed in this envelope if the NIT document is downloaded from the website.

6.11.4 Envelope-3: Enclosing Envelopes 1 & 2 and marked as "CONFIDENTIAL" with necessary heading as indicated in clause 6.2.4.3.

**ENCLOSURE – 1**

**FORMAT OF THE COVERING LETTER WITH BID DOCUMENTS**

(To be submitted on the letter head of the bidder)

Date

To  
Executive Director (NBD/CNH)  
KIOCL Limited  
II Block, Koramangala,  
Bangalore - 560034  
Karnataka, India.

Dear Sir,

Sub: Joint Venture (JV) Partner for equity participation by KIOCL  
for setting up of an integrated steel plant in the state of  
Karnataka

This has reference to your Notice Inviting Tender (NIT) No. KIOCL /  
NBD/ STEEL PLANT//2009/01, dated 27.04.2009 for JV Partner for  
equity participation by KIOCL for setting up of an integrated steel plant  
in the state of Karnataka.

We have studied the contents of the tender document and desire  
to participate in the above mentioned Joint Venture formation process.  
We propose to submit our offer for the above purpose. Our bid is for  
participating in the JV for setting up of an integrated steel plant in the  
State of Karnataka.

The sum of money of INR 1,00,00,000 (Indian Rupees One crore  
only) is herewith forwarded in form of a ----- as Earnest money, the  
full value of which will be forfeited to KIOCL without prejudice to any  
other rights and remedies of KIOCL, as specified in clause 6.4.6 of the  
NIT

Apart from this, tender fee of INR 1,00,000 (Indian Rupees One  
lakh only) in form of demand draft , drawn in favour of KIOCL Limited,  
payable at Bangalore is also enclosed (Applicable for NIT documents

downloaded from website only). We believe that our Company satisfies the eligibility criteria mentioned in the NIT. Our enclosed offer includes all the information sought by you vide NIT No. KIOCL / NBD/ STEEL PLANT//2009/01, dated 27.04.2009.

We thank you for the opportunity given to us and look forward to take part in the bidding process.

Yours faithfully,  
Authorised signatory

Signature:

Name:

Designation:

Organisation/Entity

Date:

Place:

(With official seal)

**ENCLOSURE – 2**

**Confirmation of Compliance to Essential Criteria**

Sl.No.	Criterion	Yes	No
1	Plant location in the State of Karnataka		
2	The proposed integrated steel plant will have a minimum capacity of 1.5 mtpy in the first phase. The plant will have provisions for expansion upto 5 mtpy and beyond in subsequent phases.		
3	Bidder is a legal entity registered in India under Indian Laws		
4	Positive net worth of at least INR 500 crore (Indian Rupees Five hundred crore)		
5	In case the bidder is a consortium as defined in clause 1.3 earlier, the lead member holds at least 51% stake.		

**Authorised Signatory**

Signature:

Name:

Designation:

Organisation/Entity

Date:

Place:

(With official seal)

**ENCLOSURE – 3**  
**SUMMARY STATEMENT**

		Year 1	Year 2	Year 3
	FINANCIAL INFORMATION			
1.	Equity capital			
2.	Reserve			
3.	NET WORTH (Share Capital + Reserves-Accumulated losses)			
	Growth over previous year (%)			
4.	Long term DEBT/LOAN			
5.	DEBT EQUITY RATIO Long term Debt/Loan ÷ Net worth			
6.	FIXED ASSETS			
	Land and building			
	Plant & Machinery			
	Other fixed assets			
7.	INVESTMENTS			
8.	CURRENT ASSETS			
	a) Cash in hand/Bank			
	b) Accounts receivable			
	c) Other assets			
	Total			
	CURRENT LIABILITY			
	a) Sundry creditors			
	b) Interest accrued but not due			
	c) Other liabilities			
	Total			
	CURRENT RATIO			
	Current assets÷current liability			

9.	SALES			
	Growth per previous year (%)			
10.	PROFIT BEFORE TAX			
	Growth per previous year (%)			
11.	PROFIT AFTER TAX			
	Growth per previous year (%)			
12.	Dividend disbursed (%)			
13.	Whether the organisation has been referred to BIFR. (If yes, enclose details)			
14.	Brief note indicating the availability and source of liquid fund for investing in the proposed JVC (enclose details)			
- Above details shall be highlighted in the Annual Accounts of the last three years submitted with the bid.				
<p>Authorised Signatory</p> <p>Signature:</p> <p>Name:</p> <p>Designation:</p> <p>Organisation/Entity</p> <p>Date:</p> <p>Place:</p> <p>(With official seal)</p>				

