

**Request for Proposal for Valuation of Units of  
UP Rajya Chini avam Ganna Vikas Nigam  
Limited (UPRCGVNL)**

**and**

**Chhata Sugar Company Limited (CSCL)**

(The wholly Owned Subsidiaries of Uttar Pradesh State Sugar  
Corporation Ltd. (UPSSCL))

Uttar Pradesh State Sugar Corporation Ltd  
Vipin Khand, Gomti Nagar,  
Lucknow – 226010

**Date of Issue: 21<sup>st</sup> June, 2010**

**Date of Submission: 2<sup>nd</sup> July, 2010 upto 14.00 hours**



**Transaction Advisors**

## **UTTAR PRADESH STATE SUGAR CORPORATION LIMITED TERMS OF REFERENCE (TOR) FOR SELECTION OF VALUER**

### **1. Purpose**

In pursuance of Government order No. 1215 SC/18-2-07-56/07 T.C.-1 dated June 4, 2007, UP Rajya Chini avam Ganna Vikas Nigam Limited (UPRCGVNL) and Chhata Sugar Company Limited (CSCL), wholly owned subsidiaries of Uttar Pradesh State Sugar Corporation Limited (UPSSCL), intend to sell their units individually via Slump Sale to the appropriate Purchaser through a competitive bidding process under EOI cum RFQ dated 21<sup>st</sup> June 2010 as modified / revised from time to time.

UPRCGVNL and CSCL, respectively, propose to engage the services of two (2) independent valuers for valuation of their units proposed to be sold under the aforesaid transaction.

The units for which valuation services are desired are given below:

#### **Units of UPRCGVNL:**

1. Baitalpur, District Deoria
2. Barabanki, District Barabanki
3. Bareilly, District Bareilly
4. Bhatni, District Deoria
5. Burhwal, District Barabanki
6. Chhitauni, District Kushi Nagar
7. Deoria, District Deoria
8. Ghughli, District Maharajganj
9. Hardoi, District Hardoi
10. Lakshmi ganj, District Kushi Nagar
11. Nawabganj, District Gonda
12. Ramkola, District Kushi Nagar
13. Rampur, District Rampur
14. Shahganj, District Jaunpur

#### **Unit of CSCL:**

1. Chhata, District Mathura

Particulars of the 15 units (14+1) are provided in **Annexure - I** for ready reference. Further information and documents (EOI cum RFQ) for the transaction can be viewed at websites [www.upsugarcorp.com](http://www.upsugarcorp.com). or [www.upcane.org](http://www.upcane.org) or [www.ifcilttd.com](http://www.ifcilttd.com) or may be obtained from:

The Managing Director,  
UP State Sugar Corporation Limited  
Vipin Khand, Gomti Nagar,  
Lucknow 226010  
Phone: 0522-2300014 / 18, Fax: 0522 – 2300095  
E-Mail: [upsugcor2007@rediffmail.com](mailto:upsugcor2007@rediffmail.com)

## 2. Scope of Work and Deliverables

The valuer(s) are required to value the units using the valuation methodologies given below:

- A. Balance Sheet Method
- B. Asset Valuation Method

Further, the valuers are required to consider the following points while undertaking the valuation as per the above methodologies:

- i. The responsibilities of the Valuer(s) would be, inter-alia, to undertake valuation of units as per *“Guidelines for Selection of Consultants, Advisors, Developers for PPP Projects & Private Partners for Disinvestments in Uttar Pradesh”* issued by Government of Uttar Pradesh (GoUP).
- ii. The date of valuation shall be as on 31<sup>st</sup> March, 2010.
- iii. The Valuation must be completed within one month from the date of appointment.
- iv. The units are being sold under slump sale as closed units “as is where is” basis.
- v. The land valuation shall be carried out as per the ‘Existing Permissible Land Use’.
- vi. The Report shall inter-alia provide:
  - a. Detailed approach & methodology
  - b. Assumptions supporting the valuation (Assumptions shall be fully justified and explained in the report).
  - c. Circle rate of Land as per notification on present land use
  - d. Detailed description of land - Land details, Land title details, Total land area, Location, present permissible land use etc.
  - e. A copy of the following documents should be attached:
    - Relevant extract of Applicable Laws
    - Circle rate notification for the present land use

- Details of methodology adopted in carrying out the Valuation
  - Any other relevant document
- vii. If the valuer in his professional opinion believes that other methods of valuation may be appropriate, he may also include these methods in addition to those required. However, the valuer will have to provide a proper justification for using the additional method.

#### **11. Deliverables**

The deliverables for valuer(s) include:

- i. Two copies of valuation report in separate sealed envelopes containing valuation report of each of the 15 (14+1) units – Both in hard copy and soft copy.
- ii. The report shall also include the summary of valuation for each method. The format of summary is provided in Annexure II.
- iii. Presentation on the Valuation Report.

