(a wholly owned subsidiary of Power Finance Corporation Ltd.)

GLOBAL INVITATION

FOR

EXPRESSION OF INTEREST (EoI)

FOR JOINT VENTURE PARTNER IN POWER SECTOR CONSULTANCY

1. COMPANY BACKGROUND:

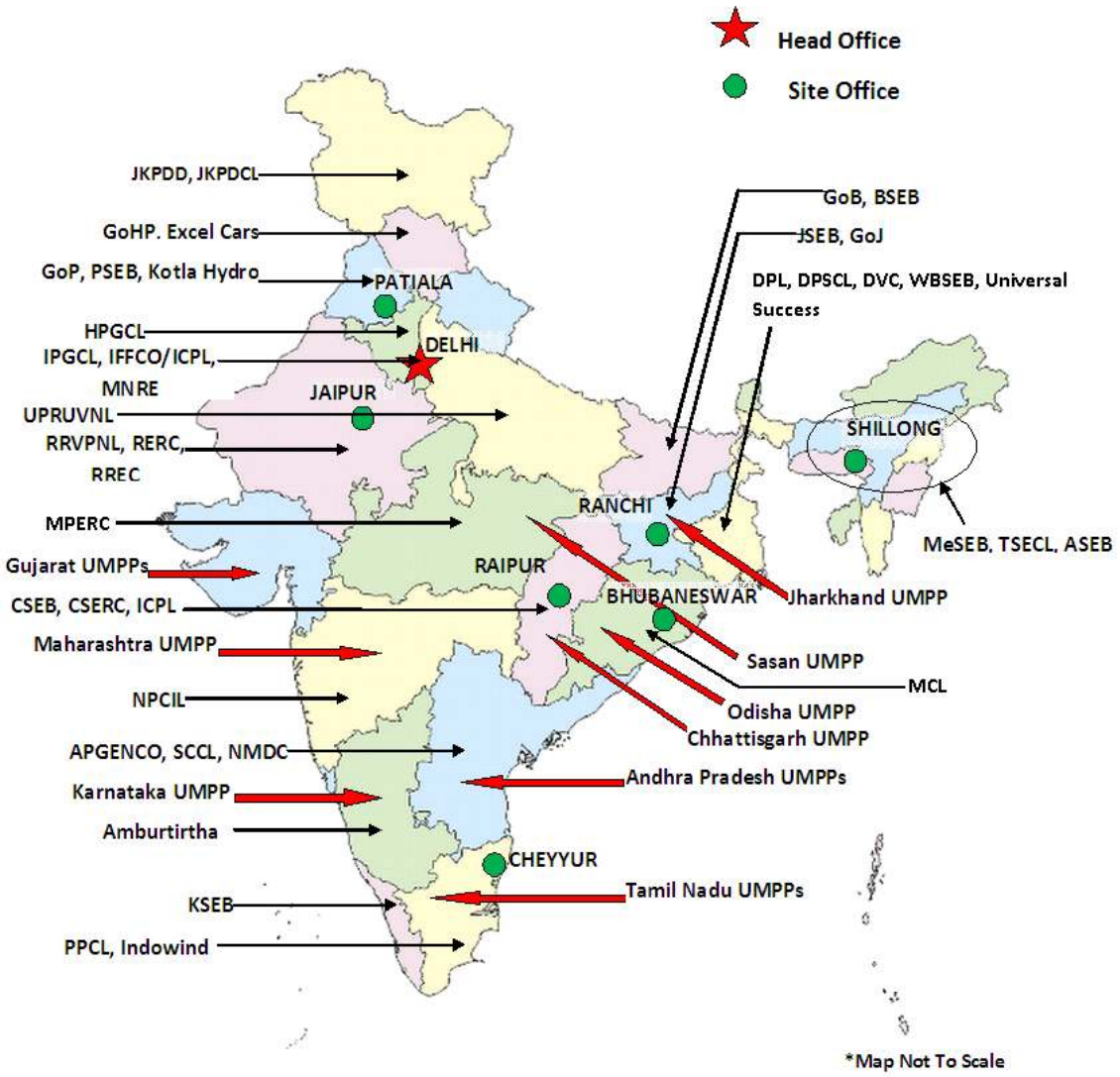
Power Finance Corporation Limited (PFC), a Schedule-A, Nav-Ratna Public Sector Enterprise of Govt. of India (GoI), was providing consultancy services to Power Sector of India since October 1999 through its unit, Consultancy Services Group (CSG).

