

Request For Qualification

**Disinvestment of 44.26% Equity Shareholding of
Punjab State Industrial Development Corporation in
Punjab Alkalies and Chemicals Ltd.**

Directorate of Disinvestment
Government of Punjab

JULY 2010

GLOBAL ADVISORS

IFCI LTD.



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Disclaimer and Important Notice

All information contained in this 'Request for Qualification Document' ("**RFQ**") or subsequently provided to persons to whom this RFQ has been issued, or those persons who have procured this information and RFQ otherwise, (the "**Applicant(s)**"), whether verbally or in documentary form, by or on behalf of representatives of Directorate of Disinvestment (DOD) , Government of Punjab / the Punjab State Industrial Development Corporation ("**PSIDC**")/ Punjab Alkalies and Chemicals Ltd. ("**PACL**")/ or any of its employees or advisors (the "**Information**"), is provided to Applicant(s) on the terms and conditions set out in this RFQ and also any other supplementary terms and conditions subject to which such Information is or may be provided.

This RFQ or any of its contents is not an agreement and is not an offer to sell or invitation to purchase any securities or any of the businesses or assets by/from the GOP/ DOD/ PSIDC, or to enter into an agreement or arrangement of any kind with any party, including without limitation, the Applicants.

The purpose of this RFQ is to provide Applicants with basic and preliminary information to assist the formulation of their 'Application for Qualification' (the "**Application**") and is issued upon the express understanding that recipients will use such information only for the purposes set out herein.

This RFQ does not purport to contain all the information and data each Applicant and / or their advisors may desire or require in reaching decisions as to their Participation in the Transaction (as defined hereunder). Each Applicant should conduct its own investigations and analysis and should check the accuracy, reliability and completeness of the information in this RFQ and obtain independent advice from appropriate sources. Applicants should form their own views as to what Information provided herein or separately is relevant to any decisions that they make and should make their own independent investigations in relation to any additional information that they may require.

This RFQ may not be appropriate for all persons and it is not possible for GOP/ DOD/ PSIDC, its employees or advisors to consider the investment objectives, financial situation and particular needs of each person who reads or uses this RFQ. Certain Applicants may have a better knowledge of the proposed Transaction than others.

The Information contained in this RFQ or any other Information which may be provided to Applicants is subject to change without notice. Some of the Information contained herein may be dependant on interpretation of law and this RFQ does not purport to give an exhaustive account of any statutory requirements. The Applicants should obtain their independent advise on the statutory compliances required of them for their Participation in the Transaction envisaged herein. Further, it should not be assumed that there shall be no deviation or change in any Information provided. GOP/ DOD/ PSIDC, may, in its absolute discretion without notice or without assigning any reason for the same, but without being under any obligation to do so, update, amend or supplement the Information including the qualification process in this RFQ. The GOP/ DOD/ PSIDC do not undertake any responsibility/ obligation to provide the Applicant(s) with any additional/ updated information.

While this RFQ has been prepared in good faith, neither GOP/ DOD/ PSIDC / PACL nor its employees or advisors make any representation or warranty, express or implied, or accept any responsibility or liability, whatsoever, in respect of any statements or omissions herein, or the accuracy, completeness or reliability of Information, and shall incur no liability under any law, statute, rules or regulations, tort, principles of restitution or unjust enrichment or otherwise for any loss, damages, cost, expenses which may arise from or be incurred or suffered on account of anything contained in this RFQ or otherwise, including the accuracy, reliability, correctness or completeness of this RFQ, even if any loss or damage is caused by any act or omission on the part of GOP/ DOD/ PSIDC /PACL or its employees or advisors, whether negligent or otherwise.

This RFQ has not been filed, registered or approved in any jurisdiction. Recipients of this RFQ resident in jurisdictions outside India as well as those residents in India should inform themselves of, and observe any applicable legal requirements.

The issue of this RFQ does not imply that GOP/ DOD/ PSIDC is bound to select and shortlist any Applicant for the Proposal Stage or to appoint the Selected Bidder (as defined hereinafter). GOP/ DOD/ PSIDC reserves the right to accept or reject any or all Applications submitted in response to this RFQ, to change or modify the Bidding Process or terminate the Bidding Process or any part thereof, without notice, at any time, without giving any reasons. GOP/ DOD/ PSIDC and its representatives will not entertain any claim for expenses in relation to the preparation of RFQ submissions by any of the Applicants.

The Applicant shall bear all costs associated with or relating to the preparation and submission of its Application including but not limited to preparation, copying, postage/ delivery, fees or expenses related to any presentations, conferences, which the Applicant may be required to attend in connection with its Application. The GOP/ DOD/ PSIDC shall not under any circumstances be responsible or liable for such costs and expenses regardless of the outcome or conduct of the Bidding Process (as defined hereinafter).

Definitions

In this RFQ, unless the context otherwise requires, the following terms and expressions shall have the meanings assigned to them herein:

“Accounting Year” means any 12 months period normally followed by the Applicant or its Group/Associate Company for the purpose of reporting its accounts;

“Applicant(s)” means a company (incorporated in India or overseas) or a Consortium to whom this RFQ has been issued or made available, or those companies who have procured it, directly or indirectly, from GOP, DOD, PSIDC or IFCI and have responded to this RFQ;

“Application” means the Application for Qualification or Expression of Interest prepared and submitted by the Applicant(s) in accordance with the contents of this RFQ and in the form and format prescribed herein;

“Application Due Date” shall have the meaning ascribed in clause 1.2.6 herein;

“Associates” means, in relation to the Applicant/ Consortium Member, a person who controls, is controlled by, or is under the common control with such Applicant/ Consortium Member (the “Associate”). For the purpose of this definition “Control” means, with respect to a person which is a company or corporation, the ownership, directly or indirectly, of more than 50%(Fifty percent) of the voting shares of such person;

“Consortium” is a group of companies coming together under an MOU/Agreement to participate in the Bidding Process and to undertake the Transaction if selected, as referred to collectively;

“Crore” means Ten Million;

“Financial Year” refers to the 12 month period ending March 31, ie from April 1 to March 31;

“FIPB” refers to the Foreign Investment Promotion Board;

“Indian Rupees”, “Rupees” or “INR” mean the lawful currency of India;

“GoP” means Government of Punjab;

“Information” means all information contained in this RFQ, which includes Preliminary Information Memorandum or subsequently provided to the Applicant(s), whether verbally or in documentary form, by or on behalf of DOD, GOP or the Government Representatives or any of their authorized employees or advisors;

“Interest” means shareholding percentage of members of the Consortium in the SPV;

“PACL” or “Company” means Punjab Alkalies and Chemicals Ltd.;

“Preliminary Information Memorandum” means the information on Punjab Alkalies and Chemicals Ltd. provided along with this RFQ document to assist Applicants in understanding the business of PACL;

“Pre-qualified Applicant(s)” means Applicants who are notified as being ‘pre-qualified’ on the conclusion of the Qualification Stage on the basis, *inter alia*, of the prescribed criteria listed in this RFQ;

“Proposal Stage” means the second stage of the selection process wherein Pre-qualified Applicants will participate on the basis of the RFP leading to Transaction;

“PSIDC” means the Punjab State Industrial Development Corporation;

“Qualification Stage” means the first stage of the Bidding Process wherein certain Applicants will be designated as ‘Pre-qualified Applicants’ and would then be eligible to participate in the Proposal Stage of the Bidding Process;

“RBI” means the Reserve Bank of India;

“RFP” means the ‘Request for Proposal’ Document, which shall be issued to the Pre-qualified Applicants in the Proposal Stage, as may be amended and modified from time to time, together with all annexures, addendums and amendments which may be made from time to time;

“RFQ” means this ‘Request for Qualification’ Document, as may be amended and modified from time to time, together with all annexures, addendums and amendments which may be made from time to time;

“Successful Bidder” means the Applicant which has been shortlisted by DOD, GOP on the conclusion of the entire Bidding Process.

“Share Purchase Agreement/SPA” means the share purchase agreement which shall be entered into between PSIDC and the Successful Bidder/ Applicant in respect of the Purchase of 44.26% equity shares of PACL.

“SPV” means the special purpose vehicle (i.e. a company limited by shares) to be incorporated by the Consortium members under the provisions of the Indian Companies Act, 1956 to purchase shares of PACL pursuant the Share Purchase Agreement;

“State” means the state of Punjab, India.

“Transaction” means the Purchase of 44.26% equity shareholding of PSIDC in PACL.

“USD”, “US\$” or “\$” mean the lawful currency of the United States of America.