**Note:** All money values to be indicated in INR lakh.

**ENCLOSURE - 4**

**DETAILS OF ARBITRATION DISPUTES/LEGAL SUITS OR OTHER  
LEGAL PROCEEDINGS DURING THE LAST THREE YEARS**

(To be submitted on the letter head of the bidder)

Sl. No.	Brief description of dispute	Dispute with	Value	Status as on date of submission

Note: Attach more sheets if required

Authorised signatory

Signature:

Name:

Designation:

Organisation/Entity

Date:

Place:

(With official seal)

**ENCLOSURE - 5**  
**DETAILS OF BIDDER**

1. Name of the bidder :
2. Constitution :
3. Industry sector
4. Nature of business :
5. Date of incorporation and/or  
commencement of business in India :
7. Registered office address :
8. Other office addresses :
9. Communication address :
10. Contact person details related  
to this tender :
11. Any other details :

Authorised signatory

Signature:

Name:

Designation:

Organisation/Entity

Date:

Place:

(With official seal)

Note: Attach supporting documents wherever applicable

**ENCLSOURE - 6**

**PROPOSED BUSINESS PLAN OF THE BIDDER**

A brief write up on the business plan of the bidder for the proposed JV Company.

Signature:

Name:

Designation:

Organisation/Entity

Date:

Place:

(With official seal)

**ENCLOSURE - 7**

**DESCRIPTION OF THE PROPOSED INTEGRATED STEEL PLANT IN  
THE STATE OF KARNATAKA**

A write-up on the proposed integrated steel plant and the status of the project to be indicated. Write-up to include the process route, technology, plant flow sheet, materials balance sheet, water, utility and power diagrams, plant layout, provision for future expansion, estimates of capital cost, proposed financing plan, operating cost and financial statements. Status of tie-ups of project financing as applicable may also be mentioned.

Signature:

Name:

Designation:

Organisation/Entity

Date:

Place:

(With official seal)

**ENCLOSURE - 8**

**FORM OF BANK GUARANTEE FOR EARNEST MONEY DEPOSIT**

In consideration of KIOCL Limited (hereinafter called 'Company') having agreed to exempt \_\_\_\_\_ (hereinafter called the said "Bidder") from demand under the terms and conditions of the tender documents vide No \_\_\_ dated \_\_\_\_\_ of Earnest Money deposit for the due fulfillment by the said Bidder of the terms of conditions contained in the tender document on production of Bank Guarantee of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only).

1. We \_\_\_\_\_ (hereinafter referred to as "The Bank") at the request of Bidder do hereby guarantee the payment to the Company an amount not exceeding Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) and interest thereon at 15.5 percent per annum from the date of demand till payment against any loss or demand caused to or suffered, would be caused to or suffered by the Company by reason of any breach by the said Bidder of any of the terms and conditions contained in the said Tender Documents.
2. We \_\_\_\_\_ do hereby unconditionally and irrevocably undertake to pay to the Company an amount to the extent of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) and interest thereon at 15.5 percent per annum from the date of demand till payment without any demur, merely on a demand from the Company stating that the amount claimed is due by way of loss or damage caused to or suffered or would be caused to or suffered by the Company by reason of breach by the said Bidder of any of the terms and conditions contained in the said Tender documents. Any such demand made on the Bank shall be conclusive as regards the amount due and payable by the Bank under this Guarantee. However, our liability under this Guarantee shall be restricted to an amount not exceeding Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) and interest thereon as mentioned above from the date of demand till payment.
3. Our liability under this present Guarantee is absolute and unequivocal and we undertake to pay the Company the amount so demand notwithstanding the Bidder raising any dispute and /or disputes or filing any suit or proceeding before any court or tribunal or other Authority. The payments so made by us under this Guarantee shall be a valid discharge of our liability for payment there under and the Bidder shall have no claim against us for making such payment.

