

CHHATTISGARH RAILWAY CORPORATION LIMITED



EXPRESSION OF INTEREST

FOR

EQUITY PARTICIPATION

IN

PROJECT SPECIFIC

SPECIAL PURPOSE VEHICLES

FOR A BOUQUET OF

NEW RAIL LINE PROJECTS

(No. CRCL/EOI/2 Dt. 12.12.2017)

[Web site: crcl.cgstate.gov.in](http://crcl.cgstate.gov.in)

TABLE OF CONTENTS

1.0 DISCLAIMER.....03

2.0 INTRODUCTION.....03

3.0 CHHATTISGARH RAILWAY CORPORATION LIMITED (CRCL)..... 04

4.0 PURPOSE OF THE EOI.....04

5.0 THE PROJECTS.....04

6.0 PROJECT STRUCTURING.....05

7.0 ELIGIBILITY CRITERIA.....06

8.0 HOW TO APPLY.....08

9.0 ETHICS POLICY ON CRCL.....09

10.0 REJECTION.....10

11.0 APPLICANTS RESPONSIBILITY.....10

12.0 CLARIFICATION ON EOI.....10

13.0 AMENDMENT.....11

14.0 LANGUAGE.....11

15.0 GOVERNING LAW.....11

16.0 SIGNATURE AND SUBMISSION.....11

17.0 RIGHT TO ACCEPT OR REJECT APPLICATION.....12

18.0 VALIDITY OF APPLICATION.....12

19.0 CONFLICT OF INTEREST.....12

20.0 INDIVIDUAL EVALUATION.....12

FORM 1: LETTER OF APPLICANT14

1.0 DISCLAIMER

CHHATTISGARH RAILWAY CORPORATION LIMITED has prepared this document to give interested parties background information on the project. While CRCL has taken due care in the preparation of information contained herein and believes it to be accurate, neither CRCL nor any of its authorities or agencies nor any of their respective officers, employees, agents or advisors gives any warranty or make any representations, express or implied as to the completeness or accuracy of the information contained in the document or any information which may be provided in association with it.

The information is not intended to be exhaustive. Interested parties are required to make their own inquiries and respondents will be required to confirm in writing that they have done so and they do not rely on the information in submitting an EOI. The information is provided on the basis that it is non-binding on Chhattisgarh Railway Corporation Limited, any of its authorities or agencies or any of their respective officers, employees, agents or advisors.

Chhattisgarh Railway Corporation Limited reserves the right not to proceed with the project, to alter the time table reflected in this document or to change the process or procedure to be applied for selection of equity partners. It also reserves the right to decline to discuss the Project further with any party expressing interest.

No reimbursement of cost of any type will be paid to persons, or entities, expressing interest.

2.0 INTRODUCTION

The Government of India launched the Scheme of participative execution of rail infrastructure projects through State Specific Joint Ventures in 2016 with the objective of meeting aspirations of States for expansion of railway network by identifying bankable railway projects.

Chhattisgarh Railway Corporation Limited (CRCL), an umbrella Joint Venture Company (JVC) was accordingly floated to:

- Develop railway projects and establish their bankability on Revenue Sharing format.

- Mobilize resources for the same, and
- Implement the projects on fast track

It is largely a non-budgetary initiative requiring mobilization of resources from the market and private sector participation both through equity and debt route. CRCL has conceived a number of new Railway Line Construction projects through SPV Structure which are prima-facie bankable.

3.0 CHHATTISGARH RAILWAY CORPORATION LIMITED (CRCL)

Chhattisgarh Railway Corporation Limited (CRCL) is a Joint Venture Company mandated to undertake project development, mobilization of financial resources and implement projects primarily in the State of Chhattisgarh. It is also authorized to do so by entering into mechanism like BOT, BOOT, BTO (i.e. different formats of PPP). It is a 51:49 Joint Venture by the State Government of Chhattisgarh and Ministry of Railways under the provisions of Section 2(45) of Company's Act 2013.

4.0 PURPOSE OF THE EOI

This EOI is being issued by Chhattisgarh Railway Corporation Limited and seeks Expression of Interest from eligible Companies for equity participation in project specific SPV's for implementation of the projects as listed in para 5.0. The purpose of this EOI is to:-

- Advise the prospective firms about the Projects (through the details given in Project Information Memorandum), eligibility criteria and how to apply for equity participation,
- Invite responses from participants by giving fair, equitable and transparent opportunity, so that CRCL can select equity partners in project specific SPVs.
- The Firm which have already signed MOU with CRCL or have given firm commitment for equity participation are not required to apply afresh as a response to this EOI.