1. Transaction Process

1.1 Overview of the Transaction

- 1.1.1 PACL is a company promoted by the PSIDC, a Company wholly owned by the Punjab Government. PACL was incorporated as a Public Limited Company on December 1, 1975 under the name Punjab Alkalies Limited and obtained the Certificate of Commencement of Business on June 28, 1976. The name of the company was subsequently changed to Punjab Alkalies & Chemicals Limited vide fresh certificate of incorporation dated April 19, 1983 issued by Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh, Jalandhar.
- 1.1.2 PACL is one of the largest manufacturers of caustic soda in India with an installed capacity of 99000 tons per annum (tpa). The Company is engaged in the manufacture and sale of Caustic Soda (Lye & Flakes), Liquid Chlorine, Hydrochloric Acid, Sodium Hypochlorite and Hydrogen Gas. The Company's plant is located at Naya Nangal, District Ropar, Punjab. The plant is strategically located in terms of being conveniently connected by rail, road and close to source of electricity and water viz., Bhakra Nangal Dam and Sutlej river.
- 1.1.3 GoP through PSIDC owns 44.26% equity holding in PACL. As a part of its disinvestment programme, PSIDC and DOD, GOP intends to disinvest its entire stake of 44.26% (as on date) in PACL along with the full management control through competitive bids.
- 1.1.4 The disinvestment of 44.26% of equity shareholding of PSIDC in PACL shall be subject to a lock-in period and such lock in period would be intimated at a later stage.
- 1.1.5 DOD, GOP has issued an advertisement inviting interested parties to submit their Applications for the aforesaid Transaction, a copy of which is enclosed as Annexure 1.
- 1.1.6 For the purpose of selection of an Applicant, a two stage process (Bidding Process) is proposed to be followed i.e the Qualification Stage and the Proposal Stage. In the first stage, that is the Qualification Stage, Applicants would be pre-qualified on the basis of certain eligibility criteria and adherence the other criteria as specified in this RFQ.
- 1.1.7 IFCI Ltd. has been retained as global advisors for assisting DOD, GOP in the Transaction.

1.2 Qualification Stage

- 1.2.1 DOD, GOP has issued this RFQ which pertains to the Qualification Stage. Through this RFQ, GOP/ DOD/ PSIDC hereby invites Applications from interested persons/ entities.

- 1.2.2 Certain information on the Transaction, pre-qualification requirements, evaluation criteria and methodology is available in this RFQ. Interested persons may obtain the RFQ from the address and contact person of Government of Punjab or global advisors i.e. IFCI Ltd., on any working day between 1000 hrs and 1700 hrs IST upto the Application Due Date. In addition, the RFQ document can also be downloaded from the Directorate of Disinvestment, Government of Punjab website: www.pbdisinvest.nic.in or IFCI Ltd. website: www.ifcilttd.com. The Applicants would make a payment of non-refundable processing fee amounting to INR 20,000 by way of demand draft in favour of The Director (Disinvestment), Government of Punjab, payable at Chandigarh and which shall be payable by the Applicant at the time of submission of Expression of Interest.
- 1.2.3 All Applications at RFQ Stage will be evaluated on the basis of the eligibility criteria of the Applicants (whether Sole or a Consortium, as may be applicable) and other requirements as described in this RFQ.
- 1.2.4 GOP/ DOD/ PSIDC will not be responsible for any delay, loss or non-receipt of the RFQ sent by post / courier. Further, GOP/ DOD/ PSIDC shall not be responsible for any delay in receiving the Applications for any reason whatsoever and reserves the right to accept / reject any or all Applications without assigning any reason therefor.
- 1.2.5 Application, in triplicate (one original and two copies), must be submitted, properly bound, with all pages numbered serially, along with an index of submissions. In the event, any of the instructions mentioned in this RFQ have not been adhered, the Application is liable to be rejected.
- 1.2.6 Applications shall be addressed to Director (Disinvestment) and they shall be received no later than 1500 hrs on 2nd August, 2010 (**the "Application Due Date"**) in the manner specified in this RFQ at the following address :

The Director (Disinvestment)
Government of Punjab
SCO No. 53-55
Sector 17-D
Chandigarh – 160 017

Tel : 0172-2727411
Fax: 0172 -2714453
E-mail: pbdisinvest@hotmail.com

- 1.2.7 If any Applicant needs any clarification/additional information in respect of this RFQ, then the same shall be submitted in writing/fax/email to the personnel of GoP, DoD mentioned above. The envelopes/ communication shall clearly bear the following identification/ title **"Request for Clarification/ Additional Information: RFQ for Disinvestment of 44.26% equity shareholding of Punjab State Industrial Development Corporation in Punjab Alkalies and Chemicals Ltd."** The requests for

clarification should be sent before the date specified in the time schedule given below. DOD, GOP shall not respond to any request for clarification received beyond the date so specified. Additionally, the Applicant shall provide a copy of such clarification request to the following contact personnel of global advisors, in writing or by fax or e-mail:

Rattan Singh
General Manager
Corporate Advisory Group
IFCI Ltd.
IFCI Bhawan
Plot No.1-C, Sector 27A
Madhya Marg, Chandigarh 160 019
Tel : 0172-2650743
Fax: 0172-2656734
E-mail: rattan.singh@ifcilttd.com
Mobile : +91 9988850657

Chirag Sapra
Corporate Advisory Group
IFCI Ltd.
IFCI Tower
61, Nehru Place
New Delhi 110019
Tel: 011-41732521
Fax: 011-26487421
E-Mail : chirag.sapra@ifcilttd.com
Mobile : +91 9990725981

The responses shall be posted on the websites of DOD and global advisors. The response would include a description of the enquiry without identifying its source.

Notwithstanding the above, DOD, GOP, reserves the right, in its sole discretion, not to respond to any questions raised or provide clarifications sought. Nothing in this Clause shall be taken or read as compelling or requiring DOD, GOP to respond to any questions or provide any clarifications. No extension of any time and date referred to in this RFQ shall be granted on the basis or grounds that DOD, GOP has not responded to any questions or provided any clarifications.

The DOD, GOP may also on its own motion, if deemed necessary, issue interpretations and clarifications to all Applicants. All clarifications and interpretations issued by the DOD, GOP shall be deemed to be part of the RFQ. Verbal clarifications and information given by DOD, GOP or its employees or representatives shall not in any way or manner be binding on the DOD, GOP.

1.3 Proposal Stage

This section aims at providing a brief overview of the Proposal Stage which will follow the Qualification Stage. Without prejudice to the generality of the provisions contained in the Disclaimer, no representation is made at this stage in respect of the manner and format in which the Proposal Stage will actually be undertaken at the appropriate time. Presently, GOP/ DOD/ PSIDC contemplates that the Proposal Stage will be carried out as indicated herein below:

- (i) The pre-qualified Applicants in the Qualification Stage shall be issued RFP and shall be requested to submit their financial bids on the basis of RFP.

- (ii) As part of the RFP, DOD, GOP shall provide detailed instructions for Pre-Qualified Applicant(s), Confidential Information Memorandum (“CIM”), draft Share Purchase Agreement, and other relevant documents (Collectively, the “Transaction Documents”).
- (iii) Pre-qualified Applicants would be allowed to submit their comments on the Transaction Documents and to undertake due diligence prior to their submission of proposals for the Transaction.
- (iv) Further details of the process to be followed at the Proposal Stage would be intimated subsequently.

1.4 Time Schedule

The indicative timetable for the Transaction is as follows:

| ACTIVITY | SCHEDULED DATES |
|--|------------------------------|
| <i>Qualification Stage</i> | |
| Issue of RFQ Document | 15 th July 2010 |
| Pre Bid Conference | 28 th July 2010 |
| Last Date for submission of requests of clarification in respect of this RFQ | 29 th July, 2010 |
| Due date for RFQ submission | 2 nd August, 2010 |
| Opening of EOI | 2 nd August, 2010 |
| <i>Proposal Stage</i> | |
| Issue of RFP documents along with further Time Schedule | To be Intimated Later |

2. Instructions to Applicants

2.1 Eligibility for the Applicants

- 2.1.1 The Applicant may be a single company or a group of companies (“Consortium”), coming together for the Transaction. The term Applicant used hereinafter would therefore apply to both a single company and a Consortium.
- 2.1.2 In respect of the Consortium,
- a) The members of the Consortium shall propose to form an SPV for undertaking this Transaction.
 - b) The members shall nominate one member amongst them as the ‘Lead Member’ i.e. the member who/which shall hold atleast 51% of the equity shares in the SPV.
 - c) The members of the Consortium other than the Lead Member shall hold at least 10% Interest in the Consortium.
 - d) The total number of members in a Consortium shall not exceed four (4).
- 2.1.3 The Applicant shall submit Application complete in all respects as per this RFQ. The Applicant shall comply with all the provisions stated in this RFQ including all the annexures.
- 2.1.4 The Applicant shall become eligible for pre-qualification and short-listing on fulfilling the eligibility criteria provided in Chapter 3 of this RFQ.

