REQUEST FOR PROPOSAL (RFP)

SOLVENT EXTRACTION PLANT/REFINING UNIT FOR PROCESSING/CRUSHING OF MINOR FOREST PRODUCE (SAL SEED/MAHUA SEED) 300 TPD AT RANCHI UNDER PUBLIC PRIVATE PARTNERSHIP (PPP) MODE

Jharkhand State Minor Forest Produce Corporation Development and Marketing Federation Limited (JHAMFCOFED)
"Bhagirati Kripa"
Modi Compound
Ranchi- 834 001(Jharkhand)
Phone : 0651-2551199
E-Mail : ms.jhamfcofedcom@rediff.com
Website: www.jhamfcofed.com
For setting up one Solvent Extraction Plant (300 TPD) and Refining Unit (50 TPD) – for processing MFP under PPP mode at Ranchi.

1. **Background:**

   Jharkhand State Minor Forest Produce Cooperative Development and Marketing Federation Limited (In short "JHAMFCOFED") is a Government of Jharkhand undertaking registered under Cooperative Societies Act. Main objectives of JHAMFCOFED are procurement and marketing of Minor Forest Produce (MFP) in order to ensure remunerative prices of MFP to the primitive tribals living in remote areas in the State. To ensure remunerative prices, JHAMFCOFED wish to make value addition by processing MFP and then to sale such processed material in the market at remunerative prices. The benefit of value addition is to go to the primary collectors. JHAMFCOFED collects MFP through LAMPs whose members are the primary collectors. All these LAMPs are also members of JHAMFCOFED.

2. About 2,00,000 MT of Sal Seed is being collected by primary collectors in the State of Jharkhand. JHAMFCOFED wish to set up 300 TPD Solvent Extraction Plant and 50 TPD Refinery Unit at Ranchi under PPP mode wherein "SAL SEED" and other MFP shall be processed. Processed oil, Deoiled cake etc., have ready made market.

3. Benefits of processing of the MFP shall be shared by JHAMFCOFED and the related private party.

4. Private parties interested to be associated with JHAMFCOFED in establishing/managing the proposed plant are also required to submit their Expression of Interest (EOI) in the prescribed form. Similarly they are also required to complete and submit RFP document.
5. This RFP document includes the following

Letter of instruction:

SECTION 1  :  Instruction to the Participants.
SECTION 2  :  Technical cum Financial Proposal
SECTION 3  :  Terms of Reference (TOR)

6. Receipt of RFP document may be acknowledged in writing to:

The Managing Director, Jharkhand State Minor Forest Produce Cooperative Development & Marketing Federation Limited (JHAMFCOFED) "Bhagwati Kripa", Modi Compound, Morabadi, Ranchi- 834 008 (Jharkhand), Tel: ..................  E-Mail : .................................................................

7. Submission:

Techno-Commercial proposals as per instructions, details to be submitted latest by .................... Proposals received after the due date will not be taken into consideration and stand rejected automatically.

Yours faithfully

(R.K. CHATURVEDI)
Managing Director
<table>
<thead>
<tr>
<th>SECTION</th>
<th>ITEMS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DISCLAIMER</td>
<td>5</td>
</tr>
<tr>
<td>SECTION 1</td>
<td>Instruction to Participants</td>
<td></td>
</tr>
<tr>
<td>SECTION 2</td>
<td>Technical cum Financial Proposal</td>
<td></td>
</tr>
<tr>
<td>SECTION 3</td>
<td>Terms of References</td>
<td></td>
</tr>
</tbody>
</table>
DISCLAIMER

The information contained in this Request for Proposal (RFP) document or subsequently provided to the Applicants (Participants), whether verbally or in documentary or in any other form is provided on the terms and conditions set out in this RFP and such other terms and conditions which may be communicated in due course.

This RFP document is not an agreement and is neither an offer nor an invitation by the JHAMFCOFED to the prospective Applicants (Participants) or any other person. The purpose of the RFP document is to provide information that may be useful to them in the formulation of their proposals pursuant to this RFP document. This RFP document includes Statements, which reflect various assumptions and assessment arrived at by the JHAMFCOFED in relation to the proposed unit. Such assumptions, assessments and statements do not purport to contain all the information that each Participant may require. This RFP document may not be appropriate for all persons, and it is not possible for JHAMFCOFED, to consider the objectives, technical expertise and particular needs of each party who reads or uses this RFP document, may not be complete, accurate adequate or correct. Each Participant should, therefore, conduct their own investigations and analysis and should check the accuracy, adequacy, correctness, reliability and completeness of the assumptions, assessment and information contained in this RFP document and obtain independent advice from appropriate sources.