5.0 THE PROJECTS

The EOI is for following projects:

S. No.	Project	Railway	Length	Estimated Cost(Rs.)	Equity (Rs.)	Time of implementation
1.	Dongargarh-Khairagarh-Kawardha-Mungeli-Katghora Project	SEC Railway	277km	4821 Cr	1205 Cr	48 months from 1.1.2018
2.	Kharsia-Baloda Bazar-Naya Raipur-Durg	SEC Railway	256km	4900 Cr	1225 Cr	48 months from 1.1.2018

The Bankability Study Reports/Financial Model and Information Memorandum prepared by M/s SBI for the above projects are available separately on the website of CRCL. With steady inflationary trend within 6%, the Equity Internal Rate of Return (Equity IRR) is estimated in the range of 14 to 15% for both the projects.

6.0 PROJECT STRUCTURING

The above projects will be implemented in the mode of project specific Special Purpose Vehicle (SPV) for which "Concessions" shall be granted by Ministry of Railways to the SPV for a period of 30 years of operation after project construction is finished. The SPVs will be registered as company under the Companies Act, 2013. The SPV shall be responsible for financing, constructing, operating and maintaining the Project Railway. While SPV can get the construction done through Indian Railway set up, CRCL or some other agency, as per the extant policy of Government of India, the Operations & Maintenance has to be done through one of the Zonal Railways under Agreement. SPV shall be under an agreement with the concerned Railways with inbuilt safeguard to optimize O & M cost at the best practices level.

CRCL will hold a minimum of 26% equity in each of the SPVs. The balance

equity will be allotted to other partners. No individual private partner shall less than 10% equity in the project. Each partner (other than CRCL) shall have one Director (on the SPV Board) on an equity holding of 11 – 24%. The SPV Management Structure will follow the Company Act 2013 and as indicated below:

SPV STRUCTURE

The Joint Venture Agreement between Govt. of Chhattisgarh and Ministry of Railways provides for setting up of Project Specific SPVs for each project. Further, the JVA lays down guidelines for Umbrella Joint Venture Company(CRCL) for formation of Project Specific SPVs. Model JVAs, MoA and AoA for the SPVs is available at Company web site. Applicants are expected to study the same and satisfy themselves about the rights and duties of promoters in the project development process.

It is further made clear that the SPVs shall cease to exist at the expiry of Concession Period and will enjoy all benefits proportionate to their participation during the period of Concession which shall be as laid down a Concession Agreement to be signed between SPVs and the Ministry of Railways.

A Model Concession Agreement applicable for Joint Venture Model (Government Railway Model) is available at the Web site of Railway Board. CRCL and the Ministry of Railways are making best effort to make it more attractive for promoters.

([http://www.indianrailways.gov.in/railwayboard/uploads/directorate/infra/downloads/Final_JV%20Model_Agreement%20\(Nov2014\).pdf](http://www.indianrailways.gov.in/railwayboard/uploads/directorate/infra/downloads/Final_JV%20Model_Agreement%20(Nov2014).pdf))

7.0 ELIGIBILITY CRITERIA

The following shall be eligible.

- (i) A company registered under the Indian Companies Act 2013.
- (ii) Stakeholders such as users of the line like mines owners/MDOs, manufacturers of goods like steel and cement plants which may have a stake in transportation of any goods etc.
- (iii) Financial Investors.

7.1 The company shall be ineligible in the following cases:

- (a) In regard to matters other than the security and integrity of the country, any conviction by a Court of Law or indictment / adverse order by a regulatory authority against the company or against any sister concern which relates to a grave offence, or would constitute disqualification. Grave offence is defined to be of such a nature that it outrages the moral sense of the community. The decision in regard to the nature of the offence would be taken on case to case basis after considering the facts of the case and relevant legal principles, by CRCL.
- (b) In regard to matters relating to the security and integrity of the country, any charge sheet by an agency of the Government / conviction by a Court of Law for an offence committed by the company or by any sister concern of the company would result in disqualification. The decision in regard to the relationship between the sister concerns would be taken by CRCL, based on the relevant facts and after examining whether the two concerns are substantially controlled by the same person / persons.

