



**REQUEST FOR EXPRESSION OF INTEREST
FOR EMPANELMENT OF FINANCIAL INSTITUTIONS FOR
FINANCIAL APPRAISAL OF INVESTMENT PROPOSALS**

**EOI REFERENCE: NBC/BD/56/3061
DATE: 03/12/2009**

National Aluminium Co Ltd.



“Financial Appraisal of Investment Proposals”

1.0 NATIONAL ALUMINIUM COMPANY LIMITED – AN INTRODUCTION:

- 1.1 National Aluminium Company (NALCO) was incorporated in 1981 as a Public Sector Company under Ministry of Mines, Govt. of India. NALCO is Asia’s largest integrated Aluminium complex having Bauxite Mines, Alumina Refinery, Aluminium Smelter and Captive Power Plant situated in the state of Orissa along with Port Facilities at Vishkhapatnam, all in India.
- 1.2 The initial capacity of Bauxite Mines was 2.4 million ton/year, Alumina Refinery of 0.8 million ton/year, Aluminium Smelter of 0.23 million ton/year and Captive Power Plant of 720 MW. The commencement of Aluminium sale took off in May, 1987 and Export of Alumina started in January, 1988.
- 1.3 NALCO took up 1st Phase of Expansion Project of US \$ 1 billion in 1996 funded mainly through internal resources. In the 1st Phase of Expansion, Bauxite Mines capacity was enhanced to 4.8 million tpy, Alumina Refinery to 1.575 million tpy, Aluminium Smelter to 0.345 million tpy and Captive Power Plant to 960 MW.
- 1.4 NALCO has taken up 2nd Phase of Expansion in the year 2004 at an estimated cost of US \$ 1.2 billion to be funded partly from internal resources and partly through market borrowing. The present on-going expansion will enhance the capacity of various units as below:
- a. Bauxite Mine to 6.3 Million TPY
 - b. Alumina Refinery to 2.1 Million TPY
 - c. Smelter Plant to 4, 60,000 TPY
 - d. Captive Power Plant to 1200 MW

The expansion project is scheduled to be completed by Jun-2010.

- 1.5 More details on NALCO can be viewed on company’s website www.nalcoindia.com

2.0 INVITATION OF APPLICATION

- 2.1 NALCO intends to empanel financial institutions for financial appraisal of its investment proposals.

2.2 SCOPE OF WORK:

- 2.2.1 To carry out the work of Appraisal of New proposed project, inter alia covering Economic and Financial Analysis, Statutory Clearance, Benchmarking, Funding Arrangements, Risk Analysis/Mitigation, Viability Analysis, Project IRR, Equity IRR etc.

The Appraising Agency will carry out Financial Appraisal of the proposed Project. More specifically, the Appraising Agency will undertake the detailed scope of service as under:

- a) Review of Project Agreements, which includes inter alia, Detailed Feasibility Reports (DFR), Detailed Project Report (DPR) etc. made available at the time of financial appraisal.
- b) Commercial Analysis.
- c) Risk analysis involving identification of various risks associated with the projects.
- d) Estimation of resource requirements/projections.
- e) Financing Plan and modeling to ascertain the viability of the project.
- f) Sensitivity Analysis.
- g) Financial Appraisal Report.

In particular, the Scope of services envisaged for the Project is outlined in the following paragraphs.

2.2.2 Review of Project Agreements

The Appraising Agency will review and scrutinize all the major documents and agreements including, inter alia, the DFR/ DPR, Tariff agreements, etc made available at the time of financial appraisal of the project.

2.2.3 Commercial Analysis

Based on DFR/ DPR and other available documents/ information, commercial analysis of the project would be carried out to verify the commercial viability of the project including demand supply analysis of the industry, both domestic and international along with marketing arrangements and customer tie ups.

2.2.4 Risk Analysis

Risk analysis would involve identification of the various risks associated with the Project. The exercise would ascertain if all the risks have been identified and steps have been taken for its allocation and mitigation through various contractual obligations and insurances.

2.2.5 Estimation of Resource Requirements/ Projections

The Appraising Agency will assist NALCO in estimating resource requirement after considering –

- Estimated outlay for proposed project
- Formulating/reviewing the expense projections of NALCO
- Estimation of revenues considering likely realizations
- Assessment with respect to location, raw material utilization, promoters, plant and machinery, technology, environmental clearances, manpower and regulatory requirements.

2.2.6 Financing Plan

The Appraising Agency shall study the financial plan mentioned in the DFR/ DPR to analyze the present and future projections, financial ratios, and operational performance of NALCO.

2.2.7 Financial Modeling:

A detailed computer generated financial model would be developed to represent the base case and further financial and operative sensitivities. The financial model will be developed incorporating projected balance sheets, income statements, sources and use of funds, debt service schedules, tax and depreciation schedules and key ratios.

2.2.8 Sensitivity Analysis

A detailed sensitivity analysis will be performed to assess the sensitivity of the base case projections to key macroeconomics and operating variables.

2.2.9 Financial Appraisal Report

The above activities would culminate in the preparation of a Financial Appraisal Report, which would present the analysis and recommendations on the techno-economic and commercial viability aspects of the Project, based on the DFR and other documents.

NOTE: The appraisal shall be done in two stages – First at the time of preparation of DFR/ DPR and then up dation of the same shall be made at the time of investment Approval.