Information provided is on a wide range of matters, some of which depend on interpretation of law. The information given is not an exhaustive account of statutory requirements and should not be regarded as a complete or authoritative statement of law. The JHAMFCOFED does not accept responsibility for the accuracy or otherwise of any interpretation or opinion on the law expressed herein. The JHAMFCOFED makes no representation or warranty and shall have no liability to any person including any Participant under any law, statute, rules or regulations or tort, principles of restitution or unjust enrichment or otherwise for any loss, damages, cost or expenses which may arise from or be incurred or suffered on account of anything contained in this RFP document or otherwise, including the accuracy, adequacy, correctness, reliability or completeness of the RFP and any assessment, assumption, statement or information contained therein or deemed to form part of this RFP document or arising in any way in the Selection Procedure.

The issue to this RFP document does not imply that the JHAMFCOFED is bound to select a Participant or choose one, as the case may be, for the Participant and JHAMFCOFED reserves the right to reject any or all the proposals without assigning any reason whatsoever.
INSTRUCTION TO PARTICIPANTS

CONTENTS

1. Introduction
2. Eligibility Criteria
3. Objectives
4. General Instruction to Participants
5. Format for Technical cum Financial Proposal
6. Qualifying criteria for technical cum financial proposal
7. Opening of Proposal
8. Qualifying criteria for Technical cum Financial Proposal
9. Presentation
10. Letter of Intent to the successful Participant
11. Memorandum of Understanding
SECTION – 1

INSTRUCTIONS TO PARTICIPANTS

Introduction

a. Jharkhand

i. Jharkhand is a new state located in the eastern part of India. It has been carved out of the State of Bihar on 15th November 2000.
ii. Presently, Ranchi is functioning as the state capital of Jharkhand.
iii. The state has a population of about 300 lakh (3000,00,000) and a land area of approximately 80 thousand sq. kms.
iv. There are 24 districts in the state.
v. The state is rich in mineral and forest resource.
vi. The state has ample industrial and tourism potential.
ix. There are about 35,000 villages in the State.
ixi. About 2,00,000 MT of Sal seed and 1,00,000 MT of Mahua Seeds are produced every year in Jharkhand.
ixii. About 500 LAMPS/PACS mostly owned by primitive collectors are member of these LAMPS.

b. Ranchi

i. Ranchi located at 23°21' N latitude and 85°19' E Longitude, situated in the heart of Chhotanagpur Plateau at an altitude of 2034 feet above mean sea level.
ii. The landform is generally undulating.
iii. Ranchi is located at the junction of NH 23 and NH 33
iv. Summer temperature ranges from 37° to 20° C and it is 23° to 2.8° C during winter.
v. The average annual rainfall is 1530 mm.

2. About JHAMFCOFED

The Jharkhand State Minor Forest Produce Co-operative Development and Marketing Federation Limited "JHAMFCOFED" is a state level apex Co-operative federation for procurement of Minor Forest Produce from the rural growers and collectors.

The objects of the federation shall be general to promote Minor Forest Produce (MFP) industries on co-operative basis and in particular:-
• To purchase of Minor Forest Produce (Nationalized with prior permission from the competent authority) directly or through:-
  
  i) Primary Agriculture Credit Society (PACS)
  ii) Vyapaar Mandal Sahyog Samity (VMSS)
  iii) Primary Minor Forest Produce Co-operative Societies (PMFPCS)

• To provide finance to LAMPS/PACS/VMSS/PMFPCS for procurement of Minor Forest Produce from Primary growers and collectors.

• To arrange for marketing of minor forest produce and its products through concerned government agencies or otherwise.

• To help in the activities of promotion of production of the MFP.

• To enter into all kinds of contracts and transaction relating to purchases and sale of MFP and its products with a view to the gradual elimination of middle men and to ensure fair price to the MFP growers of collectors.

• To acquire and hold shares in any Co-operative Society in the interest of the Federation.

• To take necessary steps to safeguard the interest of the affiliated societies.

• To encourage thrift, self help and co-operation amongst the member of its affiliated societies and to promote the development of Co-operative idia and enterprises among its members.

• To arrange for the training of the members of the affiliated societies.

• To motivate, help co-ordinate and assist the member societies and their members in adopting cultivation of medicinal plants and collection of medicinal herbs and to grow bio-fuel plants like Jatropha and others.
- Generally to undertake such other business and do such other things as are incidental and conducive to the promotion and attainment of the above objectives.

3. Management - Board of Directors (JHAMFCOFED)

Exhibit 1- Management structure of JHAMFCOFED
4. **ABOUT MINOR FOREST PRODUCE (MFP) IN JHARKHAND STATE**

The State of Jharkhand has a rich forest cover of varies trees of this however, Sal trees dominate the acreage. These forests have a huge impact on the current lifestyle of the local tribal communities. They are used for domestic purposes. These forest are a precious forest resource, whose potential is still unrecognized and unutilized till now.

The State of Jharkhand is as of now capable of producing Sale Seeds to the tune of 2,00,000 MT annually. This can be used in a manner which is economically more viable, will be environmentally less abrasive, and will play a role in uplifting the rural communities by channelizing and e structuring their pattern of agricultural practices, with a view to educate them and create awareness of making a living in a way that is financially better and more scientific.