2.2 Documents to be submitted by Applicant

The Application to be submitted by the Applicant shall constitute the following:

- a) Expression of Interest as per **Annexure - 2**.
- b) Statement of Legal Capacity as per **Annexure - 3**. In case of a Consortium, the copies shall be submitted for each of the members.
- c) Request for Qualification as per **Annexure - 4**.
- d) Power of attorney as per the format enclosed at **Annexure - 5**, authorizing the signatory of the Application to commit for and on behalf of the Applicant. In case of a Consortium the Lead Member shall execute the power of attorney at Annexure 5 and submit the Application.
- e) In case of a consortium, the nomination(s) of the Lead Member supported by a power of attorney as per the format enclosed at **Annexure - 6** signed by all the members of the Consortium.
- f) In case of a consortium, Memorandum of Understanding (MoU) as per the Format at **Annexure - 7**.

- g) Certificate of any Chartered Accountant or Statutory Auditor of the Applicant /Lead Member of the Consortium certifying the Eligibility Criteria as required in the **Annexure – 4**.
- h) Copy of Memorandum and Articles of Association. In case of a Consortium, the copies shall be submitted for each of the members.
- i) Copies duly audited annual accounts for the preceding three years. In case of a Consortium, the copies shall be submitted for each of the members.
- j) Non-Refundable Processing fee of Rs.20,000/- by way of a demand draft.

2.3 Additional Requirements for a Consortium

- a) The Application should contain the information required for each member of the Consortium as per **Annexure - 4**;
- b) The Application should include a description of the roles of individual members of the Consortium as required by **Annexure - 4**;
- c) In case of a Consortium, each member should have ascertained the applicability as well as complied with all Indian and Home jurisdiction laws and regulations including but not limited to the Foreign Direct Investment Guidelines.
- d) Members of the Consortium shall enter into a Memorandum of Understanding (MoU) for the purpose of submitting the Application. The format of the MoU to be submitted is provided at **Annexure - 7**. The MoU shall, inter alia:
 - (i) Provide an undertaking from the members of the Consortium to form an SPV to execute the Transaction, if the Bid is awarded to the Consortium;
 - (ii) Convey the intent of the Lead Member to enter into a Share Purchase Agreement with PSIDC on behalf of the Consortium and subsequently carry out all the responsibilities as laid out in the Share Purchase Agreement (the details of Share Purchase Agreement would be laid out in RFP).
 - (iii) Clearly outline the shareholding pattern of the members of the Consortium;
 - (iv) Clearly outline the proposed roles and responsibilities of each member and shall commit the minimum equity stake of each member.
 - (v) Clearly state that members of the Consortium shall be jointly and severally liable to DOD, GOP in accordance with the terms of the Share Purchase Agreement.

2.4 Conflict of Interest

An Applicant shall not have a conflict of interest (the “Conflict of Interest”) that affects the Bidding Process. Any Applicant found to have a Conflict of Interest shall be disqualified. An Applicant shall be deemed to have Conflict of Interest that affects the Bidding Process, if:

- (i) the Applicant, its Member or the Associate (or any constituent thereof) and any other Applicant, its Member or Associate (or any constituent thereof) have common controlling shareholders or other ownership interest;

provided that this disqualification shall not apply in cases where the direct or indirect shareholding of an Applicant, its Member or Associate (or any shareholder thereof having a shareholding of more than five percent of the paid up and subscribed share capital of such Applicant, Member or Associate, as the case may be) in the other Applicant, its Member or Associate, as the case may be, is less than five per cent (5%) of the paid up and subscribed share capital thereof; provided further that this disqualification shall not apply to a bank, insurance company, pension fund or a public financial institution referred to in section 4A of the Companies Act 1956; or

- (ii) a constituent of such Applicant is also a constituent of another Applicant; or
- (iii) such Applicant receives or has received any direct or indirect subsidy from any other Applicant, its Member or Associate or has provided any such subsidy to any other Applicant; or
- (iv) such Applicant has the same legal representative for purposes of this Application as any other Applicant; or
- (v) such Applicant has a relationship with another Applicant, directly or through common third party/ parties, that puts either or both of them in a position to have access to each others' information about, or to influence the Application of either or each other; or

2.5 Guidelines for Qualification of Bidders

The Government of India has issued guidelines (see **Annexure-8**) for qualification of bidders seeking to acquire stakes in any public sector enterprise through the process of disinvestment. These guidelines shall apply mutatis mutandis to this Bidding Process. DoD, GoP/ DOD, GOP shall be entitled to disqualify any Applicant in accordance with the aforesaid guidelines at any stage of the Bidding Process. Applicants must satisfy themselves that they are qualified to bid, and should give an undertaking to this effect in the Expression of Interest.

2.6 Change in Consortium composition

- a) No change in Consortium Composition would be allowed after submission of RFQ except as under. Where Bidder is a Consortium, change in the composition of a Consortium may be permitted during Qualification Stage, to a limited extent only where:
 - (i) the Lead Member continues to be the Lead Member of the Consortium;
 - (ii) the substitute is at least equal, in terms of Technical Capacity and Financial Capacity, to the Consortium Member who is sought to be

substituted and the modified Consortium shall continue to meet the pre-qualification and short-listing criteria for Applicants; and

- (iii) the new Member(s) expressly adopt(s) the Application already made on behalf of the Consortium, as if it were a party to it originally, and is not an Applicant/Member/Associate of any other Consortium bidding for this Project.

- b) Approval for change in the composition of a Consortium shall be sought in writing and in advance by the Applicant. The approval shall be at the sole discretion of the DOD, GOP and must be in writing. If approved, the modified/reconstituted Consortium shall be required to submit a revised Application prior to submission of Financial Bid at the Proposal Stage. No extension of time shall be granted to any modified/ reconstituted Consortium to submit its revised/ modified Application after the due date for RFP submission.

2.7 Additional requirements in case of Foreign Applicant(s)

If the Applicant/any member of the Consortium is a foreign entity, specify list of statutory approvals from DOD, GOP/RBI/FIPB applied for/obtained/awaited, in the Annexure 4 of this RFQ.

2.8 Number of Applications

Each Applicant shall submit only one (1) Application, in triplicate (one original and two Copies), in response to this RFQ. Any Applicant who submits or participates in more than one Application will be disqualified and will also lead to disqualification of the Consortium(s) of which it is a member.

2.9 Application preparation cost

The Applicant shall be responsible for all of the costs associated with the preparation of its Application and its participation in this Qualification or in the Proposal Stage, including, without limitation, any and all costs, direct or indirect incurred in verifying, gathering and collating material, information and data, whether included in the information or not, or on securing the services of advisors and / or consultant, etc. DOD, GOP will not be responsible or in any way liable for such costs, regardless of the conduct or outcome of the Qualification and / or Proposal Stage.

2.10 Applicant Warranty

- a) It would be deemed that by submitting the Application, Applicant warrants that it has:
 - (i) Made a complete and careful examination of the RFQ document;
 - (ii) Independently verified all Information received from DOD, GOP as part of this RFQ:

- (iii) Agreed to be bound by the undertakings provided by it under and in terms hereof.
- b) It shall be further deemed that by submitting the Application, DOD, GOP is entitled to presume the existence of and rely on the aforesaid applicant warranty.
- c) Applicant has acknowledged and accepted the risk of inadequacy, error or mistake in the information provided in this RFQ or furnished by or on behalf of DOD, GOP. The Applicant further acknowledges that DOD, GOP shall not be liable for any presumption, omission, mistake or error on the part of the Applicant in respect of the above or in respect of any matter or thing arising out of or concerning or relating to the RFQ or the Bidding Process or the Transaction generally, including any error or mistake therein or in the information/data provide to the Applicant.
- d) It shall be deemed that by submitting the Application, the Applicant agrees and releases the DOD, GOP and PSIDC, its employees, agents and advisors, irrevocably, unconditionally and fully from any and all liabilities for claim, losses, damages, costs, expenses or liabilities in any way related to or arising from the exercise of any rights and/or performance of any obligations hereunder, pursuant hereto and/or in connection herewith and waives any and all rights and/or claim it may have in this respect, whether actual or contingent, present or future.