7.2 The company should not have any potential conflict of interest. The following conflict of interests shall not be permitted.

- The firm undertaking construction of the Railway project under consideration.

Strategic Investors will be given preference. Strategic investors may be defined as those investors who have strategic interest in the line in the form of a commitment to be given by them for moving a certain minimum quantity of traffic on the project line or they are users of the line without traffic guarantee.

7.3 Conditional offers by any party / offer or shall not be acceptable to CRCL. Investors may seek additional information before submission of their offers, from CRCL or may undertake due diligence at their cost or may visit the project site to enable them to formulate their offers. The offer so submitted should be unconditional, without any qualification(s).

7.4 For having a representative director on the SPV Board, the equity partner must have a minimum equity holding of 11% on the SPV. However, no private party

shall have an equity holding of more than 48%.

- 7.5 There shall be a lock-in period of 4 years after commencement of operations by the SPV.
- 7.6 In case the demand for equity is more than required, the investors seeking less than 15% equity will be discarded. If after that, the equity demand falls short of the required amount, cut off will be revised to 10% or in between depending upon the situation. Further, adjustment in equity will be made through pro-rata allotment on the basis of demand. Less than 10% equity will not be given to any investor.
- 7.7 In the event any Party wishes to sell/transfer its Shares after the lock-in period specified above, the other Shareholders shall have the right of first refusal in terms of the Shareholders Agreement. There are certain other limitations to the transfer of shares after the lock-in period which is stated in the Shareholders Agreement.
- 7.8 The Shareholders Agreement, Concession Agreement, Construction Agreement, Operations and Maintenance Agreement, Transportation and Traffic Guarantee Agreement, etc., for the SPV shall be based entirely on the draft agreements approved by Ministry of Railways. CRCL will attempt to get the best possible terms of these agreements from the Govt.
- 8.0 **HOW TO APPLY**
- 8.1 The EOI proposal shall be enclosed in a separate sealed envelope and shall be marked as **“Expression of Interest for Pre-qualification for Equity Participation in Project Specific Special Purpose Vehicle for New Rail Line Projects(Name) in the State of Chhattisgarh”**
- 8.2 The EOI should be submitted in the format given as Form 1 as a part of the document. A copy of this EOI should also be enclosed duly signed on each page.
- 8.3 The proposal should be accompanied with last three years audited annual account of the Applicant.
- 8.4 The proposal should be accompanied with Rs.10000/- non-refundable processing fee, separate for each project in form of Demand Draft in a favour of

CHHATTISGARH RAILWAY CORPORATION LIMITED payable at Raipur.

- 8.5 All costs incurred by Applicant in connection with the EOI shall be borne by Applicants themselves.
- 8.6 The language for submission of document shall be English.
- 8.7 Any item of Form 1, which is not applicable to the Applicant, should be written as Not Applicable.
- 8.8 The designated authority for clarification and submission of proposals:

MANAGING DIRECTOR

Chhattisgarh Railway Corporation Limited
1st Floor, CSIDC Commercial Complex,
Mahadev Ghat Road, Raipura Chowk,
Raipur – 492013
Phone: 9516622000,
Fax: 0771-2243279
e-mail:md-railcorp.cg@gov.in, srastogi1@gmail.com

- 8.9 The Applicant can seek any clarifications in writing by post, courier, facsimile, or e-mail at the above mentioned address.
- 8.10 Last date for submission of completed EOI in all respects is 05.02.2018 at 15.00 hours at the above-mentioned address. A preview meeting will be held on 15.01.2018 at 11.30 Hrs at CRCL Conference Hall to offer clarifications, if any.
- 8.11 In case the Applicant intends to give additional information for which specified space in the given format is not sufficient, it can be furnished in a separate sheet.
- 8.12 All the pages of the EOI and Annexure should be signed and the authorized signatory should countersign corrections and over writings.
- 8.13 CRCL reserves the right to cross check and confirm the information details furnishing by the applicants in response to this EOI.

9.0 ETHICS POLICY OF CRCL

CRCL, requires that applicants for this EOI and throughout the process observe the highest standard or ethics. In pursuance of this policy, CRCL:

- (a) Will reject the application if it determines that the EOI Applicant has engaged in corrupt or fraudulent practices in competing in the process.