5. **FEASIBILITY OF SAL SEED- Procurement Pattern**

Sal Seed has a crucial presence in the Central Eastern Indian States of Jharkhand, Orissa, Chhattisgarh, Madhya Pradesh both as an important livelihood resource and as a raw material for various industries. In good crop years, Sal Seed collection provides good employment for forest dependent people in all these states. It keeps the tribal people engaged in collection in the hot summer months when no other employment is available in the tribal and forested areas. About 11 million forest dwellers most of them tribal, in this area take out a living from Sal seed. Since ages, people have been extracting sal oil by using indigenous methods for burning lamps, cooking etc. Tribals in remote areas use Sal seed flour as food during the lean period. In addition, Sal oil/fat has industrial use also as vegetable oil, sal oil/fat is used in hundreds of small and big food processing industries who depend on it as end users.

- Only in Jharkhand State the availability of Sal Seed is 200,000 MT.
- Only 60,000 to 90,000 MT of Sal fat is being produced annually through out India

**Procurement Patterns:**

Overall collection of Sal Seed in Jharkhand State constitute to 2,00,000 MT from about 3 to 4 Lakhs tribal collectors. The proposed unit will utilize about 35% of the total collection of the state which will be 105,000 MT annually. For
sourcing this quantity a backward integration program for 10,000 farmers will be carried out. The backward integration program will facilitate an advance payment of Rs. 10,000/- to each collector. This program will add a surety factor of the supply of raw material for the whole year. About 10,000 tribal collectors are going to be benefited from the proposed unit.

The procurement polices in central Indian States have played a major role in influencing both procurement and trade- both domestic and international. In some state, state control has succeeded in fetching better prices while it has failed in others. Like in Chhattisgarh and MP state has a better strategy for procurement and trade of Sal Seed. The produce is being collected and marketed by a three tier cooperative structure. Primary Cooperative Society (PCS) at the village level, District Union at the forest division level, state MFP federation at the apex level are involved in procurement, quality control and trade of sal seed. The procurement price of sal seed is fixed prior to the season by the state.

In Jharkhand Sal seed was nationalized and the state institutions were responsible for collection and trade of the produce. In all the cases, prices have stagnated for year forcing sal seed collectors to take up other remunerative occupations. For instance, collection price in Orissa has risen only three times in the last two decades, which is negligible when compared to the hike in minimum wages. The industry faces challenges from both ends- supply and demand in the event of nonperformance of the procuring agencies, the supply chain of the industry stands disrupted irrespective of nationalization or denationalization, as people shift to other avenues of livelihood in the fact of unremunerative collection prices. Moreover, market expansion is constrained by legislative restrictions and absence of institutional frameworks. If on one hand, sal seed trade seems to be a losing battle in some states, some still believe that there is a huge untapped potential both in the domestic and international markets.

Till recently most of the best quality sal oil used to be exported to developed countries especially Japan, Canada and Western Europe where it is used as equivalents for cocoa butter in chocolate industries. Sal fat also enjoyed competitive price advantages in these markets vis-à-vis other cocoa butter equivalents. Use of pesticides during storage and consequent pesticide residues in end product has hampered the credibility of sal fat/oil exported from our country. Though there is high demand in the domestic and international market for its consumption, due to lack of any collective approach and failure of legal machineries the produce has not been utilized to
its optimum. There is hardly any focus by the government on quality norms set by the international chocolate industries.

There is limited focus on research and development especially on certification, quality parameters, harvesting methods etc. As a result a large quantum of the produce remains unexploited and the poor forest dwellers could not earn substantially out of it.

6. PLANT TECHNOLOGIES

Apart from the vast export market, it has a good domestic market, too. This is high time policy and institutional reforms are carried out for better management of Sal seed trade. Domestic market for sal seed needed to be expanded. There is a need for coordinated research for product development keeping the requirements of the industry in mind. Primary collectors/producers and their organization need to be trained so that they meet the exacting quality standards of modern industrial processes.

7. FEASIBILITY OF SAL SEED SOLVENT EXTRACTION PLANT

The abundant production capacity rationalizes a plant capacity of 300 MT daily. The solvent extraction unit is proposed at JMFPPL, Getalsud. The unit at JMFPPL will utilize the following benefits-

- Regular availability of Sal Seeds in addition the supply of other raw produce like Mahua, karang and Neem Seed are also accessible.
- Benefits of infrastructure like factory buildings, power and water supply etc., as well as support facilities like laboratory facilities, cold chain infrastructure and warehousing and logistics aid.
- The JMFPPL strong market linkage will aid in assuring a market for this products from solvent extraction plant.
- One stop solution for all governmental clearances and certifications.
- Integrated Backward linkage and forward linkages with different farmer groups and organizations for the subsidized rate of raw produce and other supporting activities.
- The distribution network will act as key feasibility avenue for the solvent extraction plant as framed in Exhibit 2.
8. **COST OF THE PROJECT:**

The cost of the project (including working capital margin) is about Rs. 15.00 Crores (Rupees fifteen crores)

9. **MEANS OF FINANCE:**

10.1 The proposed cost is to be financed in the form of Debt and Equity with Debt Equity ration being 2:1.

10.2 Long term Debt to finance capital cost as well as working capital facility is to be obtained from Bank(s)/Financial Institution.