2.11 Right to Accept and Reject any or all Applications

- a) Notwithstanding anything contained in this RFQ, DOD, GOP reserves the right to accept or reject any Application and to annul the pre-qualification and / or Bidding Process and reject all Applications /proposals, at any time without any liability or any obligation for such acceptance, rejection or annulment, without assigning any reasons thereof. In the event DOD, GOP rejects or annuls all the bids, it may in its sole discretion, invite all the eligible Bidders to submit fresh bids hereunder.
- b) DOD, GOP reserves the right to reject any Application, if at any time, an improper response or material misrepresentation is made or uncovered. This would lead to the disqualification of the Applicant. If the Applicant is member of a Consortium, then the entire Consortium would be disqualified/ rejected. If such disqualification/rejection occurs after the bids have been opened and the selected bidder gets disqualified/rejected, then the DOD, GOP reserves right to:
 - (i) invite the remaining bidders to submit their Bids in accordance with the RFP;
or
 - (ii) take any such measures as may be deemed fit in the sole discretion of DOD, GOP, including annulment of the Bidding Process.

- c) In case it is found during the evaluation or at any time before signing of the SPA and SHA or after its execution and during the period of subsistence thereof, that one or more of the pre-qualification conditions have not been met by the Applicant or the Applicant has made material misrepresentation or has given any materially incorrect or false information, the Applicant shall be disqualified forthwith, and if the Applicant has already entered into the Transaction, the same shall, notwithstanding anything to the contrary contained therein or in this RFQ, be liable to be terminated, by a communication in writing by DOD/ DOD, GOP to the Applicant, without the DOD/ DOD, GOP being liable in any manner whatsoever to the Applicant.
- d) The Authority reserves the right to seek additional/ supplemental information and/or clarification from the Applicant(s) and to verify all statements, information and documents submitted by the Applicant in response to the RFQ. Failure of the Authority to seek additional information/ clarification or undertake such verification shall not relieve the Applicant of its obligations or liabilities hereunder nor will it affect any rights of the Authority thereunder.

2.12 Fraud and Corrupt Practices

- a) The Applicant and their respective officers, employees, agents and advisers shall observe the highest standard of ethics during the Bidding Process. Notwithstanding anything to the contrary contained herein, the P GOP/ DOD/ PSIDC shall be entitled to reject an Application without being liable in any manner whatsoever to the Applicant if it determines that the Applicant has, directly or indirectly or through an agent, engaged in corrupt practice, fraudulent practice, coercive practice, undesirable practice or restrictive practice in the Bidding Process.
- b) Without prejudice to the rights of GOP/ DOD/ PSIDC under Clause (a) hereinabove, if an Applicant is found by GOP/ DOD/ PSIDC to have directly or indirectly or through an agent, engaged or indulged in any corrupt practice, fraudulent practice, coercive practice, undesirable practice or restrictive practice during the Bidding Process, such Applicant shall not be eligible to participate in any tender or RFQ issued by the GOP/ DOD/ PSIDC during a period of 2 (two) years from the date such Applicant is found by GOP/ DOD/ PSIDC to have directly or indirectly or through an agent, engaged or indulged in any corrupt practice, fraudulent practice, coercive practice, undesirable practice or restrictive practice, as the case may be.
- c) For the purposes of this Clause, the following terms shall have the meaning hereinafter respectively assigned to them:
 - (i) “corrupt practice” means (i) the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the actions of any person connected with the Bidding Process (for avoidance of doubt, offering of employment to or employing or engaging in any manner

whatsoever, directly or indirectly, any official of GOP/ DOD/ PSIDC who is or has been associated in any manner, directly or indirectly with the Bidding Process or has dealt with matters concerning the Transaction or arising there from, before or after the execution thereof, at any time prior to the expiry of one year from the date such official resigns or retires from or otherwise ceases to be in the service of GOP/ DOD/ PSIDC, shall be deemed to constitute influencing the actions of a person connected with the Bidding Process); or (ii) save and except as permitted under sub clause (i) of Clause 2.1.1, engaging in any manner whatsoever, whether during the Bidding Process or till the execution of the Transaction, engaging any person who at any time has been or is a legal, financial or technical adviser of GOP/ DOD/ PSIDC / in relation to any matter concerning the Transaction unless otherwise permitted under this RFQ/ by GOP/ DOD/ PSIDC.

- (ii) “fraudulent practice” means a misrepresentation or omission of facts or suppression of facts or disclosure of incomplete facts, in order to influence the Bidding Process ;
- (iii) “coercive practice” means impairing or harming or threatening to impair or harm, directly or indirectly, any person or property to influence any person’s participation or action in the Bidding Process;
- (iv) “undesirable practice” means (i) establishing contact with any person connected with or employed or engaged by GOP/ DOD/ PSIDC with the objective of canvassing, lobbying or in any manner influencing or attempting to influence the Bidding Process; or (ii) having a Conflict of Interest; and
- (v) “restrictive practice” means forming a cartel or arriving at any understanding or arrangement among Applicants with the objective of restricting or manipulating a full and fair competition in the Bidding Process.

2.13 Governing Law for Disputes

- a) Any disputes arising out of the interpretation of this RFQ and PIM document shall be subject to the laws applicable in India. The courts in Chandigarh shall have exclusive jurisdiction to resolve such disputes.
- b) GOP/ DOD/ PSIDC, in its sole discretion and without incurring any obligation or liability reserves the right at any time to:
 - (i) Suspend and/or cancel the Qualification or Bidding Process and/or amend, supplement or modify the Bidding Process or schedules and other terms and conditions, without having to assign any reason;

- (ii) Consult any Applicant to obtain further information or receive any clarification;
- (iii) Pre-qualify/ reject any Applicant;
- (iv) Retain any information and/or evidence submitted to GOP/ DOD/ PSIDC by, on behalf of and/or in relation to any Applicant; and/or
- (v) Independently verify, disqualify, reject and/or accept any and all submissions or other information and/or evidence submitted by or on behalf of any Applicant.

2.14 Pre-Bid Conference

Pre-Bid conferences shall be held on 28th July, 2010 at 12:00 Noon, at Committee Room, Udyog Bhawan, Sector 17, Chandigarh.

2.15 Amendments to RFQ

At any time prior to the deadline of submission of RFQ applications, DOD, GOP may, for any reason, whether at its own initiative or in response to clarifications requested by an Applicant(s), modify the RFQ document by the issuance of addenda (the "Addenda or Addendum", as the case may be). Any Addendum thus issued shall be made available on Directorate of Disinvestment website pbdisinvest.nic or global advisors website www.ifcilt.com. In order to afford the Applicants a reasonable time in which to take an Addendum into account, or for any other reason, DOD, GOP may, at its discretion, extend the due date for submitting the Applications as provided in this RFQ.

2.16 Language

The Application and all related correspondence and documents should be written in the English language. Supporting documents and printed literature furnished by Applicant with the Application may be in any other language provided that they are accompanied by appropriate translations of the pertinent passages in the English language duly authenticated and certified by the Applicant. Supporting materials, which are not translated into English, may not be considered by GOP/ DOD/ PSIDC. For the purpose of interpretation and evaluation of the Application, the English language translation shall prevail.

2.17 Currency

The currencies for the purpose of the Application shall be the Indian Rupee (INR). The conversion to Indian Rupees shall be made at an exchange rate of INR 45 for 1 USD. In all such cases, the original figures in the relevant foreign currency and the INR equivalent thereof must be given.

2.18 Validity/ Extension of Validity of Application

Applications shall be valid for a period of one year from the Application Due Date (the “**Application Validity Period**”). DOD, GOP reserves the right to reject any Application, which does not meet this requirement. In exceptional circumstances, prior to expiry of the original Application Validity Period, DOD, GOP may request Applicants to extend the Application Validity Period for a specified additional period which period shall not exceed 180 days.

2.19 Format and Signing of Application

- a) The Applicant should provide all the information sought under this RFQ. DOD, GOP, will evaluate only those Applications that are received in the required format and complete in all respects. Incomplete and/or conditional Applications shall be liable to be rejected. The Applicant shall prepare one original set of the documents comprising the Application and clearly marked “**ORIGINAL**”. In addition, the Applicant shall make two (2) copies of the Application, clearly marked “**COPY**”. In the event of any discrepancy between the original and the copy, the original shall prevail. The Application and its copy shall be typed or written in indelible ink and each page shall be initialed by the authorized signatory of the Applicant. In case of bound printed reports/ documents, the authorized signatory may sign the covering page. All the alterations, omissions, additions, or any other amendments made to the Application shall be initialed by the person(s) signing the Application.
- b) The Application should be paginated. In case the space provided in the Annexes is insufficient, the Applicant may use continuation sheets which should be clearly marked and referenced.