(b) Defines, for the purpose of these provisions, the terms set forth below as follow:

- i. "corrupt practice" means the offering, giving, receiving or soliciting if any thing of value to influence the action of a public official in the process of EOI or thereafter at any time; and
- ii "Fraudulent practice" means a misrepresentation of facts in order to influence the process to the detriment of the CRCL or, and includes collusive practice among Applicants designed to establish a non competitive situation and to deprive CRCL of the benefits of free and open competition.

10.0 REJECTION

The offer of participation in EOI is liable to be rejected for any of the following conditions

(a) The EOI

- i. Which is not accompanied by required documentation and has failed to provide clarifications related thereto, when sought by CRCL after receipt of offer.
- ii without the proposal fess of Rs.10000/- (Rupees ten thousand only) in the form of bank draft in favour of Chhattisgarh Railway Corporation, payable at Raipur.
- iii that is received after the closing time and date. If information which would have entitled CRCL to reject or disqualify the Applicant becomes known after the Applicant has been qualified, it reserves the right to reject the Applicant at that time or at any time after such information becomes known.

11.0 APPLICANT'S RESPONSIBILITY

It is expressly clarified that before submitting the EOI the Applicant must have examined carefully the contents of all the documents and any failure to comply with any of the requirement of EOI document will be Applicant's risk.

12.0 CLARIFICATION ON EOI

A clarification cum pre-offer meeting is envisaged as a part of the EOI process

and the Applicants are invited and encouraged to attend the meeting. The purpose of the meeting shall be to clarify issues and to answer questions on any matter that may be raised at any stage. The clarifications required may be sent in advance. The preview meeting will be held on 15.01.2018 at 11.30 hrs at the following address:

**Conference Hall,
CHHATTISGARH RAILWAY CORPORATION LIMITED,
1st Floor, CSIDC Commercial Complex
Mahadev Ghat Road, Raipura Chowk
Raipur 492013 (CG)
India**

Investors may seek clarifications even before the preview meeting from the Managing Director by writing to srastogi1@gmail.com or by personal meetings with prior appointment.

13.0 AMENDMENT

CRCL may modify the EOI by issuing an addendum before last date of submission of the Application. Any addendum this issued shall be part of EOI and shall be posted on the website.

To give Applicants reasonable time in which to take ADDENDUM INTO ACCOUNT IN PREPARING THEIR Applications CRCL may at its sole discretion, extend the last date of submission of Application.

14.0 LANGUAGE

The EOI application prepared by the Applicant and all correspondence and documents related to the EOI, and exchange by the Applicant and CRCL shall be written in English. Any printed literature furnished by the Applicant may be written in another language as long as such literature is accompanied by a translation of its pertinent passages in English, in which case, for purpose of interpretation of the EOI, the English translation shall govern.

15.0 GOVERNING LAW

The governing law for the purpose of the process is the laws of India and courts

of New Delhi shall have full jurisdiction considering any matter arising out of this EOI and the process.

16.0 SIGNATURE AND SUBMISSION

All the Applications must be submitted, duly signed by the Authorized Signatory under the letter of application the format for which is provided at Form 1 if this document.

The signed proposal along with all the documentary evidences required of technical and financial capability and with all the Annexure filled and signed must be submitted on or before the prescribed date and time for the submission of EOI in this document.

17.0 RIGHT TO ACCEPT OR REJECT APPLICATION

Notwithstanding anything contained in the EOI, CRCL reserves the right to accept or reject any Application and annul the process and reject all Applications at any time without any liability or any obligation for such acceptance, rejection or annulment without any reasons.

18.0 VALIDITY OF APPLICATION

Application shall be valid for the period of 180 days from the Application due date. In exceptional circumstances, prior to expiry of original validity period, CRCL may request Applicant to extend the Application validity period of specified additional period.

19.0 CONFLICT OF INTEREST

Any Applicant who presents a potential conflict of interest on the project (for e.g. Construction, financing, etc) will not be considered for participation.

20.0 INDIVIDUAL EVALUATION

EOI received for each Project Specific SPV will be processed independently of other SPVs.

**The Managing Director
CHHATTISGARH RAILWAY CORPORATION LIMITED,
1st Floor, CSIDC Commercial Complex**

**Mahadev Ghat Road, Raipura Chowk
Raipur 492013 (CG)
India**

21.0 CRITERIA FOR SELECTION

Partners shall be selected on the basis of alignment of their interests with that of CRCL. First preference will be accorded to applicants who have direct interest of originating traffic on either end of the project section and the amount of equity they wish to pick up. Next preference shall be given to those strategic partners who either guarantee or reasonably assure through traffic originating somewhere else but routed through the project section. Lastly, pure investors who have no strategic interest in the project alignment shall be considered based on the equity partnership they wish to pick up.