#### **3. Eligibility Criteria**

Parties bidding for the purpose of appointment as Valuer should fulfill the following eligibility criteria and enclose the certified copies of the proofs to prove their eligibility:

- i. The party should be a Government Approved Valuer.
- ii. The party should have a minimum experience of at least 20 years in the area of Asset valuation.
- iii. The party should have, carried out asset valuation of at least 2 sugar units.
- iv. The party should have, in the last 5 years, carried out asset valuation of at least 2 manufacturing units (other than sugar industry) having a minimum asset value of INR 100 crores.
- v. The party should have at least 20 professionals (i.e. CA/ CS/ MBA/ Engineers/ ICWA).
- vi. The Party should have minimum turnover of INR 200 lakhs as per the last audited annual report not before 31<sup>st</sup> March, 2009.

#### **4. Proposed schedule for completing the assignment**

The last date for submission of valuation report is four (4) weeks from the issue of letter of appointment. No delay will be permitted in submission of the reports.

***For each day of delay in submission of the valuation report a penalty of 2% of the total fee shall be deducted from fees payable.***

## 5. Last date for submission of bid

The interested bidders may submit their bids in a sealed cover subscribing on the top of envelope “**Financial Bid for Appointment of Valuer**” positively **upto 1400 hrs on 2<sup>nd</sup> July, 2010 to:**

The Managing Director,  
Uttar Pradesh State Sugar Corporation Limited  
Vipin Khand, Gomti Nagar,  
Lucknow – 226 010 (Uttar Pradesh)

## 6. Bidding Format

The Valuer(s) are required to submit the Application Letter as per **Annexure III** alongwith documents proving the eligibility including Bid Security, in a separate envelope titled ‘**Envelope - I**’ and the sealed Financial Bids, as per **Annexure IV**, providing an all inclusive consolidated fee chargeable (including valuation fee, out of pocket expenses and gross of all applicable taxes), in a separate envelope titled ‘**Envelope - II**’. The consolidated financial bid shall be applicable to all the 15 (14+1) closed units. The Bid should be unconditional.

## 7. Bid Security

The Financial Bids should be accompanied with a Bid Security of Rs. 1,00,000 (Rupees One Lakh Only) in the form of demand draft issued by a scheduled commercial Bank in favour of “Uttar Pradesh State Sugar Corporation Limited”, payable at Lucknow.

The Bid Security shall be converted into a Performance Security for the successful bidder which shall be refunded along with the final payment of fee on satisfactory completion of work. The Bid Security of the remaining bidders shall be refunded within 15 days from the selection of Valuer.

## 8. Opening of Bids & Bid Evaluation

The opening of bids shall take place at Uttar Pradesh State Sugar Corporation Limited, Vipin Khand, Gomti Nagar, Lucknow – 226 010 (Uttar Pradesh) **at 1500 hours IST in the presence of bidder(s) on 2<sup>nd</sup> July, 2010.**

**The financial bids (Envelope II) of the bidders, who do not satisfy the Eligibility Criteria or have not submitted the requisite documents including Bid Security, shall not be opened.**

The work would be awarded to the bidder who would satisfy the Eligibility Criteria and quotes the lowest consolidated fee for the 15 (14+1) units chargeable (including valuation fee, out of pocket expenses and gross of all applicable taxes), provided it is as per this TOR.

## **9. Letter of Appointment**

The selected Valuer(s) shall be issued a Letter of Appointment after completion of the bid evaluation and selection process within one week of the date of bid opening.

## **10. Payment of fee to the appointed Valuer**

The fee shall be payable within 15 days of completion of the assignment.

## **11. Conflict of Interest**

The Valuer(s) shall not engage, and shall cause their Personnel as well as their Sub-Consultants and their Personnel not to engage, either directly or indirectly, in any business or professional activities which would conflict with the activities assigned to them under this assignment. Further, the Valuer(s) and any of their affiliates shall not get associated as Consultant / Advisor or in any other capacity for this Transaction with any of the prospective bidders taking part in the bid process during the currency of this assignment and up to one year after the execution of the Slump Sale Agreement.

## **12. Confidentiality**

The Valuer(s) shall not, during the term of the assignment and upto 5 years after the execution of the Slump Sale Agreement, disclose any proprietary or confidential information relating to the Valuation Services to any person without the prior written consent of the UPSSCL, UPRCGVNL and CSCL. The valuation report shall be considered as Confidential.

## **13. Other terms and conditions**

- UPSSCL reserves the right to offer to the selected Valuer the work related to the valuation of such number of units, as it may deem fit.
- UPSSCL reserves the right to reject any or all Bids without assigning any reason thereof as well as the right to add/delete/modify any one or more of the terms and conditions.
- UPSSCL reserves the right to discontinue the services of the appointed Valuer for any reason at any point of time, without assigning any reason.
- UPSSCL reserves the right to discontinue the services of the appointed Valuer at any point of time on account of force-majeure or non-satisfactory performance by the Valuer.
- The Valuer is required to comply with the guidelines issued by the Department of Infrastructure Development, Government of Uttar Pradesh.
- The proposal should be unconditional.