With a reforming Power Sector, new entities being operationalised, regulatory mechanism coming into operation and Electricity Act 2003 being implemented and leveraging the experience of its CSG Unit, PFC has incorporated PFC Consulting Limited (PFCCL) as its wholly owned subsidiary for providing consultancy services to Power Sector on 25th March 2008.

PFCCL carries ahead an established track record of 12 years in consulting and a diversified portfolio of assignments from various segments of Power & associated Sectors in India. PFCCL has worked on over 70 assignments for 39 Clients spread across 21 States of India thus attaining a wide presence across various segments of Power Sector over the map of India.

PFCCL is growing both operationally as well as financially at a fast pace and achieved a CAGR of over 35% in the last four financial years. Headquartered in New Delhi, PFCCL has offices in Jaipur, Patiala, Ranchi, Raipur, Bhubaneswar, Shillong and Cheyyur (Chennai). The cumulative value for the assignments handled by us stands at Rs. 200 Crore as on date.

PFCCL's clientele includes major Power Sector organisations in India including State power utilities, Power departments, Central Power Sector utilities, Regulatory Commissions, Private Power Sector utilities (including independent power producers) as well as Joint Sector power utilities.



PFCCL is the largest consulting organisation in Power Sector in India when it comes to procurement of Power under Tariff Based Competitive Bidding. Presently, the Company is associated with projects having aggregate capacity of over 60,000 MW.

2. SERVICES:

Our services include:

- Bid Process Management for Selection of Developer for Generation and Transmission Projects
- Govt. of India initiatives like Ultra Mega Power Projects (UMPPs) and Independent Transmission Projects (ITPs)

- Coal Block JVs and selection of developers for Coal blocks and linked Power Projects
- Preparation of Guidelines and Bidding Documents for Renewable, Non-Conventional and other Sectors
- Reform, Restructuring of State Power Utilities and Regulatory aspects including advisory services on Tariff related aspects
- Procurement of Power by Distribution Licensees
- Renewable and Non-Conventional Energy Schemes
- Project Advisory including Selection of EPC Contractor
- Capacity Building and Human Resource Development

3. EXPERIENCE:

PFCCL has undertaken assignments in the entire spectrum of Power Sector advisory services including Bid Process Management, assisting the Power Utilities like preparation & filing of tariff petitions & ARRs, Resource Mobilisation related assignments, selection of EPC Contractor, Project & financial advisory for new power plant, Reforms and Restructuring of Power Sector, assistance to Regulatory bodies, power trading advisory, project appraisal, PPA, strategy, Policy, Energy Audit, Contract related advisory etc.

The quality of services rendered by PFCCL have been acknowledged by GoI and PFCCL has been nominated as 'Bid Process Coordinator' by Ministry of Power, Govt. of India for the development of Independent Transmission Projects (ITPs) and PFC, as the Nodal Agency for development of Ultra Mega Power Projects (UMPPs) has entrusted all the work related to UMPPs to PFCCL.

The consulting services for ITPs & UMPPs involve creation of the SPVs for specific projects till the handing over of these SPVs to the successful bidders selected through International Competitive Bidding Process following the Guidelines as laid down in this regard. The work in UMPPs inter alia includes carrying out the bidding process, obtaining various statutory clearances such as environment, forest, airport authority, coastal regulation zone, defence

and necessary linkages & approvals such as water & fuel (in case of pit head projects), as also land acquisition for the projects.

For ITPs, PFCCL is playing the lead role in developing the projects where preliminary activities like survey work, identification of route, preparation of survey report, initiation of process of land acquisition, initiation of process of seeking forest clearance, if required, are undertaken and conducting bidding process etc.

4. FINANCIALS:

The summary of Financial Strength of PFC Consulting Limited is as follows:

	2008-09 (Audited)	2009-10 (Audited)	2010-11 (Audited)	2011-12 (Audited)
	Rs. million	Rs. million	Rs. million	Rs. million
Total Income	224	453	526	560
PBT	151	338	409	421
Net Profit (PAT)	98	216	270	271
Net worth	98	314	584	860

5. OUR PARENT COMPANY-POWER FINANCE CORPORATION LIMITED:

PFCCL is a wholly own subsidiary of Power Finance Corporation Ltd. (PFC). PFC is a Non Banking Financial Corporation (NBFC) dedicated to Power Sector financing and provide financial resources and encourage flow of investments to the power and associated sectors. PFC is listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

PFC's portfolio of Financial Products and Services include Project Term Loan, Equipment Lease Financing, Discounting of Bills, Short Term Loan and Consultancy Services etc. for various Power projects in Generation, Transmission and Distribution sector as well as for Renovation & Modernization of existing power projects.