It is made abundantly clear that rationale of selection of partners shall be developed depending on the number of applicants and their interest in the project section. The applicants shall not have any claim for being included or excluded for reasons other than fitness within the selection criteria.

FORM, I
(Applicant to provide date and reference)

Dear Sir,

LETTER FOR APPLICATION – EOI FOR PRE QUALIFICATION FOR EQUITY PARTICIPATION IN PROJECT SPECIFIC SPECIAL PURPOSE VEHICLE FORNEW RAIL LINE PROJECT.

We, the undersigned, apply for equity participation for the referenced Project and declare the following:

- (a) We are duly authorized to represent and act on behalf of _____(hereinafter the “Applicant”)
- (b) We have examined and have no reservations to the EOI Document including Addenda No.(s).....
- (c) We are attaching with this letter, the copies of original documents defining:
 - (i) The Applicant’s legal status;
 - (ii) Its principal place of business; and
 - (iii) Its place of incorporation (if Applicants are corporation); or its place of Registration (if Applicants are partnerships or individually owned firms).
 - (iv) Last three years Audited Annual Accounts and Balance Sheets
- (d) CRCL and / or its authorized representatives are hereby authorized to conduct any inquiries or investigations to verify the statements, documents and information submitted in connection with this application, and to seek clarification from our bankers and clients. This Letter of Application will also serve as authorized on for any individual or authorized representative of any institution referred to in the supporting information, to provide such information deemed necessary and as requested by CRCL.

- (e) CRCL and/ or its authorized representatives may contact the following nodal persons for further information on any aspects of the Application.

Contact	Name Address	Telephone	E Mail

- (f) This application is made in the full understanding that:
- a. EOI process will be subject to verification of all information submitted at the discretion of CRCL.
 - b. CRCL reserves the right to Reject or accept any or all applications, cancel the EOI process without any obligation to inform the applicant about the grounds of same; and
- (g) Our Strategic Interest lies in _____ (Name of the project).
- (h) We confirm that in the event that we are finally selected as one of the equity partners: (Mention Project Name – Separate application for each project in separate envelope needed)

As a Strategic Investor:

- (i) We are interested in holding maximum Rs. _____ worth of equity (provide both in terms of value and percentage).
- (ii) Minimum equity, which our firm will be interested in is Rs. _____ (provide both in terms of value and percentage)
- (iii) We will be interested in moving our goods (Commodity, Origin – Destination, tonnage) _____ per annum on the Railway Line.
- (iv) We will be interested in committing _____ traffic in first year of operation in form of traffic guarantee. *

(v) We will not be interested in giving Traffic Guarantee.*

(vi) Our strategy interest in the project is _____(attach a separate sheet if required).

*Strike out whichever is not applicable

Or As a Financial Investor:

i. We are interested in holding maximum Rs. _____worth of equity (provide in terms of value).

(ii) Minimum equity, which our firm will be interested in is Rs_____ (provide in terms of value).

Strike and authenticate whichever is applicable / not applicable

(i) The undersigned give the following undertaking:

(a) In regard to matters other than the security and integrity of the country,

_____ (name of the company) has not been convicted by a Court of Law or indicted / passed any adverse order by a regulatory authority against it or its against any sister concern which relates to a grave offence, or would constitute disqualification. Grave offence is defined to be of such a nature that it outrages the moral sense of the community.

(b) In regard to matters relating to the security and integrity of the country, no charge sheet has been filed by an agency of the Government / conviction by a Court or Law for an offence committed by the:-

_____ (name of the company) or by any sister concern of the _____ (name of the company) would result in disqualification.

ii. The undersigned declare that the statements made and the information provided in the duly completed application are complete, true, and correct in every detail. We also understand that in the event of any information furnished by us being found later on to be incorrect or any material information having been suppressed, CRCL may delete our name from the list of qualified Applicants. We further understand that CRCL will give first

preference to the Strategic Investors.

Our Application is valid till..... (date in figures and words)

NAME

In the Capacity of

Signed

Duly authorized to sign the Application

(for and on behalf of)

Date