4. We \_\_\_\_\_ further agree that the Guarantee herein contained shall remain in full force and effect during the period as required by the Company. Unless a demand or claim under this Guarantee is made on us in writing on or before \_\_\_\_\_, we shall be discharged from all liability under this Guarantee thereafter.
5. This Guarantee shall not be revocable by us except with the written consent of the Company and shall continue to be enforceable till. \_\_\_\_\_. Should it be necessary to extend this Guarantee beyond the said date, we undertake to extend the validity of this Guarantee for such further period as may be required by the Company and such extension shall be given one month before the expiry of the Guarantee, failing which the amount covered under this Guarantee shall become forthwith payable.
6. We \_\_\_\_\_ further agree with the Company that the Company shall have the fullest liberty without our consent and without affecting in any manner our obligation hereunder to vary any of the terms and conditions of the Tender Documents or to extend time of finalizing the bid from time to time and to forbear or enforce any of the terms and conditions relating to the Tender Documents and we shall not be relieved from our liability by reason of any such variation or extension being granted to the said Bidder or for any forbearance, act or omission on the part of the company or any indulgence by the Company to the said Bidder or by any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.
7. This Guarantee shall not in any way be affected due to change in our constitution or by your taking or varying or giving up any securities from the Bidder or any other person, firm or Company on its behalf or by the change in the constitution, winding up, dissolution, insolvency or death as the case may be of the Bidder.
8. In order to give full effect to the Guarantee herein contained, you shall be entitled to act as if we are your principal debtors in respect of all your claims against the Bidder hereby Guaranteed by us as aforesaid and we hereby expressly waive all our rights of suretyship and other rights. If any, which are in any way inconsistent with the above or any other provisions of this Guarantee.

9. We \_\_\_\_\_ also undertake not to revoke this Guarantee during its currency except with the previous consent of the Company in writing.

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 20

For \_\_\_\_\_

(indicated the name of Bank)

#### IMPORTANT NOTE

The following points should be taken care of while submitting the Bank Guarantee:

1. The Bank Guarantee should be on non-judicial stamp paper having a value as per Rules in force.
2. The stamp paper should be purchased in the name of the Bank, who give the Guarantee and not in the name of the Bidder.
3. The Bank Guarantee should be strictly as per the proforma.
4. The Bank Guarantee should be from any of the Nationalised Banks or Scheduled Banks.
5. If any correction is made on the Guarantee, the same should be endorsed by the Bank with its official seal.

**ENCLOSURE- 9**

**INTEGRITY PACT**

THIS AGREEMENT is entered into between the following Parties:

**KIOCL Limited (KIOCL)** hereinafter referred to as **“The Principal”**,  
and  
.....(Name **of the**  
**Party**) hereinafter referred to as **“Second Party”**

**Preamble**

The Principal intends to award a contract, following its laid-down organizational procedures, for < **nature of contract, in brief** >. The Principal values full compliance with all relevant laws and regulations and the principles of economical use of resources and of fairness and transparency in its relations with its Second Party.

In order to achieve these goals, the Principal cooperates with the renowned international Non-Governmental Organization, "Transparency International" (TI). Following TI's national and international experience, the Principal will appoint an External Independent Monitor (EIM) who will monitor the tender process and the execution of the Contract for compliance with the principles mentioned below.

**IT IS AGREED AS FOLLOWS:**

**Definitions:**

- a) **“Principal”** which is the **“FIRST PARTY”** means KIOCL Limited (KIOCL), incorporated under the Companies Act 1956, having their registered office at Koramangala, Bangalore – 560 034 and includes their successors.
- b) **“SECOND PARTY”** means the person, firm or company **submitting** a tender against the Invitation to Tender and includes his/ its/ their staff, consultants, parent and associate and subsidiary companies, agents, consortium and joint venture partners, sub-contractors, suppliers, sellers, buyers, customers etc, including heirs, executors, administrators, representatives, successors. **And** the **“Second Party”** also means, any party

including contractors, tenderers, executors, suppliers, sellers, buyers, customers etc, whose tender has been accepted by the Principal or Company and shall be deemed to include his/ its/ their heirs, executors, administrators, representatives and successors unless excluded by the Contract.

- c) "External Independent Monitor" means a person, hereinafter referred to as EIM, appointed, in accordance with clause 8.a below, to verify compliance with this agreement.
- d) "Party" in relevant contract means a signatory to this agreement, and includes both "Principal" and "Second Party".
- e) "Contract" means the contract entered into between the Principal and Second Party for the execution of work mentioned in the preamble above.

