REQUEST FOR EXPRESSION OF INTEREST

FOR ENPANELMENT OF CONSULTANTS FOR FINANCIAL APPRAISAL OF PROJECT PROPOSALS

EOI REFERENCE: NBC/ BD/ 56/ 37
DATE: 28/01/2012

National Aluminium Company Ltd.
“Financial Appraisal of Project 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 Odisha along with Port Facilities at Vishakhapatnam in Andhra Pradesh.

1.2 The Company has charted an excellent track record in both physical and financial performance. The products of the Company are registered in the LME (London Metal exchange). The company has been conferred the “Navaratna” status by the Govt. of India, in recognition of its consistent outstanding performance over the years.

1.3 NALCO has taken up two phases of expansion to augment the production capacities of all the units. Post 2nd phase expansion, the capacities of different units are: - Bauxite Mine - 6.3 MTPA, Alumina Refinery - 2.1 MTPA, Smelter Plant - 0.46 MTPA and Captive Power Plant - 1200 MW

1.4 As a part of diversification strategy, NALCO plans to explore business opportunities in metals beyond aluminium and energy sectors. The Company has drawn ambitious plans for Greenfield as well as Brownfield projects in India and abroad.

1.5 Financial indicators of the Company as at 31/03/2011 are as below:
   - Paid-up share capital: ` 12.89 billion
   - Net Worth: ` 111.65 billion
   - Sales turnover: ` 60.55 billion
   - PAT: ` 10.69 billion

1.6 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 consultants for financial appraisal of its project proposals. NALCO may have two lists of empanelled consultants - one list for financial appraisal of project proposals having estimated project cost up to ` 1000 crore and other list for financial appraisal of project proposals having estimated project cost above ` 1000 crore. Consultants empanelled for financial appraisal of project proposals for project cost above ` 1000 crore would also be
eligible for financial appraisal of project proposals for project cost up to ` 1000 crore.

2.2 SCOPE OF WORK:

2.2.1 The appraising agency shall carry out financial appraisal of the project proposal, inter-alia, covering analysis of - economic and financial factors influencing the project; statutory clearances; benchmarking assumed, funding arrangements considered, risk analysis and suggested mitigation measures, viability analysis - Project and Equity IRR, Debt Service Coverage Ratio (DSCR), Pay Back Period etc.

More specifically, the appraising agency shall undertake the detailed scope of services as under:

a) Review of project documents, which includes, inter alia, Detailed Feasibility Reports (DFR) or Techno-economic Feasibility Report (TEFR), 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 Documents:

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 proposal.

2.2.3 Commercial Analysis

Based on DFR/ TEFR/ 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 analyse the resource requirements estimated 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, plant and machinery, technology, environmental clearances, manpower, regulatory requirements etc.

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 the Project.

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 shall 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/ TEFR/ DPR and/ or other documents.

It may be noted that the above scope of work is indicative only. The exact scope of work shall be mentioned while inviting commercial offers from the empanelled consultants.

3.0 QUALIFYING CRITERIA:

3.1 Experience Criteria:

3.1.1 For financial appraisal of project cost up to ` 1000 crore:

The applicant should have done financial appraisal of at least 01 (one) project proposal having estimated project cost of at least ` 800 crore, or 02 (two) project
proposals having estimated project cost of at least ` 500 crore, or 03 (three) project proposals having estimated project cost of at least ` 400 crore for Miniratna or Navaratna or Maharatna Central Public Sector Enterprise (CPSE) in the last 07 (five) years.

3.1.2 For financial appraisal of project cost above ` 1000 crore:

The applicant should have done financial appraisal of at least 01 (one) project proposal having estimated project cost of at least ` 1000 crore, or 02 (two) project proposals having estimated project cost of at least ` 800 crore, or 03 (three) project proposals having estimated project cost of at least ` 500 crore for Miniratna or Navaratna or Maharatna Central Public Sector Enterprise (CPSE) in the last 07 (five) years.

3.2 Financial Criteria:

i. Annual turnover of the consultant/ consultancy firm must be more than ` 10 crore in at least one of the preceding three years from the due date for submission of the EOI application.

ii. Net worth of the immediate preceding year from the due date for submission of the EOI application must be positive.