10.3 JHAMFCOFED shall subscribe 51% of Equity Capital and balance 49% is to be brought in by Primate promoters. The Private promoter (Co-partner) is required to bring in about Rs. 2.50 Crores in the form of Equity.
10.4 For availing Bank Finance JHAMFCOFED/State Govt. Guarantee as well as Private Promoter guarantee shall be provided to the Bank.

D. DETAILED PROJECT REPORT PROFITABILITY ETC.

Detailed Project cum Feasibility Report is available at JHAMFCOFED office which can be perused by the applicant before submission of EOI/RFP.

E. ELIGIBILITY CRITERIA

- Net worth of applicant/group should be at least Rs. 5.00 Crores (Rs. Five crores)
- No partner or director of applicant/applicant's group concern should ever be subject to any punishment under Indian Penal Code or under any other law.
- Should submit sound financial credit report from its banker.
- Applicant concern should have made consistent profit during last three years.
- At least one Partner/Director of applicant should have business experience of at least five years.
- Applicant or any of its group concern should not have been debarred/black listed by any Central/State Govt. Department/Agencies for failure to execute the contract or default in fulfillment of their promise.

F. OBJECTIVES:

- To provide remunerative price to primary collectors that would lead to improvement in their standard or living.
- Value addition to MFP
- Fair distribution/allocation of profit between JHAMFCOFED (Primary Collectors/LAMPs) and Private Co-Promoter (Partner)
- Proper utilization of MFP available in the state of Jharkhand.
- To encourage farmers to produce more MFP.
• To earn Foreign Exchange by exporting Oil and Deoiled cake arising out of/from Solvent Extraction of MFP.

G. GENERAL INSTRUCTION TO APPLICANT

Details are given in Draft Memorandum of Understanding (MOU) which can be perused at JHAMFCOFED Office before/at the time of/afterwards by the applicant.

H. EARNEST MONEY DEPOSIT (EMD)

A sum of Rs. 2,00,000/- (Rupees two lacs only) as earnest money deposit in the form of Bank Draft drawn on a nationalized bank in favour of "Jharkhand State Minor Forest Produce Cooperative Development and Marketing Federation Limited." payable at Ranchi in Envelope "A" failing which the offer shall be rejected. No interest shall be paid on the earnest money. The earnest money of unsuccessful participants shall be returned as early as possible, without interest. EMD of selected participant shall be refunded after the project is successfully commissioned and participant has brought in his shares of promoter's equity contribution.

I. SUBMISSION OF PROPOSAL:

The proposal shall be submitted in two envelopes. The envelope marked "A" should contain "Application for Expression of Interest" together with processing fee draft as well as EMD draft, envelope marked "B" should contain "Technical cum Financial Proposal".

The Technical cum Financial proposal shall be submitted in one copy which should contain requisite details/documents. The technical sum financial proposal shall be marked as “Technical cum Financial Proposal in Envelop “B”. Both the envelopes (EMD Envelope marked as “A; and Technical cum Financial Proposal envelop marked as “B” shall be placed in a double cover with proper address and reference of EOI.

Proposal shall be delivered at JHAMFCOFED, Ranchi by the time and date stated in the notice or any new date notified.

J. LANGUAGE OF PROPOSAL

The language of proposal shall be English.
K. **SIGNATURE ON PROPOSAL:**

The proposal must contain the name, residence and place of business of the Authorized person or persons submitting the bid (EOI) and must be signed by the authorized person with his usual signature. The names of all persons signing shall be stamped, typed with the legal name of firm/concern.

L. **VALIDITY:**

The proposal shall be valid for a period of three months from the stipulated last date. This validity may be further extended in mutual consultation with JHAMFCOFED.

M. **FORMAT OF TECHNICAL CUM FINANCIAL PROPOSAL:**

The technical cum financial proposal shall contain information indicated in the following paragraphs using the standard proposal form (section 3) such information must be provided by the Applicant/its partners/directors.

- Letter of submission (in the prescribed form T-1)
- Organization Profile (T-2)
- The information needs to be given for the applicant firm/groups/associated concern(s).
- Group/Applicant Business/Past History (T-3).
- Promoter’s Contribution/Supporting Financial Documents/Bank credit worthiness certificate (T-4)
- Methodology (T-5): A concise, complete, and logical description of how the applicant shall involve himself in execution/implementation/management of the project/solvent extraction plant.
- Curriculum Vitae of Key Personnel (T-6): The name, age, nationality, qualification, past experience of each person to be associated with the applicant.
- Awards & Accreditation (T-7): Brochures, Certificates, Photo etc.
- Comments & Suggestions (T-8)
The Applicant may furnish comments and suggestions not more than two pages highlighting his own perception and reasoning along with suggestions for improvement. The technical proposal shall not indicate any financial information. Technical proposals containing financial information shall be summarily rejected.

