

ENGAGEMENT OF ASSET VALUER FOR THE DISINVESTMENT IN TYRE CORPORATION OF INDIA LIMITED (TCIL) THROUGH OUTRIGHT SALE – REQUEST FOR PROPOSALS (RFP)

1. Introduction

1.1 TCIL, a Central Public Sector Enterprise under the Department of Heavy Industry, was incorporated on 24.2.1984 as per the Companies Act, 1956 and assets of nationalized units (M/s Incheck Tyre Limited, Kankinara, and M/s National Rubber Manufacturers Limited, Tangra, by the Nationalization Act No. 17 of 1984) were vested on TCIL on 5.3.1984. TCIL has two units, namely Tyre Division at Kankinara, and Reclaimed Rubber Unit at Kalyani. The Tyre unit at Kankinara is at present the single operating unit of TCIL, through which, the Company is engaged in the manufacturing and marketing of automotive tyres.

1.2 The paid up equity capital of TCIL as on 31.3.2011 is Rs. 29.63 crore. The Government of India (GOI) holds 100% of the paid up equity capital of the Company. For details about TCIL, please refer to the Company's website: www.tcilcorp.gov.in.

1.3 Pursuant to the TCIL (Disinvestment of Ownership) Act 2007 and following the basic principles laid down therein, the GOI decided to disinvest 100% equity shareholding held by it in TCIL through outright sale. The Department of Disinvestment (DoD), on behalf of the GOI, requires the services of a reputed firm for valuation of the fixed assets of TCIL. Eligible firms, as per eligibility conditions prescribed in para 1.4 below, are therefore invited to submit proposal under the guidelines mentioned in this RFP for selection as asset valuer, latest by **1530 hours on 7th May 2012**.

1.4 The eligibility criteria for the bidder are given below:

- (a) Government-approved valuer registered with Income Tax department/ RBI/ CPWD/ Scheduled Commercial Banks; and
- (b) Experience of valuation of property of or for Government, Central Public Sector Enterprise, Banks and Financial Institutions in the last three years, with at least one valuation of Rs. 200 crore and above.

1.5 The scope of work of the asset valuer is at **Annexure-I**.

2. Submission of Proposal

2.1 Proposals have to be submitted as per the following directions:

- (i) **Envelope 1 (unsealed)** containing the following:
 - (a) Non-refundable fee of Rs. 5,000 (Rupees Five Thousand only) by way of a demand draft drawn in favor of 'Pay and Accounts Officer, Ministry of Finance, Department of Disinvestment, New Delhi' payable at Delhi (Enclosure-1);
 - (b) Documentary evidence(s) towards fulfilment of eligibility criteria prescribed in para 1.4 above (Enclosure-2);
 - (c) Certificate in the format at paragraph 4 below (Enclosure-3);
 - (d) Confidentiality certificate in the format at **Annexure-II** (Enclosure-4); and
 - (e) Undertaking for an unconditional acceptance to Terms and Conditions of the request for proposal (Enclosure-5).
- (ii) **Envelope 2 (Sealed)** containing the technical bid as per format in paragraph 3 below, to be opened in the presence of the bidders on **7th May 2012 at 1600 hours** in the Committee Room of the Department of Disinvestment (Room No. 515, Block 14, CGO Complex, Lodhi Road, New Delhi- 110003).
- (iii) **Envelope 3 (Sealed)** containing the Financial Bid, to be opened only after the presentations and of only those parties who qualify in the technical bid. The bids will be opened in the presence of the bidders (who are technically qualified based on presentations) immediately after the presentations. Bids with conditionality will be summarily rejected.

2.2 In respect of para no. 2.1 (i) (b) above, documentary evidence(s) towards fulfilment of eligibility criteria would include the following:

- i. Copy of the registration certificate from the appropriate Government authority certifying that the bidder is registered as Government-approved valuer for such type of valuation; and
- ii. Reference list of the clients for whom the bidder has done valuation work during the last 3 years, duly signed by the authorized signatory of the bidder.