2.20 Sealing and Marking of Applications

- a) The Applicant shall submit the signed Application as per this RFQ and seal it in an envelope and mark the envelope as “**APPLICATION**”. The Applicant shall seal the original and each copy of the Application together with their respective enclosures in separate envelopes, duly marking the envelopes as “**ORIGINAL**” and “**COPY**”. The envelopes shall then be sealed in an outer envelope which shall be marked “**Private and Confidential – Expression of Interest – Directorate of Disinvestment, Government of Punjab**” and shall clearly indicate the name and address of the Applicant. In addition, the due date for submission of RFQ should be indicated on the right hand corner of each of the envelopes.

- b) The envelopes shall clearly bear the following identification:

The envelope shall be addressed to:

The Director (Disinvestment)
Government of Punjab
SCO No. 53-55
Sector 17-D
Chandigarh – 160 017

Tel: 0172-2727411

Fax: 0172 -2714453

E-mail: pbdinvest@hotmail.com

- c) If the envelopes are not sealed and marked as instructed above, GOP/ DOD/ PSIDC assumes no responsibility for the misplacement or premature opening of the contents of the Application submitted and consequent losses, if any, suffered by the Applicant. Further, all copies of every Application must be submitted with all pages numbered serially, along with an index of submissions. Applicants are required to submit all details only on issued or downloaded RFQ document. In the event, any of the instructions mentioned herein have not been adhered to, the Application is liable to be rejected. Applications submitted by fax, email, telex, telegram shall not be entertained and shall be rejected.

2.21 Application Due Date

Applications should be submitted upto 1500 hrs IST on the 2nd August, 2010 at the specified address in the manner and form as detailed in this RFQ. DOD, GOP will not accept any Application received after the Application Due Date for any reason whatsoever.

2.22 Modification/ Substitution/ Withdrawal of Application

- a) No application shall be modified, substituted or withdrawn under any condition whatsoever by the Applicant after submission of Application.
- b) Provided that the Applicant may by written notice to DOD, GOP request for approval to modify, substitute or withdraw the Application prior to the Application Due Date. The DOD, GOP may in its sole discretion permit/ reject such request. In case approval is granted then the Applicant shall submit the modified or substituted Application before the Application Due Date. No extension will be granted to such Applicant for submitting their modified/ substituted Application after the Application Due Date mentioned herein.
- c) The request for modification, substitution or withdrawal should be prepared, sealed and marked clearly in envelopes bearing the following, "**Modification**"/

“Substitution”/“Withdrawal” : RFQ for Disinvestment of 44.26% equity holding of Punjab State Industrial Development Corporation in Punjab Alkalies and Chemicals Ltd.” and delivered at the address mentioned for submission of Application.

- d) Any alteration/ modification in the Application or additional information furnished or submitted to DOD, GOP after the Application Due date unless the same has been expressly sought for by DOD, GOP shall be disregarded.

2.23 Evaluation of Application

- a) DOD, GOP will open the Applications at 1600 hours IST on the Application Due Date on the Application Due Date, at the place specified for submission of Application. Applicants can depute their representatives for witnessing the opening of the Applications. No more than two (2) representatives per Applicant shall be permitted to attend the bid opening.
- b) DOD, GOP would subsequently examine and evaluate Applications in accordance with the criteria set out in this RFQ.
- c) Applications for which a notice of withdrawal has been submitted in accordance with this RFQ shall not be opened.
- d) Applicants are advised that pre-qualification of Applicants will be entirely at the discretion of DOD, GOP. Applicants will be deemed to have understood and agreed that no explanation or justification on any aspect of the Bidding Process or selection will be given.
- e) Any information contained in the Application shall not in any way be construed as binding on DOD, GOP, its agents, employees or advisors, but shall be binding against the Applicant if the Bid is subsequently awarded to it under the Bidding Process on the basis of such information.
- f) DOD, GOP reserves the right not to proceed with the Bidding Process and to reject any Application without notice, liability and without assigning any reasons, at any time if:
- (i) At any time, a material misrepresentation is made or uncovered; or
 - (ii) The Applicant does not respond promptly and thoroughly to requests for supplemental information required for the evaluation of the Application.
 - (iii) Any information furnished in the Application is found to be incomplete, erroneous, incorrect or not complying with the formats specified in this RFQ

2.24 Confidentiality

Information relating to the examination, clarification, evaluation, and recommendation in relation to the Pre-qualified Applicants shall not be disclosed to any person not officially concerned with the process or is not a retained professional advisor advising DOD, GOP in relation to, or matters arising out of, or concerning the Bidding Process. DOD, GOP will treat all information submitted as part of the Application in confidence and would require all those who have access to such material to treat the same in confidence. DOD, GOP will not divulge any such information unless it is ordered to do so by any authority that has power under law to require its disclosure or to enforce or assert any right or privilege of the authority or DOD, GOP. DOD, GOP however reserves the right to make public disclosure of the names of the Applicants and Pre-Qualified Applicants.

2.25 Short listing and notification

- a) While evaluating the Applications, DOD, GOP shall first determine whether each Application is responsive to the requirements of the RFQ before evaluating the Applications as per the eligibility criteria in Chapter 3. An Application shall be considered responsive if:
 - (i) It is received as per the formats specified at annexures to this RFQ;
 - (ii) It is received by the specified deadline on the Application Due Date;
 - (iii) It is compliant with all the requirements of this RFQ; and
 - (iv) It does not contain any condition or qualification.
- b) After the evaluation of Applications, DOD, GOP would intimate by way of email the Applicants who have been pre-qualified for participating further in the Bidding Process. DOD, GOP does not undertake any responsibility for intimating the Applicants which have not been pre-qualified. DOD, GOP will not entertain any query or request for clarification from Applicants who fail to qualify.

2.26 Proprietary data

All documents and other information supplied by the DOD, GOP or submitted by an Applicant to the DOD, GOP shall remain or become the property of DOD, GOP. Applicants are to treat all information as strictly confidential and shall not use it for any purpose other than for preparation and submission of their Application. DOD, GOP will not return any Application or any information provided along therewith.

3. Eligibility Criteria

3.1 Eligibility Criteria

The Applicant's competence and capability is proposed to be established by the following parameters:

- a) Technical and Managerial Capability and Relevant Past Experience ("**Technical Criteria**"); and
- b) Financial Capability ("**Financial Criteria**").

On each of these parameters, the Applicant would be required to meet the criteria as detailed in this chapter. Any Applicant meeting all the criteria shall, subject to the provisions of this RFQ, be qualified to submit its proposal for the Transaction at the Proposal Stage.

3.2 Technical Criteria

- a) The Applicant shall have average annual Turnover/Gross Receipts of not less than INR 100 Crores for last 3 years as per audited annual accounts for the accounting year which shall not be earlier than 2006-07. In case of a consortium, the combined annual Turnover/Gross Receipts shall be considered.
- b) The Applicant shall be profit making as per the audited annual accounts for the last 3 financial years as per audited annual accounts for the accounting year which shall not be earlier than 2006-07. In case of a consortium, profit making would be evaluated only for the Lead Member of the Applicant.
- c) The Applicant satisfying the Technical Criteria shall furnish the requisite details in the format enclosed at **Annexure – 4**.

*For the purpose of this clause, **Turnover/Gross Receipts** shall mean the turnover/gross receipts from the operations of the Applicant, inclusive of all taxes and duties. However the turnover/gross receipts shall not include other income of the Applicant.*

*For the purpose of this clause, **Profit Making** shall mean the positive net profit after taxes.*

3.3 Financial Criteria

- a) The Applicant shall have Net Worth of not less than INR 50 Crores as per the last audited annual accounts for the accounting year which shall not be earlier than 2008-09.
 - b) In case of a consortium, the combined net worth shall be considered.
-

- c) The Applicant satisfying the Financial Criteria shall furnish the requisite details in the format enclosed at **Annexure – 4**.

For the purpose of this clause, “Net Worth” shall mean arithmetic sum of the Equity Capital and Free Reserves & Surplus less Deferred Revenue / Miscellaneous Expenditure not written off and Debit Balance in Profit and Loss Account. It is clarified that the following items shall not form part of the Net Worth:

- a) Equity Share Application Money*
- b) Securities not compulsorily convertible into equity shares*
- c) Revaluation Reserve*

3.4 Additional Criteria for a Consortium

In case the Applicant is a Consortium, the Lead Member would be required to satisfy:

- At least 51% of the Technical Criteria as specified above; and
- At least 51% of Financial Criteria as specified above.

3.5 Disqualification

Applicant would be liable to be disqualified if:

- a) Applicant or in case of a Consortium, any member of the Consortium has made, incorrect, misleading or false representations in the forms, statements and attachments submitted, whether intentionally or unintentionally; or
- b) Any restrictions or limitations have been put on the Applicant or any member of the Consortium pursuant to any regulatory or statutory Authority to participate in the process.