N. OPENING OF PROPOSAL:

EOI (Offers) received by the prescribed closing time and date shall be opened in the presence of applicants or their duly authorized representatives who attend the opening of the bids on the specified date and time.

O. PROPOSAL EVALUATION:

GENERAL:

1. After the submission of proposals till the contract is finalized, if any applicant wishes to contact the JHAMFCOFED on any matter referred to its proposal, he/she may do so in writing. Any effort by the applicant to influence JHAMFCOFED during the proposal evaluation, proposal comparison of contract finalization decisions shall be result in outright rejections.

2. Evaluation of Technical cum Financial Proposal:

The Evaluation Committee appointed by JHAMFCOFED shall carry out the evaluation of proposals on the basis of their match with the terms of reference (TOR), applying the following evaluation criteria and point system. Each proposal shall be awarded a technical score (Sr).

The point to be given under each of the evaluation criteria as:

<table>
<thead>
<tr>
<th>Clause</th>
<th>Evaluation Criteria</th>
<th>Max Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Financial Position (Net worth of applicant/group concern minimum Rs. 5.00 Crores Net Worth 20  For each of Rs. 2.00 Crores additional net worth 2 points additional maxim in points)</td>
<td>30</td>
</tr>
</tbody>
</table>
b. Experience in MFP trade, processing or manufacturing. 12 Points  
Number of years for each year 3 maxim 2 points  

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20</td>
<td></td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30</td>
<td></td>
</tr>
</tbody>
</table>

c. Qualification and experience of Partner/Director.  
For each partner/director (minimum grade) 5 points.  

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20</td>
<td></td>
</tr>
</tbody>
</table>

d. Profitability of applicant concern Minimum three years past.  

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

JHAMFCOFED reserves the right to seek more details regarding net worth of applicant/group concern/qualification and experience of promoter/applicant/associated of the applicant.

The minimum score required to qualify technically is 60 points out of 100 for subsequent opening of financial proposal.

A proposal will be considered unsuitable and shall be rejected at this stage if it does not respond to the RFP and TOR or it fails to achieve minimum technical score of 60 points out of 100. JHAMFCOFED shall notify applicants who fail to score the qualifying and shall also return their EMD after completing the selection process.

P. EVALUATION OF TECHNICAL CUM FINANCIAL PROPOSAL:

The firm (applicant) achieving the highest combined technical cum financial score shall be invited for negotiations by the Evaluation Committee.

Q. PRESENTATION:

1. The applicant is expected to be ready with his presentation of the technical cum proposal.

2. The presentation should lay emphasis on demonstrating past experience, financial positions, managerial ability of applicant/associates/key personnel including methodology to be adopted for the proposal.
R. **AWARD OF CONTRACT (LOI):**

1. The selection of Co-Promoter shall be in favour of the best proposal in terms of the aforementioned terms and conditions and the Managing Director, JHAMFCOFED shall be the competent authority in this regard whose decision shall be final and binding.

2. JHAMFCOFED reserves the right to accept or reject any or all the proposals without assigning any reason. JHAMFCOFED also reserves the right to call for additional information from the applicants.

3. Notification for selection of Co-promoter (Joint Venture Partner) shall be made in writing to the successful applicant.

4. MOU in which JHAMFCOFED will sign agreement with the Joint Venture Partner is attached with RFP.
SECTION – 2

TECHNICAL CUM FINANCIAL PROPOSAL

CONTENTS

T-1 Letter of Submission
T-2 Organization Profile and Associates/Group if any Concerns
T-3 Group/Applicant Business/Past Experience/Projects/History
T-4 Promoters Contribution Supporting Documents
T-5 Methodology
T-6 Curriculum Vitae of Key Personnel.
T-7 Awards & Accreditations
T-8 Comments & Suggestions
T-1  Covering Letter

Expression of Interest for setting up/Operating/Managing Solvent Extraction Rent/Refinery unit in Joint Venture with JHAMFCOFED under PPP Mode.

From:

-------------------------
-------------------------
-------------------------

To

The Managing Director
JHAMFCOFED, Ranchi

Subject: Our interest in setting up/operating/Managing 300TPD Solvent Extraction Plant/50MT Refinery unit with JHAMFCOFED on PPP mode.

Please find enclosed herewith our Financial Proposal for selection of our organization for joining JHAMFCOFED under Co-partners (Joint Venture) for setting up proposal 300 MT Solvent Extraction Plant and 50 MT Refinery unit at Ranchi as per the terms of reference.

We agree to abide by this offer for 90 days from the date of signing the contract and our offer shall remain binding on us.

We understand that JHAMFCOFED is not bound to accept any particular offer and it resources the right to reject any or all offers without assigning any reasons.