### **Commitments of the Parties**

#### **Section 1 - Commitments of the Principal:-**

The Principal commits itself to take all measures necessary to prevent corruption (inducement to violate duty assigned to its employees) and to observe the following principles;

- i) No employee of the Principal, personally or through family members or any third person, will in connection with all stages of tendering or the execution of contract, demand or take a promise, or accept, for him/herself or any third person, any material or non-material benefit which he/she is not legally entitled to;
- ii) The Principal will, during the tender process, treat all Second Parties with equity and reason. The Principal will in particular, before and during the tender process, provide to all Second Parties the same information and will not provide to any particular Second Party any information/ clarification through which the Second Party could obtain an advantage in relation to the tender process or the contract execution;
- iii) The Principal will not take, directly or indirectly, any steps, which could unduly influence the functioning of EIM.
- iv) If the Principal obtains information on the conduct of any of its employees which is a criminal offence under the relevant Anti-corruption Laws of India/ guidelines of Govt. / guidelines of CVC/ guidelines of Principal, or if there be a substantive suspicion in this regard, the Principal will inform its Vigilance Office and in addition can initiate disciplinary actions.

- v) If the Principal obtains information of conduct of a Second Party, or sub-contractor or of an employee or a representative or an associate of a Second Party or sub-contractor, which constitutes corruption, or if the Principal has a substantive suspicion in this regard, the Principal will inform the Vigilance Department of the Company.

**Section 2 - Commitments of the Second Party:**

2.1 The Second Party commits himself to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the Contract execution;

- i) The Second Party will not directly or through any other person(s) or firm, offer, promise or give to the Principal, or to any of the Principal's employees involved in the tender process or the execution of the Contract or to any third person any material or immaterial benefit which he / she is not legally entitled to in order to obtain, in exchange, an advantage during the tender process or to vitiate the Principal's tender process or the execution of the contract.
- ii) The Second Party will not enter with any other Tenderers into any illegal agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or actions to restrict competitiveness or to vitiate the Principal's tender process or the execution of the Contract.
- iii) The Second Party will not commit any criminal offence under the relevant Anti-corruption Laws of India; further, the Second Party will not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.
- iv) The Second Party of foreign origin shall disclose the name and address of their agents/representatives in India, if any. Similarly, the Second Party of Indian Nationality shall furnish the name and address of their foreign principals, if any.
- v) The Second Party will, when presenting his bid, disclose any and all payments he has made, is committed to or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.
- vi) The Second Party will not take, directly or indirectly, any steps, which could unduly influence the functioning of EIM.

- vii) The Second Party will not instigate third persons to commit offences outlined above or be an accessory to such offences.

## **2.2 Obligation to Ensure Compliance**

- a) Each Party will take all reasonable steps to ensure that the provisions of this agreement which are binding on it are complied with by all of its staff, consultants, parent and associated and subsidiary companies, agents, consortium and joint venture partners, sub-contractors and suppliers.
- b) Each Party will appoint an appropriate senior manager with responsibility for ensuring that the provisions of this agreement are complied with.

## **Section 3 - Disqualification from tender process and exclusion from future contracts**

- a) If the Second Party, before award of contract, has committed a transgression through violation of any of the terms under section 2 above or in any other form such as to put his reliability or credibility as Second Party into question, the Principal is entitled to disqualify the Second Party from the tender process or to terminate the contract, if already signed, for such reason.
- b) If the Second Party has committed a transgression through a violation of any of the terms under section 2 above or in any other form such as to put his reliability or credibility into question, the Principal is entitled also to exclude the Second Party from future contract award processes. The imposition and duration of the exclusion will be determined by the severity of the transgression. The severity will be determined by the circumstances of the case, in particular the number of transgressions, the position of the transgressors within the company hierarchy of the Second Party and the amount of the damage. The exclusion will be imposed for a minimum of six (6) months and a maximum of three (3) years.
- c) If the Second Party can prove that he has restored/ recouped the damage caused by him and has installed a suitable corruption prevention system, the Principal may revoke the exclusion before the expiry of the period of such exclusion.
- d) A transgression is considered to have occurred if, in light of all available evidence, a reasonable doubt is possible.

#### **Section 4 - Compensation for Damages**

- a) If the Principal has disqualified the Second Party from the tender process prior to the award according to Section 3 above, the Earnest Money Deposit (EMD) furnished, if any, along with the offer as per the terms of the Invitation to Tender (ITT) shall be forfeited. This is apart from the disqualification of the Second Party as may be imposed by the Principal as brought out at section 3 above.
- b) If the Principal has terminated the contract according to Section 3 above, or if the Principal is entitled to terminate the contract according to section 3 above, the EMD/Security Deposit furnished by the Second Party, if any, as per the terms of the ITT/contract shall be forfeited. This is apart from the disqualification of the Second Party, as may be imposed by the Principal, as brought out at section 3 above.