2.3 The proposal (**all three envelopes**) can be submitted **latest by 1530 hours on 7th May 2012 to SHRI T. THIAGARAJAN, Under Secretary, Department of Disinvestment, Room No. 205, 2nd Floor, Block No. 11, CGO Complex, Lodhi Road, New Delhi-110003** in hard copies in original, duly signed by the authorized signatory of the firm. No proposal will be entertained after the appointed time and date. The Government will not be responsible for any postal/ courier delay. The proposals received after the appointed time and date will be summarily rejected.

3. Format for proposal/ technical bid

You are requested to submit your technical bid in the following format:

3.1 Experience and capability

(Weightage for evaluation: 50/100)

- i. Profile of the organization
- ii. Capability, capacity, experience and expertise in handling such assignments
- iii. Details of domestic/ international assignments handled
- iv. Demonstrate ability to work with the Government and in coordination with the Advisor and other intermediaries as part of a team

3.2 Infrastructure and Manpower

(Weightage for evaluation: 30/100)

- i. Details of infrastructural facilities like office, manpower, etc.
- ii. Detailed profile of the core and support teams (with CV's of each team member detailing qualification and relevant experience) that will be deployed on the assignment in the event of selection

3.3 Indicative Timeline

(Weightage for evaluation: 20/100)

Demonstrate ability to deliver in accordance with tight timetable requirements and the ability to commit key personnel for the entire duration of the transaction

4. Certificate

4.1 The interested bidders are required to furnish the following certificate as a part of the Proposal:

“We certify that there has been no conviction by a Court of Law or indictment/ adverse order by a regulatory authority for a grave offence against us or any of our sister concern. It is further certified that there is no investigation pending against us or our sister concern or the CEO, Directors/ Managers/ Employees of our concern or of our sister concern.

It is also certified that no conflict of interest exists as on date and if in future such a conflict of interest arises, we shall intimate the same to the Government of India.”

Note: The certificate should be signed by the authorized signatory of the bidder. The contents of the certificate must not be changed. Clarification, if any, may be sought separately.

5. Evaluation process

5.1 Interested firms (applicants) will be required to make a presentation in respect of their Proposal before an Inter-Ministerial Group (IMG) on **10th May 2012**, or if necessary, on **11th May 2012**, at New Delhi in the **Committee Room of the Department of Disinvestment (Room No. 515, 5th Floor, Block 14, CGO Complex, Lodhi Road, New Delhi-110003)**. The schedule of presentation will be posted on the website of the Department of Disinvestment (www.divest.nic.in) on **8th May 2012**.

5.2 The IMG will evaluate the applicants on the criteria mentioned in paragraph 3 above and based on their proposals and presentations short-list them for considering their financial bids. The IMG will open the Financial Bids of only short-listed bidders. The technically shortlisted party, which quotes the lowest fee for the assignment, would be selected as the asset valuer for the outright sale transaction of TCIL. In the event of a tie between short-listed bidders in the financial bids submitted by them, the bidder which secures higher/ highest score in the technical evaluation would be selected as the asset valuer.

6. Requirements for Financial Bid

6.1 The applicant is required to quote a lump sum fee in Indian Rupees and gross of all taxes applicable and payable as per law. The fee quoted should be unconditional and inclusive of all expenditure. It may be noted that no time limit can be prescribed for validity of the financial bid.

6.2 The fee to the selected asset valuer shall be paid in Indian Rupees after successful completion of the assignment.

6.3 The Government reserves the right to call off the transaction at any stage without assigning any reason thereof.

7. For any further clarification, please contact SHRI T. THIAGARAJAN, Under Secretary, Department of Disinvestment, Room No. 205, 2ndFloor, Block No.11, CGO Complex, Lodhi Road, New Delhi- 110003, Tel: 011-2436 8531, Fax: 011-2436 6524 e-mail: t.thiagarajan@ nic.in.