4. Annexures

Annexure 1: Advertisement of Invitation for “Expression of Interest”

Directorate of Disinvestment Punjab

Global Invitation for “Expression of Interest”

Disinvestment of PSIDC’s entire Equity Shareholding of 44.26% in Punjab Alkalies and Chemicals Limited

(This announcement is neither a prospectus nor an offer or invitation for sale to public of securities)

Government of Punjab, Directorate of Disinvestment (GOP, DOD) intends to disinvest 44.26% equity shareholding of Punjab State Industrial Development Corporation (PSIDC) in Punjab Alkalies and Chemicals Limited (PA CL). **IFCI Ltd.** are the Global Advisors to GOP, DOD for the proposed Transaction.

GOP, DOD invites Applications for Qualification from Interested Investors who intend to participate in the aforesaid Transaction. The Request For Qualification (RFQ) document consisting of Preliminary Information Memorandum, Eligibility Criteria, Application Formats and other terms and conditions, can be downloaded from pbdisinvest.nic.in or www.ificltd.com or can be obtained from the below mentioned address of Government of Punjab or IFCI Limited. The Applicants shall make a payment of non-refundable processing fee amounting to INR 20,000/- (Rupees twenty thousand only) by way of Demand Draft in favour of The Director (Disinvestment), Government of Punjab, payable at Chandigarh along with the submission of Expression of Interest.

**The Director (Disinvestment)
Government of Punjab
SCO No. 53-55, Sector 17-D
Chandigarh-160017**

Interested Investors shall submit their Application in accordance with the RFQ, not later than 1500 hrs (IST) on 2nd August, 2010 at the above mentioned address.

For any clarifications, Please Contact:

Mr. Rattan Singh, General Manager
Corporate Advisory Group, IFCI Ltd.
IFCI Bhawan, Plot No.1-C, Sector 27A
Madhya Marg, Chandigarh - 160019
Mobile: +91 9988850657 Email: rattan.singh@ificltd.com



Annexure 2: Expression of Interest

{To be submitted on the letter-head of the Applicant/ Lead Member of the Consortium submitting the proposal}

Date:

<Name and Address of the Point of Contact in DOD, GOP specified in RFQ>

Sub: **Application for Qualification – Purchase of 44.26% equity shares in PACL held by PSIDC.**

Sir,

We refer to the advertisement dated _____ inviting Expression of Interest for Purchase of 44.26% equity in PACL owned by GOP through PSIDC.

As specified in the advertisement, we are desirous of participating in the above referred Transaction, and for this purpose, we propose to submit our EOI in individual capacity as/we have formed a consortium comprising of number of members as follows:

1. (Lead Member)
- 2.
- 3.
- 4.

Hence, in response to your Advertisement and Request for Qualification (RFQ) thereof in respect for the captioned Transaction, please find enclosed documents as per formats referred to in RFQ duly signed by us/ respective members, who jointly satisfy the eligibility criteria.

We, the undersigned, hereby confirm the following:

- a) We are duly authorized to represent and act on behalf of (state name of company in the case of a sole Applicant or, in the case of a Consortium, state names of companies who are members of such Consortium)("the Applicant / Applicants(s)") (strike out inapplicable entry).
- b) We have reviewed and fully understood all Information provided in the Preliminary Information Memorandum and do hereby apply to be pre-qualified as a Pre-qualified Applicant for the proposed Transaction in accordance with the terms and conditions contained in the aforementioned RFQ.

- c) We understand and undertake that;
 - i. All information submitted under this Application shall remain binding upon us at the time of bidding; and
 - ii. DOD, GOP, may in its absolute discretion reject or accept any Application, cancel the pre-qualification process, and reject all Applications.
- d) We/our consortium satisfy(ies) the eligibility criteria set out in the relevant sections of the RFQ.
- e) We/ our consortium certify that we are qualified to submit a Bid in accordance with the guidelines for qualification of Bidders though PPP and/or seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment issued by the GOI vide Department of Disinvestment OM No. 6/4/2001-DD-II dated 13th July, 2001 which guidelines apply mutates mutandis to the Bidding Process.
- f) We undertake that in case due to any change in facts or circumstances during the Bidding Process, we are attracted by the provisions of disqualification in terms of the provisions of this RFQ, we shall intimate DOD, GOP of the same immediately.
- g) Our Application is valid for a period of one year from the Application Due Date and our Application is liable to be rejected in case we do not meet this requirement.
- h) We are enclosing herewith the ownership structure of the Applicant as well as the members of the Consortium (in case of Consortium) with a brief write up of the business history and areas of activities including respective revenue details. The shareholding pattern, principal shareholders along with the list of current directors and key managerial personnel.
- i) DOD, GOP and its authorized representatives are hereby authorized to conduct any inquiries or investigations to verify the statements, documents, and information submitted in connection with this application, and to seek clarification from our bankers and clients regarding any financial and technical aspects. This letter of Application will also serve as authorization to any individual or authorized representative of any entity referred to in the supporting information, to provide such information as deemed necessary and requested by yourself to verify statements and information provided in this application, or with regard to the resources, experience, and competence of the Applicant.
- j) We certify that we have not been convicted for an offence under any legislation designed to protect the members of the public from financial loss due to dishonesty, incompetence or malpractice.
- k) We further certify that in regard to matters relating to security and integrity of the country, we have not been charge sheeted by any agency of the Government (of India and/or Home Jurisdiction) or convicted by a court of law (in India and/or Home Jurisdiction) for any offence including any offence involving moral turpitude committed

by us or by our CEO, Managing Director, any Director or by any of our Group Companies during last five years. We hereby certify that we have not been indicted nor has any adverse order been passed against us by any regulatory authority that casts or is likely to cast a doubt on our ability to manage the public sector unit when it is disinvested. We acknowledge that such charge sheet/ indictment/adverse order would render us liable for disqualification and the decision in regard to the nature of offence and relationship between sister concerns would be taken on a case to case basis by the Government of India. We acknowledge that the disqualification shall come into effect immediately.

- l) We further certify that no investigation by a regulatory authority is pending either against us or against any of our Group Companies or against any of our director, managers and employees that casts a doubt on our ability to participate in the Transaction and manage the Units. We undertake that in case any investigation is pending against us/ our group company/ sister concern or against our CEO, Managing Director or any Director/ manager/ employees, we will provide full details of such investigation including the name of the investigation agency, the charge/ offence for which the investigation is launched, name and designation of persons against whom the investigation has been launched and other relevant information to the satisfaction of the Government of India/ GoP.
- m) We undertake that in case due to any change in facts or circumstances during the pendency of the disinvestment process, we are attracted by the provisions of disqualification in terms of the subject RFQ document, we would intimate the DOD, GOP immediately.
- n) We understand that in case of our disqualification from participating in the Transaction, we would not be allowed to remain associated with the process merely because we would have taken a legal recourse.
- o) We have a track record of reputation for operating in a manner what is consistent with standards of good corporate governance, financial strength and integrity.
- p) We submit herewith requisite documents as desired in the requisite format prescribed in the RFQ.
- q) We/ our consortium acknowledge the right of DOD, GOP to reject our application without assigning any reason or otherwise and hereby waive our right to challenge the same on any account whatsoever.
- r) We/our consortium declare that:
 - (i) We/our consortium has examined and has no reservations to the RFQ document including any Addendum issued by the DOD, GOP;
 - (ii) We/our consortium do not have any conflict of interest;
 - (iii) We/our consortium have not directly/ indirectly or through an agent engaged or indulged in any corrupt practice, fraudulent, coercive or undesirable practice as set out in this RFQ, in respect of any tender or request for proposal issued by or

any agreement entered into with DOD, GOP, or any other public sector enterprise or any government, Center or State.

- s) We/our consortium irrevocably waive any right which we may have at any stage at law or howsoever otherwise arising to challenge or question any decision taken by DOD, GOP in connection with the selection of Applicants, selection of the Successful Bidder, or the Bidding Process itself in respect of the Transaction, its terms and implementation thereof.
- t) We/our consortium agree and undertake to abide by all the terms and conditions of the RFQ document.
- u) We declare that all statements made by us and information provided pursuant to this letter of Application is complete, true and accurate to the best of our knowledge and beliefs.

We shall be glad to receive further communication on the subject.

Yours faithfully,

Authorized Signatory
For and on behalf of
(Name of the Applicant or Lead Member in case of Consortium)

Annexure 3: Statement of Legal Capacity

(To be submitted on the letterhead of the Applicant/ Each Member of the Consortium submitting the Eol)

Date:

To,

<Name and Address of the Point of Contact in DOD, GOP specified in RFQ>

Dear Sir,

Expression of Interest (Eol) - Purchase of 44.26% equity of PSIDC in PACL

This is with reference to the advertisement dated inviting Expression of Interest for Purchase of 44.26% equity in PACL owned by GoP through PSIDC.