PFC is ranked 35th based on networth in a listing of top 500 companies according to Dun & Bradstreet and also figures among the top 500 global financial brands (Ranked 376th), according to Brand Finance Plc of UK. PFC got listed in Global 2000 leading Companies (Ranked 1195th), only 57 Companies from India figured in this list.

The summary of ratings and financials of PFC is as follows:

Rating Agency	**Ratings** (As on 31/03/2012)
International	
Moody's	Baa3(Sovereign)
Standard & Poor's	BBB-(Sovereign)
Fitch	BBB- (Sovereign)
Domestic	
CRISIL	AAA(Highest Safety)
ICRA	LAAA(Highest Safety)

	2008-09 (Audited)	**2009-10 (Audited)**	**2010-11 (Audited)**	**2011-12 (Audited)**
	Rs. million	**Rs. million**	**Rs. million**	**Rs. million**
Sanctions	570300	654650	751970	647520
Disbursements	210540	258080	341220	414180
Total Income	65835	80769	101606	130370
Net Profit (PAT)	19700	23573	26196	30320
Net worth	107900	124190	141970	194930

PFC Subsidiaries

- **PFC Capital Advisory Services Limited** is syndicating and making financial arrangements for the projects/enterprises in the areas of power, energy, infrastructure and other industries.
- **Power Equity Capital Advisors Private Limited** is providing advisory services related to equity investments in Indian power sector.
- **PFC Green Energy Limited** is engaged in funding renewable energy projects.
- The SPVs created for implementing UMPPs are wholly owned subsidiaries of PFC. Presently 12 UMPPs are under progress.

PFC JVs and Associate Companies

- **National Power Exchange Limited**: To promote short term trading through power exchange, PFC had promoted National Power Exchange Ltd (NPEX), jointly with NTPC, NHPC and TCS during 2008-09.

- **Energy Efficiency Services Limited:** PFC has jointly promoted a JV with PGCIL, NTPC Ltd. and REC with equal equity participation for implementation of Energy Efficiency projects in India and abroad.

6. OPPORTUNITY:

The installed generation capacity as on 31st March 2012 is 199877 MW with energy requirement deficit of 10.2% and peak demand deficit of 11.1%. The Power Sector of India is growing at a fast pace and a capacity addition of 100 GW has been targeted for 12th five year plan (April 2012 to March 2017) which presents significant opportunities of growth. An investment in excess of Rs.13,500 billion (USD262 billion) is expected to come in Indian Power Sector in the next 5 years.

To tap the opportunities offered by huge investment potential in Indian Power Sector, PFC Consulting Ltd. desires to enter into a 50:50 Joint Venture with an Organisation having international presence and experience of providing consulting solutions in Thermal Generation segment of Power Sector particularly in Project Engineering / Design Engineering / Project Management. The JV would be incorporated in India as a "Company" limited by shares as per the provisions of Companies Act, 1956.

Being one of the fastest growing economies and the second largest populated country, India represents an attractive destination for the power industry. The investment climate is very positive in the power sector. Due to the surge in the private sector participation, the power sector has witnessed around 25 per cent higher investment flows than envisaged during 11th five year plan.

7. WHY A JV WITH PFC CONSULTING LIMITED?

- Promoted by Power Finance Corporation Ltd. which has strong reach, knowledge and expertise in Power Sector;
- Experience of 25 years in Power Sector with around 12 years of experience in power sector consultancy;
- Wide presence in India with a strong Clientele;

- Comprehensive understanding and appreciation of the regulatory framework for power sector;
- Only Agency in the Country to have successfully undertaken assignments of Ultra Mega Power Projects;
- Handling procurement through Tariff Based Competitive Bidding in India, with over 60,000 MW-the single largest by a Consulting Organisation;
- Equipped with a panel of reputed experts in the areas of Coal, Forest, Environment and Railways.