Yours faithfully

Signature
Name
Designation
Address
Tel. No.(O)
Mobile
E-mail:
FAX No.:
Authorized Representative
T-2 ORGANIZATION PROFILE AND ASSOCIATES/GROUP IF ANY CONCERNS
T-4 DOCUMENTS ATTACHED FOR FINANCIAL PROPOSAL FOR SETTING UP SOLVENT EXTRACTION PLANT/REFINERY UNIT WITH JHAMFCOFED UNDER PPP MODE: (IN SUPPORT OF PROMOTERS CONTRIBUTION)

A1 - Banker's Credit worthiness certificate.

A-2 Audited Balance Sheet of applicant for last three years and of group/associated concern(s).

A-3 Net Worth certificate of Applicant company duly certified by Applicant's CA.

A-4 Copies of I.Tax Return of Applicant for last three years.
A-1
CREDIT WORTHINESS CERTIFICATE FROM APPLICANT'S BANK
(In Bank Letter Pad)

Certified that M/s ………………………………………………………………………………..
Address ……………………………………………………………………………………………
are banking with our bank for last …….. years. They are financially sound and
enjoying excellent reputation in the society.

M/s………………………………………………….. are applying to JHAMFCOFED for
setting up one 300 TPD Solvent Extraction Plant/50 TPD Refinery unit under PPP mode
with JHAMFCOFED in response to Expression of Interest Notice/Terms of Reference
issued by JHAMFCOFED. Based on financial position of M/s ……………………………...

We certify that the said concern is capable of investing Rs. 2.50 Crores (Rupees Two
Crores & Fifty Lacs) as their shares of equity capital concern.

For…………………………………
Designation of Bank Officer
T-5  METHODOLOGY
**CURRICULUM VITAE OF KEY PERSONNEL**

Name & Address of Directors/Partners/Key Person of firm as per details specified below:-

<table>
<thead>
<tr>
<th>Sl.</th>
<th>Name of Director(s)/Partner(s)/Key Person</th>
<th>Age</th>
<th>Qualification</th>
<th>Associated with firm since</th>
<th>Net Worth (Rs. in lacs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
T-7  AWARDS & ACCREDITATIONS
T-8   COMMENTS & SUGGESTIONS
SECTION – 3

TERMS OF REFERENCES (MEMORANDUM OF UNDERSTANDING)

CONTENTS (Article 1 to 21)
MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING IS made on ........... day of ......2010 at Ranchi.

BETWEEN

Jharkhand State Minor Forest Produce Cooperative Development And Marketing Federation Limited, a Cooperative Society registered under Cooperative Societies Act, 1935 with Registrar of Cooperative Societies, Jharkhand having its registered office situated at 'Bhagwati Kripa', Modi Compound, P.O. & At Morabadi, Ranchi- 834 008 represented through its Managing Director Shri R.K. Chaturbedi, here-in-after called "JHAMCOFED" or First Party.

Messers ABC Company Private Limited, a company registered under the provisions of Indian Companies Act with Registrar of Companies Bihar & Jharkhand, having registered office situated at ......................... represented through its Managing Director, ABC here-in-after called the Second Party or "ABC".

The expression of the First Party and the Second Party wherever used in this document (MOU) shall mean and include their respective heirs, successors, legal representatives, and permitted assigns.

WHEREAS the First Party viz.; JHAMCOFED is a Government of Jharkhand enterprise engaged in procurement and marketing of minor forest produce in the State of Jharkhand.

AND WHEREAS in order to improve living condition of primitive tribal people who are living mostly in forest areas and collecting minor forest produce (MFP) as a source of their livelihood, JHAMCOFED has desired to make value addition to MFP being procured by it, by further processing the same (MFP) and then to sale it at a remunerative prices.

AND WHEREAS in order to achieve the desired objective the First Party has decided to set up one 'Solvent Extraction Plant' and related “Refinery Unit” at Ranchi wherein the said MFP shall be processed and then sold out at a remunerative prices.

AND WHEREAS the First Party has decided to set up requisite solvent plant in association with a private party under Public Private Partnership (PPP) mode.

AND WHEREAS the First Party in order to select the private party issued an advertisement through press media inviting application from various parties interested to set up the said Solvent Extraction Plant under PPP Mode.

AND WHEREAS the Second Party in response to the said advertisement submitted its 'Expression of Interest' (EOI) to the First Party.
AND WHEREAS the First Party constituted a committee for selection of the private party (or Joint Venture Partner) for setting up Solvent Extraction Plant under PPP Mode.

AND WHEREAS the said selection committee finally selected the Second Party as a Joint Venture Partner who could join/associate with the First Party in setting up requisite Solvent Extraction Plant.

AND WHEREAS after a series of discussion/negotiation between the First party and Second Party, both parties mutually decided to record their terms of understanding in the form of a written document known as "MEMORANDUM OF UNDERSTANDING (MOU)".