We refer to the RFQ which has been made available to us. We have read and understood the contents of RFQ and pursuant to this hereby confirm that we satisfy the eligibility criteria laid out in the RFQ.

We are a member of the consortium (constitution of which has been described in the Expression of Interest) which jointly satisfies the eligibility criteria as detailed in the said RFQ. *(In case Applicant is a Consortium)*

We have agreed that (Name of the Lead Member) will act as the Lead Member of the consortium and shall act on our behalf and has been duly authorized to submit the EOI. *(In case Applicant is a Consortium)*

Further, the Authorised Signatory Mr., who is holding the position of in the (Name of the Sole Applicant or Lead Member as the case may be) has been given requisite powers by the Board of Directors of the company and is vested with the rights and powers to furnish such letter and Request for Qualification and authenticate the same.

Yours faithfully,
Name of the Signatory for the Company
For and on behalf of Applicant/ Member of Consortium

Annexure 4: Request For Qualification (Format)

(To be submitted on the letterhead of the Sole Applicant/ Lead Member of the Consortium submitting the EOI)

A. Details of Applicant

- 1) Constitution and Stock Exchange Listing Status: Public Limited Company, Private Limited Company or Others, if any (Please specify)
- 2) If the Applicant/any member of the Consortium is a foreign entity, specify list of statutory approvals from DOD, GOP/RBI/FIPB applied for/obtained/awaited.
- 3) Other Details
 - a) Name
 - b) Country of incorporation and Registered Office
 - c) Address of the corporate headquarters and its branch office(s), if any, in India
 - d) Nature of business/products dealt with
 - e) Date and Place of incorporation including date of commencement of business
 - f) Details of the Shareholding Pattern including details of principal shareholder(s)
 - g) Details of Current Directors
 - h) Details of key managerial personnel
 - i) Details of lead bankers, for seeking any clarification/confirmation
 - j) Stock Exchanges where listed, if applicable
- 4) Brief description of the Company including details of its main lines of business and proposed role and responsibilities in this Transaction.
- 5) Details of individual (s) who will serve as the point of contact / communication within the Company:
 - a) Name:
 - b) Designation:
 - c) Company:
 - d) Address:
 - e) Telephone Number:
 - f) E-Mail Address:
 - g) Fax Number:
- 6) **In case of a Consortium:**
 - a) The information above (1-4) should be provided for each member of the Consortium on their respective letter heads

- b) Information regarding role of each member of the Consortium should be provided as per table below:

| SN | Name of Member | Expected % Interest | Role |
|----|----------------|---------------------|--------------|
| 1 | | | Lead Member |
| 2 | | | Other Member |
| 3 | | | Other Member |
| 4 | | | Other Member |

B. Technical and Financial Capability Qualification Parameters

1) Technical Criteria

a) Turnover/ Gross Receipts

(INR Crores)

| SN | Name of Company | Interest in Consortium (if applicable) | Turnover | | | Average Turnover |
|----|-----------------|---|----------|--------|--------|------------------|
| | | | Year 1 | Year 2 | Year 3 | |
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |

b) Turnover/ Gross Receipts

(INR Crores)

| Name of Company | Net Profit After Taxes | | |
|-----------------|------------------------|--------|--------|
| | Year 1 | Year 2 | Year 3 |
| | | | |

2) Financial Parameters

(INR Crores)

| SN | Name of Company | Interest Consortium in (if applicable) | Net Worth for the Financial Year ended |
|----|-----------------|---|--|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |

Notes:

- ✓ *The information should be extracted from the latest audited annual accounts. With respect to the Turnover/Gross Receipts and Profit, the last 3 financial years' shall not be earlier than 2006-07 and with respect to the net worth, the latest financial year shall not be earlier than 2008-09.*
- ✓ *Also provide a certificate from the Statutory Auditors of the Sole Applicant / Lead Member of the Consortium or any Chartered Accountant with respect to the details submitted for "**Para B: Technical and Financial Capability Qualification Parameters**" of this Annexure.*
- ✓ *Please also enclose the last 3 years' audited financial accounts and Memorandum & Articles of Association.*
- ✓ *In case the audited annual accounts for the latest financial year are not audited and therefore the Applicant could not make it available, the Applicant shall give an undertaking to that effect duly certified by its Statutory Auditors. In such a case, the Applicant may provide the un-audited Annual Accounts (with Schedules) for the latest financial year. The un-audited annual accounts for the latest financial year would be considered for evaluation subject to the undertaking by the Applicant that the annual accounts would be made available before the Financial Bid Due Date and the financial qualification as per the Audited annual accounts would continue to be met. Failure to submit the final accounts before Financial Bid Due Date would lead to rejection of the bid. In case the Applicant fails to provide such audited annual accounts or a certificate from Statutory Auditor specified hereinabove, the Application will be rejected as non-responsive.*

Annexure 5: Format for Power of Attorney for Signing of the Application

(To be on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution.
Foreign entities submitting bids are required to follow the applicable law in their country)

Power of Attorney

Know all men by these presents, We.....(name and address of the registered office) do hereby constitute, appoint and authorize Mr / Ms.....(name and residential address) who is presently employed with us and holding the position of and presently residing at as our true and lawful attorney (hereinafter referred to as "Attorney"), to do in our name and on our behalf, all such acts, deeds and things necessary or required in connection with or incidental to the submission of our application for pre-qualification for the Bidding Process and for purchase of 44.26% equity holding of Punjab Alkalies and Chemicals Ltd. through disinvestment process, including ut not limited to signing and submission of all applications, bids, undertakings, agreements, documents and providing information / responses to DOD, GOP, representing us in all matters before DOD, GOP and/or DoD including in the Pre-Application Bidders' conference, and generally dealing with DOD, GOP and/or DoD, in all matters in connection with our bid for the said Transaction till entering into the Transaction documents with DOD, GOP.

We hereby agree to ratify all acts, deeds and things lawfully done by our said attorney pursuant to this Power of Attorney and that all acts, deeds and things done by our aforesaid attorney shall and shall always be deemed to have been done by us.

IN WITNESS WHEREOF WE, _____, THE ABOVE NAMED PRINCIPAL HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS ____ DAY OF _____, 2008

For -----
(Signature)
(Name, Title and Address)

Witnesses:

- 1.
- 2.

[Notarised]

Accepted

(Signature)
(Name, Title and Address of the Attorney)

Notes:

- ✓ *To be executed by Lead Member in case of a Consortium.*
- ✓ *The mode of execution of the Power of Attorney should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant(s) and when it is so required the same should be under common seal affixed in accordance with the required procedure.*
- ✓ *The Applicant should also submit for verification the extract of its charter documents and board resolution/ power of attorney delegating the power hereunder in favour of person executing this Power of Attorney on behalf of the Applicant.*
- ✓ *In case of a Power of Attorney executed and issued overseas, the document will also have to be legalized by the Indian Embassy and notarized in the jurisdiction where the Power of Attorney is issued.*

Annexure 6: Format for Power of Attorney for Lead Member(s) of Consortium

(To be on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution.
Foreign entities submitting bids are required to follow the applicable law in their country)

Power Of Attorney

Whereas Punjab State Industrial Development Corporation (PSIDC) has invited applications from interested parties for purchase of its 44.26% equity of Punjab Alkalies and Chemicals Ltd. (“**the Transaction**”).

Whereas,,, and the members of the Consortium (collectively the “Consortium”) are interested in bidding for the Transaction in accordance with the terms and conditions of the Request for Qualification (RFQ document), Request for Proposal (RFP document) and other connected documents in respect of the Transaction, and

Whereas, it is necessary under the RFQ document for the members of the Consortium to designate one of them as the Lead Member with all necessary power and authority to do for and on behalf of the Consortium, all acts, deeds and things as may be necessary in connection with the Consortium’s bid for the Transaction and its execution and implementation.

NOW THIS POWER OF ATTORNEY WITNESSETH THAT;

We, M/s. ----- having our registered office at, M/s. ----- having our registered office at, M/s. ----- having our registered office at and M/s..... having our registered office at (the respective names and addresses of the registered office) do hereby irrevocably designate, nominate, and appoint M/s..... (hereinafter referred to as the “Attorney”) being one of the members of the Consortium, as the Lead Member of the Consortium, to be our true and lawful attorney to do on behalf of the Consortium, all or any of the acts, deeds or things necessary, required or incidental to the Consortium’s pre-qualification for the bidding process and its bid for the Transaction, including but not limited to signing and submission of application/ proposal by duly executing them, participating in conferences, responding to queries, submission of information, documents, undertakings, agreements and generally to represent the Consortium in all its dealings with DOD, GOP, any other Government Agency or any person, in connection with the Transaction until culmination of the process of bidding and thereafter till the execution of all relevant Transaction Documents as mandated by the RFQ and RFP documents with DOD, GOP.