#### **Section 5 - Previous Transgression**

- a) The Second Party hereby declares that no previous transgressions with respect to provisions of Integrity pact occurred in the last three (3) years with any other Company in any country or with any other Public Sector Enterprise in India and, as such, there is no case for his exclusion from the tender process.
- b) The Second Party hereby agrees that if he has made/makes incorrect statement in regard to this aspect, he can be disqualified from the tender process or the contract, if already awarded, can be terminated for that reason.

#### **Section 6 - Equal treatment of all Second Parties/Sub-contractors**

- a) The Second Party undertakes to obtain from all sub-contractors a commitment consistent with this integrity pact, and to submit it to the Principal at the time of seeking approval of the Principal for appointment of sub-contractors.
- b) The Principal will enter into agreements with identical conditions as that of this Integrity Pact, with all Second Parties.
- c) It is essential for all Second Parties to sign the Integrity Pact with the Company if the value of the transaction is more than 50 lakhs. The Principal will disqualify from the tender process all Second Parties who do not sign this Pact or violate its provisions.

### **Section 7 - Breaches of this Agreement**

- a) In the event that any Party believes that there is prima facie evidence that there has been a failure by a Party to comply with any provision of this agreement, such Party will take the following actions:
  - i) It will report full details of such suspected non-compliance to the EIM and CVO with copies to the Chief Executives of each of the Parties.
  - ii) If any such non-compliance has been carried out, or assisted by an individual who is a member of a professional association, and such non-compliance may constitute a breach of any disciplinary code of such professional association, such Party may report such matter to the professional association.
  - iii) If such non-compliance may constitute a criminal offence, either in the country in which the contract is being carried out, or in the home country of the organization or individual which carried out or assisted such non-compliance, such Party may report such matter to the appropriate criminal authorities in those territories.
- b) In the event that any Party breaches any provision of this agreement, the other Parties may, in addition to the rights under this agreement, claim damages against the defaulting Party, and exercise any other rights they may have against the defaulting Party.
- c) The Parties will take appropriate disciplinary or enforcement action against any of their staff, consultants, parent and associated and subsidiary companies, agents, consortium and joint venture partners, sub-contractors and suppliers who cause or assist in any breach of any provision of this agreement.

### **Section 8 - External Independent Monitor/Monitors (EIM)**

- a) The Principal, will appoint a competent and credible EIM/Number of EIMs for the duration of this agreement from the panel of EIMs appointed in consultation with the Central Vigilance Commission (CVC).
- b) The EIM will assess, on an independent and objective basis, the extent to which the Parties comply with their obligations under this agreement.

- c) The Parties will, after submission of a tender; after the award of any contract to them and for the duration of the contract:
  - i) Allow the EIM unrestricted access to all books, records and staff relevant to such tender;
  - ii) Ensure that the EIM has unrestricted access to the relevant books, records and staff of their consultants, parent and associated and subsidiary companies, agents, consortium and joint venture partners, sub-contractors and suppliers.
- d) In the event that the EIM believes that there is prima facie evidence that there is a violation of this agreement, the EIM will report the same to CEO of the Principal.
- e) Upon receipt of a report from the EIM, CEO of the Principal and the Board will discuss and try to agree upon the appropriate action to be taken in line with sections 3,4 & 5 above to deal with such violation.
- f) The EIM has no power to inquire any of the Parties to undertake any actions. No statement by the EIM, whether oral or in writing, is binding on any of the parties. Any Party in legal or dispute resolution proceedings can use all reports and other documentation issued by the EIM. The EIM can be called as a witness in legal or dispute resolution proceedings.
- g) Fee and /or any other incidentals including traveling/conveyance expenses, if any, payable to EIM shall be borne by the Principal.
- h) The EIM can only be removed from his appointment, if:
  - i) all parties agree in writing to remove him: or
  - ii) he resigns: or
  - iii) he is removed from his office by order of a Court having appropriate jurisdiction.
- i) If the EIM is removed from his appointment, the Principal will appoint another EIM as per section 8.a above for the remaining duration of this agreement.

### **Section 9 - Duration of Agreement**

- a) This agreement comes into force as soon as it has been signed by all the Parties have signed it. It cannot be terminated or varied except by the written agreement of all the Parties.
- b) This agreement will expire after 12 months from the date of last payment under the respective contract for the Second Party, and for all other Second Parties 6 months after the award of the contract.