NOW THIS MEMORANDUM OF UNDERSTANDING WITNESSETH AS FOLLOWS:-

**Article -1**

**EFFECTIVE DATE :**

1. That this Memorandum of Understanding (MOU) shall come into force with effect from ............ (date).

**Article- 2**

**SCOPE OF THIS MOU:**

2. The scope of this MOU is to record/specify terms and conditions, mutual understanding decided/agreed between the First Party and Second Party for setting up one Solvent Extraction Plant and related Refinery Unit at Ranchi for processing/marketing of Minor Forest Produce (MFP).

**Article- 3**

**NATURE OF ORGANIZATION TO BE SET UP :**

3. That a new company under name and style JHAMCOFED Joint Venture Company Private Limited shall be incorporated under the provisions of Indian Companies Act and such company shall be registered with Registrar of Companies, Bihar & Jharkhand.

That in case the proposed name is not available/approved by the Registrar of Companies as referred above, then the new Company shall be incorporated with such name or names as the First Party and Second Party may mutually decide from time to time.
Article - 4

DEFINITION

4.1 “Company”: The word Company wherever used in this MOU shall mean and include new Joint Venture Company to be set up in terms of this MOU.

4.2 “Registered Office”: The registered office of company shall be situated at Ranchi in the State of Jharkhand.

4.3 "Act" : The Act means Indian Companies Act, 1956 as may be amended by Government of India from time to time.


4.5 "Board" or "Board of Directors" : Board of Directors or "Board" means Board of Directors of Company for the time being.

4.6 "MFP" means Minor Forest Produce which includes Tamrind, Mahua, Sal Seed etc..

4.7 Memorandum of Articles of Association means Memorandum and Articles of the Company.

Article-5

SHARE CAPITAL

The authorized capital of company shall be 50,00,000 Equity Shares of Rs. 10 each.

The authorized capital of company may be increased, reduced or varied in terms of provisions contained in the Companies Act.

Subscribed Share Capital:-

Out of total share capital, 51% share capital shall be subscribed by the First Party against Cash Payment. The First Party shall have liberty to hold the shares either in its name or in the name of its nominees or in association with other State Government Company (ues) or State Government, as it may deem fit from time to time.

The Second Party shall subscribe 49% of share capital in the new company against cash payment. The Second Party shall have privilege to either hold shares in its own name or in the name of one or more associated concern(s), directors and may vary the same from time to time as it may deem fit.
Article – 6

TRANSFER OF SHARES

6.1 The First Party shall have privilege to transfer of shares among its group concern(s), State Government, director(s), nominee(s) as it may deem fit; but not to any outside party(ies).

6.2 The Second Party shall have privilege to transfer the shares among its group companies or nominees; but not to any third party.

6.3 That in normal course neither First Party nor Second Party shall have authority to transfer the shares to any third party(ies). In case however, the First Party or Second Party wish to transfer the shares in the company to any third party, then it shall have to offer the other party (i.e., First Party to Second Party or vice versa) in writing first at the Book value as certified by the auditors of company. In case the other party refuses or does not respond to buy the shares within sixty days of receipt of such offer, then the Offerer shall be free to offer/sale the shares to any third party in the manner it/he deems fit.

Article- 7

FURTHER ISSUE OF SHARE CAPITAL

7.1 That in future any fresh share capital (after the first issue of share capital or within one year of incorporation of new company) is issued in the Company, then such share capital shall be issued/held by the First Party and Second Party in the ratio of 51:49.

7.2 That in case any party refuses to subscribe any new capital (either in whole or in part), then the other party shall have privilege to subscribe the balance (unsubscribed portion) of Share Capital at the issue price.

7.3 That any Bonus shares in future shall be issued in proportion to the shares held by respective parties in terms of provisions contained in the Companies Act.

Article- 8

MANAGEMENT

8.1 That the Company shall be managed by a Board of Directors. The First Party (JHAMCOFED) shall nominate three persons in the Board of Directors, whereas the Second Party shall have two nominees in the Board.

8.2 That the First Party and Second Party shall have privilege to change their nominee and appoint some other person in his place as and when they wish.
8.3 That in case of death, insanity, mental incapacity or for any other reason the office of a director is vacated, then the party of whose nominee has eased to function as director, shall have privilege to appoint another person as a nominee in the Board of Directors.

8.4 That the chairman of the Board of Directors shall be chosen (nominated) from (out of /among) the nominees of the First Party.

8.5 That the Managing Director of Company shall be chosen (or nominated by) out of two nominees of the Second Party.

8.6 That the Chairman of Board of Directors shall preside all Board Meetings and shareholders meetings. In the absence of chairman or for any reasons the Chairman is not present, then another nominee of First Party shall preside the Board/Shareholders’ meeting of the Company.

8.7 That the executive powers of management of Company shall vest with the Managing Director who shall function under overall control, superintendence and direction of the Board of Directors of Company.

Article- 9

BOARD MEETING

9.1 That Board shall meet as per exigencies of Business from time to time, subject however, that at least one Board meeting shall be held once in every two months.