**Particulars of the 15 Units under consideration**

SN	Unit Name	District	Year of Establishment	Closure Year	Empl oyees	Land Area Hectare	Crushing Capacity (TCD)
<b>Units of UPRCGVNL:</b>							
1	Baitalpur	Deoria	1933	2008	4	45.25	914
2	Barabanki	Barabanki	1945	1998	5	39.184	1000
3	Bareilly	Bareilly	1932	1998	3	13.134	1016
4	Bhatni	Deoria	1921	2008	3	13.873	1016
5	Burhwal	Barabanki	1931	2008	1	38.318	800
6	Chhitauni	Kushi Nagar	1934	1999	1	15.254	800
7	Deoria	Deoria	1937	2008	4	26.544	965
8	Ghughli	Maharaj Ganj	1926	1999	3	18.657	982
9	Hardoi	Hardoi	1935	1999	2	17.0148	1800
10	Lakshmiganj	Kushi Nagar	1928	2008	4	15.897	900
11	NawabGanj	Gonda	1932	1998	2	27.3975	1100
12	Ramkola	Kushi Nagar	1932	2008	5	09.219	791.5
13	Rampur	Rampur	1933	2005	7	127.063	2200
14	Shahganj	Jaunpur	1932	2008	3	18.142	1016
<b>Unit of CSCL:</b>							
1	Chhata	Mathura	1978	2009*	14	40.213	2500

\*Non Operative

**ANNEXURE II****Summary of Valuation as per Existing Permissible Land Use**

(INR Lacs)

SN	Units	Asset Valuation Method					Balance Sheet Method				
		Land	Bldg	P&M	Other Assets incl. Intangibles*	Total ( A)	Land	Bldg	P&M	Other Assets incl. Intangibles*	Total ( B)
<b>Units of UPRCGVNL:</b>											
1.	Baitalpur										
2.	Barabanki										
3.	Bareilly										
4.	Bhatni										
5.	Burhwal										
6.	Chhitauni										
7.	Deoria										
8.	Ghughli										
9.	Hardoi										
10.	Lakshmi ganj										
11.	Nawab Ganj										
12.	Ramkola										
13.	Rampur										
14.	Shahganj										
<b>Units of CSCL</b>											
15.	Chhata										

**\*The Details of the other assets including intangibles be given**

**APPLICATION LETTER  
(On the letterhead of the Bidder)**

**Date:**

To,  
Managing Director  
UP State Sugar Corporation Limited,  
Vipin Khand, Gomti Nagar,  
Lucknow – 226 010 (Uttar Pradesh)

Ref: Request for Proposal dated 21<sup>st</sup> June, 2010 inviting Financial Bids for Appointment of Valuer

Sub: **Appointment of Valuer for Valuation of Units of UPRCGVNL and CSCL**

Sir,

Being duly authorised to represent and act on behalf of.....  
(hereinafter referred to as "the Bidder"), and having reviewed and fully understood all of the requirements of the Terms of Reference (TOR) provided, the undersigned hereby apply for the assignment referred above.

We certify that we..... (name of the firm) satisfy all the eligibility criteria provided in the TOR and we have provided other necessary documents in support of the eligibility criteria.

We hereby declare that our firm, our associate / group firm or any of the member of the consortium are not indulged in any such activities which can be termed as the conflicting activities as given in the Request for Proposal document. We also acknowledge that in case of misrepresentation of the information, our proposal/contract shall be rejected/ terminated, which shall be binding on us.

We are enclosing Financial Bid as per Annexure IV of the Terms of Reference, Demand draft of Rs. 1.00 lakh and **other necessary documents in support of the eligibility criteria.**

Yours sincerely,

Signature

Name (Authorised Signatory)

For and on behalf of

.....

**(FORMAT FOR FINANCIAL BID)**

**FINANCIAL BID**

**(On the letter head of the Bidder)**

To,  
Managing Director  
UP State Sugar Corporation Limited,  
Vipin Khand, Gomti Nagar,  
Lucknow – 226 010 (Uttar Pradesh)

Ref: Request for Proposal dated 21<sup>st</sup> June, 2010n inviting Financial Bids for Appointment of Valuer

**Sub: Appointment of Valuer for Valuation of Units of UPRCGVNL and CSCL**

Sir,

I/We have perused the Terms of Reference (ToR) for subject assignment and other details and am/are willing to undertake and complete the assignments as per terms and conditions stipulated in the Request for Proposal document.

Our consolidated offer, inclusive of all taxes including service tax, incidentals, overheads, traveling expenses, printing and binding of reports, all sundries, all other expenditure for execution of the services / assignments covering all 'Scope of Work' as mentioned in the Request for Proposal / Terms of Reference, is as follows:

Fee: Rs. .... (i.e., in words Rupees.....) for valuation of all the 15 (14 + 1) closed units (subsidiaries of UPSSCL as mentioned in the ToR).

This offer is valid for a period of 3 months from the date of opening of the bids (bid due date).

Signature of Authorised Person

Name:

For and on behalf of

.....