### **Section 10 - Other Provisions**

- a) The Principal will disqualify from the tender process all Second Party who do not sign this Pact or violate its provisions.
- b) Should any occasion arise entailing EIM to undertake any investigation under the provisions of this agreement, the venue for such investigation shall generally be at KIOCL Corporate Office, Kormangala, Bangalore -560 034.
- c) This agreement is subject to Indian law. Place of performance and jurisdiction is the corporate office of the Principal. In case of any dispute, the courts at Bangalore only shall have jurisdiction.
- d) Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.
- e) Addresses along with other relevant details of the Chief Executives of the Parties are as given under;

**Principal:**

Chairman-cum-Managing-Director,  
KIOCL Limited,  
II-Block, Koramangala,  
BANGALORE - 560 034.

**INDIA.**

Tel : 080-25531322 (O)  
      : 080-25531272 (O)  
Fax : 080-25521584 (O)

**<Details of Second Party are to be filled in by Second Party concerned >**

- f) Should one or several provisions of this agreement turn out to be invalid, the remainder of this agreement remains valid. In that case

the parties will strive to come to an agreement to their original intentions.

- g) If the Second Party is a partnership or consortium, all partners or consortium members must sign this agreement.

-----	-----
For the Principal	For the Second Party
Place .....	
Date .....	

Witness 1: .....

(Name & address) -----  
-----

-----

-----

Witness 2:

(Name & address) -----  
-----

-----

-----

### CRITERIA FOR BID EVALUATION

The bids, satisfying the pre-requisite conditions, as mentioned in Enclosure- 2, shall be evaluated, as per the following evaluation criteria with the marks for rating indicated against the respective criteria.

In the process of bid evaluation no negative marking is envisaged. KIOCL will publish the figures pertaining to lowest project implementation schedule, highest IRR and highest ROI in the KIOCL web site after the completion of techno-commercial evaluation of the bids received.

<b>Sl. No.</b>	<b>Items</b>	<b>Marks for rating</b>
<b>I. Desirable Criteria</b>		
1.	The land for the total project (considering expansion upto 5 mtpy in phases by bidder) should have been acquired.	10
2.	Tie-up(s) with suppliers of iron ore on long term basis should have been established or should possess iron ore captive mine(s) with access to iron ore for the proposed integrated steel plant.	10
3.	Statutory permission should have been obtained for uninterrupted drawing of adequate quantity of water for the life of the project.	10
4.	Depending on the process of iron making, access to coking coal/non-coking coal, as the case may be, should have been established	10
5.	Project Report for the proposed project should be completed and approved by the appropriate authority of the bidders organisation.	10
6.	Permission for connectivity with Karnataka State Grid/other appropriate agencies should have been obtained for drawing/export of power.	10
	<b>Sub-total (1 to 6)</b>	<b>60</b>

<b>II. Techno-economic Criteria</b>		
1.	Potential for the project to earn carbon credits through adoption of technologies utilising Clean Development Mechanism (CDM). (The project proposal having potential for earning carbon credit points will be credited with full 8 marks and that does not have potential for earning carbon credit points will not carry any marks)	8
2.	Capability of the project to utilise KIOCL's pellets in the iron making process. (The project proposal having capability for using KIOCL pellets will be credited with full 8 marks and that does not have capability for using KIOCL pellets will not carry any marks)	8
3.	Implementation schedule envisaged for the initial phase (minimum 1.5 mtpy) of the proposed integrated steel plant; the plant will have provision for expansion to 5 mtpy and beyond in subsequent phases. (The project proposal which has the lowest project implementation schedule will be credited with full 8 marks and for every 6 months extended period from the lowest implementation schedule, 1 mark will be deducted from maximum of 8 marks )	8
4.	Return on investment (ROI), computed for the first year of full production, for the initial phase (minimum 1.5 mtpy) of the proposed integrated steel plant; the plant will have provision for expansion to 5 mtpy and beyond in subsequent phases. (The project proposal which has the highest ROI will be credited with full 8 marks and for every 1 % reduction of ROI from the highest ROI, 1 mark will be deducted from maximum of 8 marks)	8
5.	Projected profitability in terms of post-tax internal rate of return (IRR) for the initial phase (minimum 1.5 mtpy) of the proposed integrated steel	8

	plant, calculated for 15 years of plant operation; the plant will have provision for expansion to 5 mtpy and beyond in subsequent phases. (The project proposal which has the highest IRR will be credited with full 8 marks and for every 1 % reduction of IRR from the highest IRR, 1 mark will be deducted from maximum of 8 marks )	
	<b>Sub-total (1 to 5)</b>	<b>40</b>
	<b>Total(I+II)</b>	<b>100</b>