8. WORKING PLAN FOR JV

The JV Company will be formed as a consulting organisation specializing in design engineering / project engineering / project management consultancy for Thermal Power Plants based on super critical & advanced technologies. The JV Company will be providing comprehensive end to end consulting solutions to the clients. Initially Company's focus will be Coal based Thermal Generation Power Sector in India and which may be expanded to SAARC countries later on.

8.1. Aim & Objectives

The JV would strive to bring in expertise in the design engineering or project engineering and project management area so that the Indian Power Sector could access the international best practices & latest techniques.

The objective of the JV Company is to provide clients with solutions broadly in the thermal power generation segment (coal based) including, but not limited to, conceptual studies / design engineering / project engineering / project management / supervision / inspection / valuation etc. with a highly skilled professional team working together so as to create a common pool of knowledge & resources.

8.2. Market Assessment

India has the world's 5th largest electricity generation capacity and it is the 6th largest energy consumer, accounting for 3.4% of global energy consumption. Due to the fast-

paced growth of the Indian economy, the country's energy demand has grown at an average of 3.6% p.a. over the past 30 years.

In view of the estimated capacity addition target of over 100 GW in the power sector for the 12th plan, an investment potential of Rs.13,500 billion (USD262 billion) would be offered in the sector. Also, the use of super critical and ultra-super critical technologies in power generation can reduce the coal requirement of electricity production and would reduce impacts on the environment. Hence, a much larger part of the capacities initiated in the 12th Plan will be of the super critical variety and it is expected that from the 13th Plan onwards all new capacities would be based on super critical or ultra-super critical technologies. This investment potential will lead to setting up of many power projects in the foreseeable future, which would augment the demand for project based consultancy services including work related to design engineering or project engineering and project management. The JV Company aims to tap this opportunity to establish itself as a leading player in Power Sector Consultancy.

8.3. Services & Operations

The JV Company will provide innovative and economical project engineering services, maintaining state-of-the-art design technology and will meet client needs on projects across India.

Both the JV partners will bring their strengths in the JV Company and work in synergy to each other. PFCCL by virtue of its wide presence, in depth knowledge of Indian power sector and strong relationship with state power utilities and other Clients would provide access to Indian working culture & Indian Power Sector while the experience & expertise of JV partner in the design engineering domain would provide technical strength to the JV Company. PFCCL's top level intervention would also be available for tapping opportunities as and when required.

8.4. Marketing Strategy

PFC Consulting is presently handling a capacity in excess of 60,000 MW which is in pre-developmental phase & bidding stage. Some of these projects and other projects would be coming into construction phase shortly. PFCCL's existing relationship with these

Clients would be used to channelize the design engineering or project engineering and project management related work to this JV Company.

Apart from India, SAARC Countries and other developing Countries would also be explored for expanding market for JV Company as they are attracting a significant investment in power sector thus providing opportunities for project management consultancy.

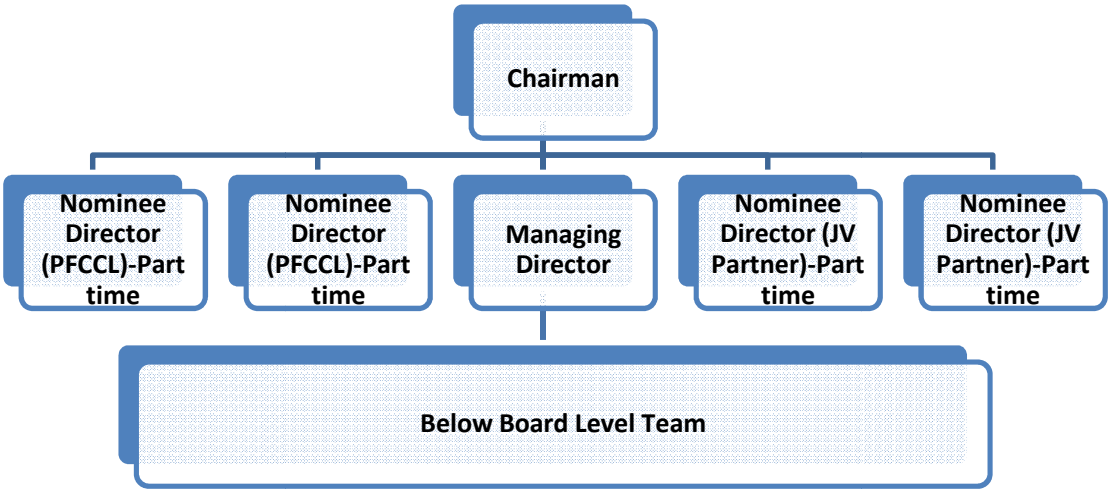
The average size of assignments handled by PFCCL in the area of Thermal generation in last 5 years is worth Rs.12 crore (approx.). For establishing this JV Company, PFC Consulting Ltd. & the other JV partner on mutual agreement will delegate some of its projects where project engineering services are required to the JV Company which would act as sub-consultant to PFC Consulting Ltd.