3.3 Application from consortium applicants shall not been accepted.

3.4 The applicant is required to submit documentary evidence in support of qualifying criteria. The applicants, which meet the above criteria, shall only be considered for evaluation.

4.0 PREPARATION/ SUBMISSION OF EOI

Interested applicants 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 applicants:

CHAPTER-I: Letter of submission of the application
CHAPTER-II: Organisation profile
CHAPTER-III: The information regarding fulfillment of qualifying criteria as per para: 3.0 above is to be submitted as per Annexure - A and B along with annual reports and/ or audited accounts.

5.0 INSTRUCTION TO APPLICANTS

5.1 Applicants are expected to examine carefully the contents of all the documents provided. Failure to comply with the requirements of EOI will be at the applicant's own risk.

5.2 It would be deemed that prior to the submission of the application, the applicant has:

i. Made a complete and careful examination of requirements and other information set forth in this EOI request document.
ii. Received all such relevant information as it has requested from NALCO

5.3 NALCO shall not be liable for any mistake or error by the applicant in respect of the above.

5.4 The applicant 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 only. 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 applicant.

5.6 The applicant 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 applicant from their previous clients etc. The applicant shall have no objection whatsoever in this regard.

5.8 The applicant shall submit an undertaking 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 CPSE.

5.9 Requisite copies of IT clearance/ assessment certificates for the last 3 financial years prior to the due date of submission of EOI application shall be submitted.

5.10 NALCO reserves the rights to make use of available in-house data for evaluation of the application that have been submitted against this request.

5.11 NALCO will examine the applications for its completeness, whether the documents have been signed, complete in all respect and the details furnished are generally in order.

5.12 The applicants may note that mere submission of application shall not entitle automatic qualification of the EOI application.

5.13 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.

5.14 Canvassing in any form by the agency or by any other agency on their behalf may lead to disqualification of their applications.

5.15 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 applicant(s) or any obligation to inform the affected applicant(s) of the grounds for the NALCO’s action.
5.16 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.

5.17 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 applicant if any situation so warrants.

5.18 NALCO reserves the right to reject any application if:

i. At any point of time, a material misrepresentation is made or uncovered for a applicant.

ii. The applicant does not respond promptly and thoroughly to requests for supplemental information required for the evaluation of the application

5.19 The application for EOI complete in all respect should be sent to the office of the Dy. General Manager (BD), NALCO Bhawan, P-1, Nayapalli, Bhubaneswar – 751061 on or before 25/02/2012.

5.20 Any applicant requiring any clarification on the terms and conditions for this EOI request document may notify NALCO in writing or facsimile or e-mail. The applicants must send their queries at least 3 days prior to the last date for submission of application.

5.21 Post application correspondences may be made over e-mail. The applicants are advised to furnish authorize e-mail id along with an alternative e-mail for all communications. Mail received from the authorized or the alternative mail ids shall only be accepted.

5.21 All correspondence/enquiry should be submitted to the following in writing by fax/ post/ courier/ e-mail:

Dy. General Manager (Business Development)
National Aluminium Company Limited
Nalco Bhavan, P/1, Nayapalli
Bhubaneswar - 751061,
Odisha, India.
(Attn: M.P. Mishra)
Tel: +91 0674 2300745
Fax: +91 0674 2300789
Mob: +919437022109
Email: mpmishra@nalcoindia.co.in
## Annexure-A

### DETAILS OF SIMILAR WORKS EXECUTED DURING LAST FIVE YEARS FULFILLING THE QUALIFYING CRITERIA

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Full Postal Address of Client/ Name/ Phone No/ Fax No./ Email/ Contact person with Designation</th>
<th>Description of the assignment (Order Ref &amp; Date)</th>
<th>Estimated Project Cost</th>
<th>Date of Completion</th>
<th>Remarks</th>
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Note: Documentary evidence/ proof of above information must be enclosed in shape of copy of work order & completion certificate.

Signature of applicant with seal & date
**Annexure-B**

**DETAILS FOR FULFILLMENT OF FINANCIAL CRITERIA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Turnover</th>
<th>Net Worth</th>
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Note: Documentary evidence/ proof of above information must be enclosed in shape of copy of annual report/ certificate by Chartered Accountant/ Auditors

*Signature of applicant with seal & date*