We hereby agree to ratify and confirm and do hereby ratify and confirm all acts, deeds and things lawfully done or caused to be done by the our Attorney (Lead Member) pursuant to and in exercise of powers conferred by this Power of Attorney and that all acts, deeds and things done by our aforesaid attorney shall and shall always be deemed to have been done by us/Consortium.

IN WITNESS WHEREOF WE, _____, THE ABOVE NAMED PRINCIPAL HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS ____ DAY OF _____, 2008

For -----
(Signature)
(Name, Title and Address)

Witnesses:

1.

[Notarised]

2.

Accepted

(Signature)
(Name, Title and Address of the Attorney)

Notes:

- ✓ *To be executed by Lead Member in case of a Consortium.*
- ✓ *The mode of execution of the Power of Attorney should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant(s) and when it is so required the same should be under common seal affixed in accordance with the required procedure.*
- ✓ *The Applicant should also submit for verification the extract of its charter documents and board resolution/ power of attorney delegating the power hereunder in favour of person executing this Power of Attorney on behalf of the Applicant.*
- ✓ *In case of a Power of Attorney executed and issued overseas, the document will also have to be legalized by the Indian Embassy and notarized in the jurisdiction where the Power of Attorney is issued.*

Annexure 7: Format for Memorandum of Understanding for the Consortium

(To be on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution.
Foreign entities submitting bids are required to follow the applicable law in their country)

This Memorandum of Understanding (“MoU”) entered into this ____ day of _____ 2008
at _____

Between

(hereinafter referred as” _____”) and having office at _____,
India **Party of the First Part**

AND

(hereinafter referred as” _____”) and having office at _____,
India **Party of the Second Part**

AND

(hereinafter referred as” _____”) and having office at _____,
India **Party of the Third Part**

AND

(hereinafter referred as” _____”) and having office at _____,
India **Party of the Fourth Part**

The Party of the First Part, Party of the Second Part, Party of the Third Part and Party of the Fourth Part are individually referred to as “**Party**” and collectively as “**Parties**”.

WHEREAS Government of Punjab through PSIDC has invited Application for Pre-Qualification from entities interested in the purchase of 44.26% equity shares owned by Punjab State Industrial Development Corporation (PSIDC) of Punjab Alkalies and Chemicals Ltd (PACL) (“The Transaction”).

AND WHEREAS the Parties have had discussions for formation of a Consortium for applying for the said Transaction and have reached an understanding on the following points with respect to the Parties’ rights and obligations towards each other and their working relationship.

AND WHEREAS upon being selected for the Transaction, the Parties shall enter into a Share Purchase Agreement with PSIDC for purchase of 44.26% equity shares owned by PSIDC of PACL and to govern their future relationship.

IT IS HEREBY AS MUTUAL UNDERSTANDING OF THE PARTIES AGREED AND DECLARED AS FOLLOWS:

That the Parties have formed this consortium (“Consortium”) with the shareholding commitments expressly stated in this MoU.

1. That the Interest of each of the members in the Consortium shall be:

| SN | Name of Member | Expected % Interest in Consortium |
|----|----------------|-----------------------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |

2. That M/s _____ which is the Lead Member of the Consortium shall invest and continue to invest in at least 51% Interest in the Consortium as may be specified in the RFP document.
3. That M/s _____ and M/s _____ and M/s _____ shall each invest and continue to invest in at least 10% of the Interest of the Consortium as may be specified in the RFP document.
4. That the shareholding commitments as recorded in this MoU and no changes shall be allowed thereof, except in accordance with the provisions as laid down in the RFP document.
5. If the Bid is awarded to the Consortium, the members of the Consortium shall form an SPV as per the provisions of the (Indian) Companies Act, 1956 to execute the Transaction.
6. That the Lead Member shall enter into a Share Purchase Agreement with PSIDC on behalf of the Consortium and subsequently carry out all the responsibilities as laid out in the Share Purchase Agreement. The members of the Consortium shall carry out all their respective responsibilities as agreed upon in terms of the Share Purchase Agreement and the RFQ document.
7. That the roles and the responsibilities of the Parties for the Transaction shall be as described in the RFQ, RFP and Share Purchase Agreement.
8. That the Parties shall be jointly and severally liable to DOD, GOP in accordance with the terms of the RFQ, RFP, Share Purchase Agreement.
9. That this MoU shall be governed in accordance with the laws of India and courts in _____ shall have exclusive jurisdiction to adjudicate disputes arising from the terms herein.

In witness whereof the Parties affirm that the information provided is accurate and true and have caused this MoU to be duly executed on the date and year hereinabove mentioned.

(Party of the First Part)

(Party of the Second part)

(Party of the Third Part)

(Party of the Fourth Part)

Witnesses:

- 1.
- 2.

Annexure 8: Guidelines for Qualification of Bidders

GOVERNMENT CIRCULAR

No. 6/4/2001-DD-II

Government of India

Department of Disinvestment

Block 14, CGO Complex

New Delhi.

Dated 13th July, 2001.

OFFICE MEMORANDUM

Sub: Guidelines for qualification of Bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment

Government has examined the issue of framing comprehensive and transparent guidelines defining the criteria for bidders interested in PSE-disinvestment so that the parties selected through competitive bidding could inspire public confidence. Earlier, criteria like net worth, experience etc. used to be prescribed. Based on experience and in consultation with concerned departments, Government has decided to prescribe the following additional criteria for the qualification / disqualification of the parties seeking to acquire stakes in public sector enterprises through disinvestment:

(a) In regard to matters other than the security and integrity of the country, any conviction by a Court of Law or indictment / adverse order by a regulatory authority that casts a doubt on the ability of the bidder to manage the public sector unit when it is disinvested, or which relates to a grave offence would constitute disqualification. Grave offence is defined to be of such a nature that it outrages the moral sense of the community. The decision in regard to the nature of the offence would be taken on case to case basis after considering the facts of the case and relevant legal principles, by the Government.

(b) In regard to matters relating to the security and integrity of the country, any charge-sheet by an agency of the Government / conviction by a Court of Law for an offence committed by the bidding party or by any sister concern of the bidding party would result in disqualification. The decision in regard to the relationship between the sister concerns would be taken, based on the relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons.

(c) In both (a) and (b), disqualification shall continue for a period that Government deems appropriate.

(d) Any entity, which is disqualified from participating in the disinvestment process, would not be allowed to remain associated with it or get associated merely because it has preferred an appeal against the order based on which it has been disqualified. The mere pendency of appeal will have no effect on the disqualification.

(e) The disqualification criteria would come into effect immediately and would apply to all bidders for various disinvestment transactions, which have not been completed as yet.

(f) Before disqualifying a concern, a Show Cause Notice why it should not be disqualified would be issued to it and it would be given an opportunity to explain its position.

(g) Henceforth, these criteria will be prescribed in the advertisements seeking Expression of Interest (EOI) from the interested parties. The interested parties would be required to provide the information on the above criteria, along with their Expressions of Interest (EOI). The bidders shall be required to provide with their EOI an undertaking to the effect that no investigation by a regulatory authority is pending against them. In case any investigation is pending against the concern or its sister concern or against its CEO or any of its Directors/Managers/employees, full details of such investigation including the name of the investigating agency, the charge/offence for which the investigation has been launched, name and designation of persons against whom the investigation has been launched and other relevant information should be disclosed, to the satisfaction of the Government. For other criteria also, a similar undertaking shall be obtained along with EOI.

-sd/-

(A.K. Tewari)

Under Secretary to the Government of India.

CLARIFICATION

Note: Vide clarification dated: 10.1.2002 to the above guidelines it has been provided that the following offence be treated as a grave offence

- (1) Orders of Securities and Exchange Board of India which directly relates to “fraud” as defined in the Securities and Exchange Board of India Act, 1992 and/or regulations made thereunder;
- (2) Orders of Securities and Exchange Board of India which cause a doubt on the ability of the Strategic Partner to manage the Company after the sale of the Transaction Shares by the Government to the Strategic Partner;

- (3) Any conviction by a Court of Law;
- (4) In cases in which Securities and Exchange Board of India also passes a prosecution order, disqualification of the Strategic Partner should arise only on conviction by the Court of Law.

Annexure 9: Preliminary Information Memorandum

'Provided Separately'