3.0 QUALIFYING CRITERIA:

3.1 Experience Criteria:

- i. The firm should be empanelled with any Navaratna/ Miniratna PSU for financial appraisal of investment proposals in the last 06 years.
- ii. The firm should have done at least 02 projects appraisal for Miniratna or Navaratna PSU for investment of Rs. 100 crores to Rs. 500 crores and at least 01 project appraisal for than Rs. 500 crores in the last 06 years.

3.2 Financial Criteria:

- i. Annual turnover of the consultant/ consultancy firm/ financial institution in at least one of the preceding three years must be more than Rs. 10 crores.
- ii. Net worth of the immediate preceding year must be positive.

The firm is required to submit documentary evidence in support of qualifying criteria. The firm, which meets the above criteria, shall only be considered for evaluation.

4.0 PREPARATION/ SUBMISSION OF EOI

Interested firms are requested to submit their application in a format as outlined below in order to achieve the objectives of maintaining uniform application structure for all the firms:

CHAPTER-I: Letter of submission of the application

CHAPTER-II: Organisation profile

CHAPTER-III: EOI qualifying summary as per para 3.0 above. The qualifying summary is to be submitted as per annexure-A along with annual report and audited accounts of the latest financial year.

5.0 INSTRUCTION TO FIRMS

- 5.1** Firms are expected to examine carefully the contents of all the documents provided. Failure to comply with the requirements of EOI will be at the Firm's own risk.
- 5.2** It would be deemed that prior to the submission of the Application, the Firm has:
 - i. Made a complete and careful examination of requirements and other information set forth in this EOI request document.
 - ii. Receive all such relevant information as it has requested from NALCO
 - iii. Made a complete and careful examination of the various aspects of the Project
- 5.3** NALCO shall not be liable for any mistake or error by the Firm in respect of the above.
- 5.4** The firm shall bear all costs associated with the preparation or delivery of its application.
- 5.5** The application and all correspondence incidental and related to application shall be written in English language. Any printed literature and document submitted in any other language shall be accompanied by authenticated English translation, in which case, for the purpose of interpretation of the application, English translation shall govern. Responsibility for correctness in translation shall lie with the agencies.
- 5.6** Firm shall not disclose confidential information to any third party without prior written approval of NALCO.
- 5.7** NALCO reserves its right to call for original of the supporting documents for verification if so deemed fit and also cross-check for any details as furnished by the firm from their previous clients etc. Firm shall have no objection whatsoever in this regard.
- 5.8** It will be certified by the applicants that there is no pending court cases or otherwise on them by the Govt. or Govt. Depts./ Statutory authorities which might infringe upon their rights to participate in such empanelment with a CPSU.

Requisite copies of IT clearance/ assessment certificates for the last 3 years may be submitted
- 5.9** NALCO reserves the rights to make use of available in-house data for evaluation of the application that have been submitted against this request.
- 5.10** NALCO will examine the applications for its completeness, whether the documents have been signed, whether they are complete and whether the details furnished are generally in order.
- 5.11** Firms may note that mere submission of application shall not entitle automatic qualification of the EOI application.

- 5.12** Telefax/ E-mail/ CD shall not be accepted unless accompanied by formal signed documents. NALCO takes no responsibility for delay, loss or non-receipt of document sent by Post/Courier.
- 5.13** Canvassing in any form by the agency or by any other agency on their behalf may lead to disqualification of their applications.
- 5.14** NALCO reserves the right to accept or reject any application and to annul the EOI process and reject all applications at any time without thereby incurring any liability to the affected Firm(s) or any obligation to inform the affected Firm(s) of the grounds for the NALCO's action.
- 5.15** NALCO reserves the right to invite fresh applications with or without amendment of the EOI at any stage without any liability or obligation for such invitation and without assigning any reason thereof.
- 5.16** The selected applicants will be duly notified and will remain empanelled with NALCO for any relevant financial appraisal tender initially for a period of two years from date of notification. However, during any time of the tenure of empanelment, NALCO reserves the right to review the credentials of the firm if any situation so warrants.
- 5.17** NALCO reserves the right to reject any application if:
- i. At any point of time, a material misrepresentation is made or uncovered for a firm
 - ii. The firm does not respond promptly and thoroughly to requests for supplemental information required for the evaluation of the Application
- 5.18** The application for EOI complete in all respect should be sent to the office of the **Chief Manager (BD), NALCO Bhawan, P-1, Nayapalli, Bhubaneswar – 751061** on or before **14/01/2010**.
- 5.19** Any firm requiring any clarification on the terms and conditions for this EOI request document may notify NALCO in writing or facsimile or e-mail. Firms must send their queries latest by the last date for submission of application.
- 5.20** All correspondence/enquiry should be submitted to the following in writing by fax/post/courier/e-mail:
- Chief Manager (Business Development)
National Aluminium Company Limited
Nalco Bhawan, P/1, Nayapalli
Bhubaneswar - 751061, Orissa, India.
(Attn: M.P. Mishra)
Fax: +91 0674 2300745

XXXXXXXXXXXX

Annexure-A**DETAILS OF SIMILAR WORKS EXECUTED DURING LAST THREE YEARS**

Sl. No.	Full Postal Address of Client/ Name/ Phone No/ Fax No./ Contact person with Designation	Description of Project (Order Ref & Date)	Approx. project cost	Date of Completion	Remarks

Note: Documentary evidence/ proof of above information must be enclosed in shape of copy of work order & completion certificate.

Signature of Firm with seal & date