8.5. Ownership & Structure

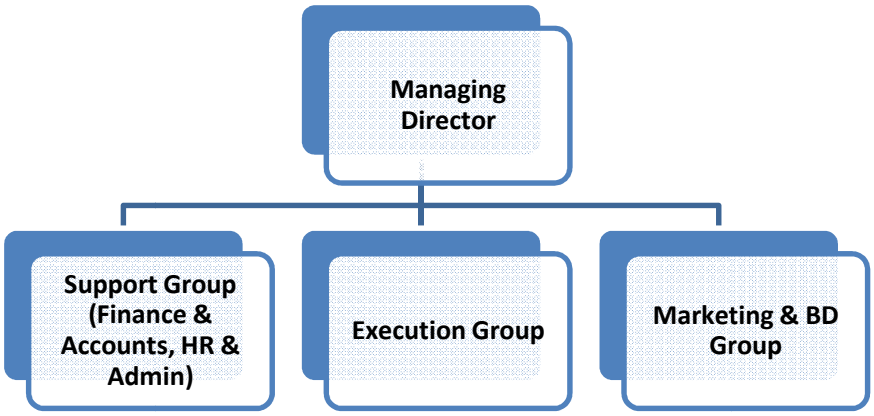
The JV Company will be incorporated in India as a "Company" limited by shares as per provisions of Companies Act, 1956. The company will be a private limited Company owned by PFC Consulting Ltd. and the other JV Partner in an equity ratio of 50:50.

PFC Consulting and the other JV Partner will hold the position of the Chairman and the position of the MD by rotation, for a period of two years each, with no partner holding both the positions at the same time and no partner holding two consecutive terms of the same position.

The Chairman will be heading the JV Company while the day to day activities will be looked after by the Managing Director (MD). The functional structure of the JV Company will be as below:



The below Board level team would consist of various functional groups required to run the operations of the Company. This team will be reporting to Managing Director. The functions envisaged to run & support the Company are finance & accounts, business development & marketing, HR, admin and execution of projects.



The JV Company will initially have five officials including a Chairman who will be heading the JV, a Managing Director who will be looking after the day to day activities and three executives to support the management along with some project based & contractual employees.

The team would initially focus more on business development & marketing, generating opportunities and framing the future course of action. Chairman and MD would also be involved in these activities for top level communications. The team can be enhanced to take up the works, as may be required.

8.6. Company Location, Policy & Facilities

JV Company would be started with one office in New Delhi in order to reduce start-up costs. To reduce the overheads cost only site offices would be opened for executing the projects if required. An interactive website will also be developed which will serve as a marketing tool.

The JV Company may employ its own personnel and shall be their exclusive employer, as determined by mutual agreement. In addition, certain other persons who are employed by PFCCL or its Affiliates or the JV Partner or its Affiliates may be seconded by PFCCL or the JV Partner, respectively, to work in India for the JV Company on a full-time or part-time basis for a given period of time, pursuant to the terms and conditions of a personnel secondment agreement to be entered into between the JV Company and PFCCL and/or the JV Partner, as applicable. Notwithstanding the foregoing, no Seconded Employee will become employed by the Company unless agreed by the Board of Directors.

To begin with, the JV Company would follow PFCCL's compensation and benefit programs/policy till it develops its own compensation & benefit scheme.

8.7. Joint Venture Agreement

PFCCL and the selected JV Partner would enter into a Joint Venture Agreement for the formation of the JV Company. The broad premises around which the agreement would be finalised are enclosed at Annexure VI. Suggestions and inputs from the organisations submitting their EoI are welcome on the same.