9.2 In every Board meeting to be valid, at least one representative of both parties must be present in person.

9.3 That under-noted documents shall be prepared within one month of incorporation of company in order to ensure effective control, functioning of the company:-

A. Rules of Business
B. Delegation of Powers.
C. Company's Organization Structure
D. Staff Regulations
Article- 10

ACCOUNTS AND AUDIT

10.1 That complete set of Books of Accounts shall be maintained at the Registered Office and other offices/ establishment of the Company.

10.2 That there shall be a system of Internal Audit, Statutory Audit and other audit as are applicable to the company for examination of Company's Books of Accounts, financial statements etc., from time to time.

10.3 That an annual Budget of Company shall be prepared and approved by the Board of Directors. The company shall follow approved Budget while spending money and periodical reports Actual Vs. Budget together with reasons for deviation shall be placed before the Board of Directors.

Article-11

BORROWING POWER

11.1 That all moneys to be borrowed for company's Business shall be under approval of Board of Directors.

11.2 That borrowing of funds for company's business shall only be made from banks, financial institution(s) or Government.

Article- 12

INVESTMENT OF COMPANY'S FUNDS

12.1 That all funds of Company not immediately required for business purpose shall be invested in Bank in the form of Fixed Deposit/Flexi Deposit etc., as may be decided by the Board of Directors from time to time.

12.2 That the company shall not lend its funds to private parties, corporate bodies nor shall it provide any corporate guarantee on behalf of third party without prior approval of First Party.
**Article- 13**

**KEY PERSONNEL**

13.1 That the Board of Directors shall prepare staff Regulations and shall formulate policies regarding appointment of key personnel.

13.2 That all key personnel shall be appointed with prior approval of Board of Directors.

**Article- 14**

**STATUTORY FORMALITIES**

14.1 That the Company shall comply with all formalities as may be required for its smooth operations.

14.2 That the Managing Director of the Company shall take effective steps from time to time to ensure that there is not statutory violations.

**Article- 15**

**BUY BACK OF SHARES**

15.1 That after a period of five years from the date of incorporation, the Second Party shall have an option to buy back entire shareholding of the First Party.

15.2 That the prices of shares for buy back shall be determined on the basis Book Value of shares as on date, as may be certified by the Statutory Auditors of the Company.

15.3 That on purchase of shares of First Party by the Second Party in terms of this regulation, the nominees of First Party shall cease to function in the Board of Directors of company and restrictions as placed in the transfer of Shares (vide Article 6) shall also become ineffective.

**Article- 16**

**INCORPORATION OF NEW COMPANY**

16.1 That within three months of signing of this MOU, one new company shall be incorporated under the provisions of Companies Act.
16.2 That various stipulations as specified in this MOU shall be incorporated in the Memorandum and Articles of Association of the company.

**Article- 17**

**VARIATION IN TERMS OF MOU/AMENDMENT OF ARTICLES OF ASSOCIATION OF COMPANY**

17.1 That the First Party and Second Party may mutually amend any one or more regulations as are specified in this MOU.

17.2 That for amendment of Articles of Association of company, provisions contained in the Companies Act shall be complied with.

**Article- 18**

**WINDING UP OF NEW COMPANY**

18.1 That in case there is a necessity of winding up of the company then written consent of both parties shall be required.

18.2 That provision of Companies Act shall have to be complied with for winding up of the new company.

**Article- 19**

**RESOLUTION OF DISPUTE**

19.1 That in case there arises a dispute between the First party and the Second Party in respect of interpretation of provisions of this MOU or implementation of any provisions or in management of the Company, then both the parties shall try to resolve their dispute amicably.

19.2 That in case the dispute is not resolved then the matter shall be referred to Arbitration and provisions contained in Indian Arbitration & conciliation Proceedings Act, 1996 as amended from time to time shall apply.
Article- 20

AUTHORITY TO SIGN THIS MOU

20.1 That the First Party hereby affirms that he has authority to sign and execute this MOU on behalf of his institution viz; JHAMCOFED and on signing of this MOU, it shall be binding on his institution.

20.2 That the Second Party hereby affirms that he has authority to sign and execute this MOU. And on signing of this MOU, it shall be binding on his company.

Article- 21

MOU DOCUMENT

21.1 THIS MEMORANDUM OF UNDERSTANDING (MOU) is being executed in two sets, both in original. Each party shall have one copy of this MOU, but both sets shall constitute one and the same MOU.
IN WITNESS WHEREOF the First Party and the Second Party have signed this MEMORANDUM OF UNDERSTANDING on the day, month and year written above, and common seal of both parties have been affixed.

for and on behalf of
JHARKHAND STATE MINOR FOREST PRODUCE COOPERATIVE MARKETING FEDERATION LIMITED (JHAMCOFED)

(R.K. CHATURVEDI)
Managing Director/Second Party

(A B C)
Second Party

WITNESSES

1. ........................................
2. ........................................

WITNESSES

1. ........................................
2. ........................................