Scope of Work of the Asset Valuer

Preamble: The broad scope of work for the Asset Valuer is to carry out valuation of Land & Buildings, Civil Infrastructure like roads, drains, compound wall, etc. and Plant & Machinery (including electrical) on an “as is where is basis” as well as on a “highest and best use basis”.

2. In estimating the market value for the above assets, the Valuer shall:

- Clearly identify and describe the property being valued.
- Due Diligence and Review of the location, site plans, Plant & Machinery and due diligence on planning approvals / reservations from various regulatory authorities as applicable, lay outs etc. Review of physical encumbrances, if any.
- Collect information and conduct due diligence of matters like market information, quotations and offers of similar assets sold or available in close proximity to the subject property.
- Value the property by anyone or a combination of the following methods:
 - Comparison Method
 - Income Capitalisation
 - Discounted Cash Flow
 - Cost Approach method, or any other generally accepted valuation methods.

3. The Valuer shall:

- Suitably provide the justification / logic / assumption for selecting the appropriate method for valuation.
- State any assumptions or limiting conditions that may affect the analysis, opinions and conclusions.
- Provide sufficient information to permit those who read and rely on the report to fully understand the data, reasoning, analyses and conclusions underlying Asset Valuer`s findings, opinions and conclusions.

- Completely and understandably set forth the valuation report in a manner, which will be comprehensive, accurate, and not in any manner misleading.

4. The Valuer will be responsible for generating a draft report and making detailed presentations on the subject matter as may be requested by Department of Disinvestment, Ministry of Finance. Post presentation, the Valuer, shall if required, incorporate the suggestions as may be requested by Department of Disinvestment, Ministry of Finance or provide for any other additional clarification that may be required. The final deliverable shall be a Final Valuation Report, incorporating the change/ modifications as may be suggested above.

Notes to be read with the above scope or work:

- I. To assess the fair market value of land, one of the factors to be kept in mind is the general situation of the land availability and the demand thereof.
- II. The asset valuer is not required to give any legal opinion on the title deed/ lease agreements. Therefore there is no need for them to consult any legal advisor. However, factors such as ownership of land, land use, restrictions on transfer/ change of land use, etc. are to be kept in mind while valuing the land.
- III. In addition to para 3 of the scope of work, the **Valuation Report** should, *inter alia*, provide the following:
 - ✓ Approach & Methodology followed.
 - ✓ Valuer assessment on the aspects mentioned above and other considerations taken in valuation of assets and how these have been considered in arriving at the values.
 - ✓ Fair value of the fixed assets covering land, building, plant and machinery and other fixed assets, indicating the following:
 - Land- Land and title details, values arrived at with reference to various sources/methods, final recommended value etc.

- Building- Specifications, condition computation of fair value (Such as details) regarding current costs, depreciation for past usage, additional cost required for repair & renovations, etc.)
 - Plant and machinery- Specification, condition, computation of fair value (Such as details regarding current costs, depreciation for past usage, additional cost required for repair & renovations, etc.)
 - Other Fixed Assets: Specifications, condition, depreciation for past usage and additional cost required for repair and renovation, values arrived at with respect to various sources/methods.
 - Any other matter which the Valuer in his own judgement should feel is worth indicating
- ✓ Replacement Value and Realisable Value for the above assets must be shown separately. If in the opinion of the valuer certain Assets are likely to realize only scrap value, the same should be clearly indicated with suitable justifications for the same.

Confidentiality Undertaking

It is certified that the documents/ data/ information pertaining to Tyre Corporation of India Limited, which will be provided to [Name of the bidder] for valuation or otherwise related to it shall be treated as strictly confidential and will not be disclosed or handed over by [Name of the bidder] to any outside agency/ person without prior written permission of the Department of Disinvestment.

2. It is further certified that the valuation reports and other relevant documents, which are to be submitted by [Name of the bidder] to the Department of Disinvestment will not be disclosed to any other agency/ person without prior permission of the Department of Disinvestment and will be treated as strictly confidential.

Signature of the authorized signatory of the bidder, with stamp