9. WHAT WE ARE LOOKING FOR IN PROSPECTIVE JV PARTNER

The Applicant should:

- be a Company limited by shares.
- be able to enter into a JV in India.
- not be having a JV or MoU in India catering to Power Sector Consultancy.
- have completed at least two consultancy projects in last 10 years for coal based Thermal Power Plants based on super Critical Technology which are in operation.
- have completed at least One Project each in two Countries apart from India and the Country where the applicant is registered.
- have net worth of at least Rs.50 crore (or USD 10 Million) at the end of last financial year.
- have turnover of at least Rs.100 crore (or USD 20 Million) in any of the last three financial years.
- have a Positive Profit After Tax (PAT) of minimum Rs.15 crore (or USD 3 million) in each of the last three financial years.
- have manpower with at least 50 employees (professionals) in the team which is handling consultancy projects on coal based Thermal Power Projects as on date of appearance of EoI.

Apart from the above requirements an Applicant having affiliation / association with Research Institution(s) / University(ies) associated with the latest technological developments in the power sector is desirable.

10. INFORMATION TO BE SUBMITTED

Interested Organizations may prepare a non-binding Expressions of Interest (EoI) in accordance with the information asked as per the checklist and the formats at Annexure I, II, III, IV & V. The language of the proposal shall be “English” with all units in MKS system. The

EoI with all information as per formats and requisite documents should reach us at the address mentioned below latest by 31st August 2012.

Vice President (Business Development)
PFC Consulting Ltd.
1st Floor, "Urjanidhi",
1, Barakhamba Lane,
Connaught Place,
New Delhi-110001, INDIA.
Email: pfcconsulting@pfcindia.com

It is informed that PFC Consulting Ltd. will not use the documents/information and other data received from the prospective JV partners for any other purpose and the same will not be disclosed to any other person except to the extent required and utmost secrecy will be maintained.

Checklist of documents to be submitted

	Document/ Information to be submitted	
1)	Authorisation Letter	as per format given at **Annexure I**
2)	Background and Capability Statement of the Organisation *(Supporting documents wrt items at sl. No. 3,,4,10 and 11 to be enclosed)*	as per format given at **Annexure II**
3)	Financials of the Organisation *(Audited financial statements for last three years to be enclosed)*	as per format given at **Annexure III**
4)	Details of projects (maximum 7 Projects) *(LoA / Work Order, Project Completion Certificate/ any other document related to completion of projects to be enclosed)*	as per format given at **Annexure IV**
5)	Suggestions, if any, on the broad principles of Joint Venture Agreement	
6)	Any other document Organisation may like to share	
7)	Undertakings on the correctness of information submitted and existing JVs/MoUs	as per format given at **Annexure V**

Annexure-I

FORMAT FOR

AUTHORISATION LETTER

I _____ certify that I am _____ of the Organisation, organised under the laws of _____ and that _____ who signed the above EoI is authorised to bind the Organisation by authority of its governing body.

(Signature)

Name & Designation:_____

Name and Address of the Organisation:_____

(Seal of the Organisation)

Annexure-II

FORMAT FOR INFORMATION ON

Background and Capability Statement of the Organisation

1 Name of Organisation:

2 Name and designation of Contact Person, Address, Contact Nos. & E-Mail:

3 Constitution of the organisation (Public Ltd or Pvt. Ltd.) - ***please enclose supporting documents***

4 Key promoters and their Shareholding pattern - ***please enclose supporting documents***

5 Vision and Mission Statement

6 Brief on Company and its Operations

7 Experience & Expertise in the relevant areas

8 Geographical spread of the Organisation; Projects in different Countries

9 Profile of the Professional Manpower in brief

10 Organisation's mandate to enter into JV in India- ***please enclose supporting documents***

11 Membership / association with Research Institutions/Universities - ***please enclose supporting documents***

Annexure-III

FORMAT FOR INFORMATION ON
Financials of the Organisation

(All figures to be filled in INR / USD)

	FY 12	**FY 11**	**FY10**
Net worth			
Turnover			
PAT			

Please enclose the Audited Financial Statements for last three financial years i.e. FY10, FY11 and FY 12

Annexure-IV

FORMAT FOR INFORMATION ON

Projects undertaken by the Organisation

Not more than a total of 7 projects undertaken in last 10 financial years (please fill separately for each of the 7 projects). Projects should be chosen to highlight diversity of experience. Highlighting multiple projects with similar experience should be avoided.

1. Name of Project
2. Name of Client
3. Location of Project
4. No. and Names of personnel deployed
5. Originally agreed time to complete the Projects (in months)
6. Actual time taken to complete the Projects (in months)
7. Scope of work of project in detail (may attach additional sheets)
8. Deliverables of the project.

(Signature of Authorised Person
On Behalf of the Organisation)

(Please enclose the copy of LoA / Work Order, Project Completion Certificate/ any other document related to completion of projects)

Annexure-V

FORMAT FOR

Undertaking to be furnished by the Organisation

Dated:_____

This is to submit that the information provided in our documents submitted to PFCCL, to the best of our knowledge and belief, correctly describes the credentials and experience of our organization and individuals. We understand that any misrepresentation in the documents submitted may lead to our disqualification in being considered for Joint Venture with PFC Consulting Ltd. for providing consulting solutions in Thermal Generation segment of Power Sector.

Further, this is to declare that presently we do not have any Joint Venture or Memorandum of Understanding (MoU) providing consulting to Power Sector in India.

Name and Signature of Authorised Representative

Seal of the company

Annexure-VI

The JV Agreement would be formulated on the following broad premise:

- The JV Company would be a Private Limited Company under Companies Act 1956 and the name of the Company would be decided mutually by both PFCCL and the JV partner and approved by Registrar of Companies
- The initial registered office and principal place of business of the JV Company shall be situated at New Delhi, India, at such specific address as the Parties shall determine.
- The business of the JV Company shall be to offer consultancy services with regard to coal based thermal power plants in project engineering or design engineering and project management etc.
- The shareholding of PFCCL and the JV Partner in the JV Company shall be maintained in the ratio of 50:50 at all times.
- The Management of the JV Company shall be vested in the Board which shall consist of minimum of Two Directors and maximum of Six Directors. Both the shareholders shall be entitled to nominate equal number of Directors on the Board i.e. maximum of three nominee Directors from each shareholder.
- PFC Consulting and the JV Partner will hold the position of the Chairman and the position of the MD by rotation, for a period of two years each, with no partner holding both the positions at the same time and no partner holding two consecutive terms of the same position.
- The Chairman shall head the JV and Managing Director shall be responsible for managing the day to day affairs of the JV Company.
- All actions, determinations or resolutions of the Board of Directors shall require the consent of all the Directors present.
- The Quorum for a Board or a Committee meeting shall be two Directors, one from each partner and decisions of each committee of the Board shall be taken unanimously by the Directors present and voting at a meeting of the committee at which a Quorum is present.
- There would be a lock in period of Five Years for both the Parties.

- If at any time after the expiry of lock-in period, either shareholder proposes to Transfer any shares to any third party, then the other Shareholder shall have a right of first refusal with respect to such Transfer.
- The JV Company will undertake the expansion of its business in a phased manner with the Board of Directors conducting a quarterly review to determine appropriate expansion strategy and target its business, initially, to India and thereafter to SAARC countries .
- PFCCL and the JV partner may deploy their employees to the JV company and the JV company could also recruit employees on its own. To begin with, the JV Company would follow PFCCL's compensation and benefit programs/policy till it develops its own compensation & benefit scheme.
- Each Party shall pay its own costs and expenses relating to the negotiation, preparation and execution of the JV Agreement and all other documents related to the JV formation.
- The JV Partner shall be solely responsible for and shall bear any and all taxes which may be imposed in relation to the transactions contained herein, including without limitation, any taxes which are required to be withheld. The JV Partner shall indemnify and hold indemnified, PFCCL, promptly upon demand by PFCCL, against any and all such taxes, including without limitation, any penalty and/or interest thereon. PFCCL shall not be in any manner responsible or liable for any taxes in connection with the transactions contained herein.
- During the Term of this JV Agreement, JV Partner shall not enter into similar arrangements with any other entity during the course of it conducting its duties and responsibilities as provided for under the JV Agreement.
- All information and data already exchanged or to be exchanged in future between the Parties with respect to the subject matter hereof shall be confidential to them, their employees, affiliates, legal advisers, etc. and shall not be disclosed by the receiving Party without prior written consent of disclosing Party, to any third party nor used for any purpose other than for the performance of the JV Agreement.

Suggestions and inputs from the organisations submitting their EoI are welcome on the above.