

## **THE ORISSA MINERALS DEVELOPMENT CO.LIMITED**

(A Government of India Enterprise)

AG-104,SOURAV ABASAN,2<sup>ND</sup> FLOOR,SECTOR-II

SALTLAKE CITY,KOLKATA-700 091

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Tender Notice No. OMDC/NOTICE/LTC-01/12

Date.28.12.11

OMDC intend to make a list of long term buyers, who are existing manufacturers/ producers of Steel/ Sponge Iron in India. The prospective buyers fulfilling eligibility criteria given in Part I of the EOI document, may submit their profile, credential, description of the plant, capacity, present source of raw materials, annual turn-over along with the documentary evidence and details of logistics infrastructure. The details may be sent to GM (Commercial), OMDC, AG-104,Sourav Abasan, Sector – II, Salt Lake City, Kolkata – 700 091. Last date of receipt of details in respect to this notice is 15.02.2012 upto 03.00P.M.

The details of materials specification, eligibility and other conditions can be downloaded from company's website: [www.birdgroup.gov.in](http://www.birdgroup.gov.in)

**NOTE:** Submission of documents/ details does not guarantee the inclusion of the name in the short listed prospective buyers.

GENERAL MANAGER(Commercial)

Contact No.033-4016-9226

**Notice for Expression of Interest for long term supply arrangement for Iron Ore /Manganese Ore to  
Steel/ Sponge manufacturers**

1. OMDC sells its product through e-auction. However, it also intends to sell its products (Iron Ore & Manganese Ore), on long term basis to Steel/ Sponge manufacturers from its mines located at Barbil, district- Keonjhar, and Orissa. For this purpose, a list of prospective buyers is to be made by the OMDC on the basis of request received through this expression of interest. The submission of application does not guarantee inclusion in the list of prospective buyers, which will be determined by the committee of OMDC officials based on the production and available quantity to be sold. The description of the materials to be sold is given as under:

The Chemical & Physical details of the materials to be sold are given below:

Sl.no.	Particulars(material)	Physical specification	Chemical_specification
1.	Iron Ore Lump / Calibrated Lump Ore of different grade.	10-200 mm /10-30 mm & 5-18 mm	60-65% Fe
2.	Iron Ore fines of different grade.	(-)10mm	57-62% Fe
3.	Manganese Ore of different grade.	(-)10mm for fines / 10-50mm for Lump Ore.	22 -38%Mn

**NOTE:** The decision of the committee regarding short listing of the prospective buyers will be final and binding on the bidders.

2. Eligibility
  - i) All Steel and Sponge Iron manufacturers having at least **500 Crores** annual turn over are eligible to participate in this expression of interest.
  - ii) **A Earnest Money deposit (EMD) of Rs. 5 Crores in the form of Bank Guarantee in favour of "The Orissa Minerals Development Co.Ltd"** is to be given along with the request, failing which the request will be liable for rejection. The EMD will become a part of performance guarantee in case of the bidder is short listed for long term supply arrangement otherwise **the Pre bid EMD will be refunded to the party after short listing of the buyer.**
  - iii) The bidder have to give an undertaking to the effect that they are not lease holders of any Iron Ore /Manganese Ore mines. Lease holders of mines are not eligible for participation. If it is detected that wrong information is submitted to this effect, the EMD will be forfeited and supply agreement will be canceled and buyer will have no claim.
  - iv. An undertaking has to be given by the intending party to the effect that at present no litigation either in court or in an Arbitration is pending between the OMDC and the said party.

### 3. Evaluation Criteria

The list of prospective buyers will be drawn on the basis of following order:

#### A)

- i. Public sector plant will have first priority.
- ii. All plants located in Orissa will have second priority but preference will be given to the plants **who has sign MOA/MOU with the Govt. of Orissa** and located in the Keonjhar District.
- iii. All plants located outside Orissa will have third priority.

B) On the basis of the above criteria, fifteen (15) buyers may be short listed keeping in view of their installed capacity and proximity to mines and available logistic infrastructure to ensure faster evacuation. This number may be increased or decreased depending on buyers' requirement and OMDC's production capacity.

### 4. Quantity to be offered for supply

- i. The quantity to be offered by OMDC will be indicated on quarterly basis in view of the actual production likely to be achieved. The available quantity will be apportioned among the prospective buyers by the OMDC in view of installed capacity of their plants. The decision of the OMDC will be final and binding on the parties.
- ii. The buyer will have no claim against OMDC, for direct or indirect losses, if there is short supply due to stoppage of production or suspension of mines or closure of mines or whatsoever ground.

### 5. Performance Guarantee

**The short listed buyer shall have to furnish** the Performance Guarantee in the form of Bank Guarantee for amount of Rs. 10 crore in favour of 'The Orissa Minerals Development Company Ltd' for a period of five **and half** years **within the 30 days from the date of issuing of the offer letter** in addition of the **EMD** . In the event of unsatisfactory performance by the buyer during the contractual period, OMDC shall have the right to encash the entire **performance Guarantee**. The shortlisted buyer must be signed the agreement with OMDC within the **30 days from the date of issuing of the offer letter. Otherwise the EMD will be encashed/forfeited and he will cease to have rights to be long term buyer of OMDC in response to the said EOI.**

### 6. Price

There will be an Annual Base Price (ABP) fixed for the whole financial year beginning from 1<sup>st</sup> April. The ABP will be subjected to quarterly review on the basis **of quarterly declared price by OMC for equivalent grade applicable for BARBIL sector** or average price derived from e-auction conducted by agency nominated by OMDC during the previous quarter **whichever is higher** . The price adjustment will be done as per Para 9 of the agreement.

**NOTE:** The price is exclusive of royalty, sale tax, freight and other government levies which shall be borne and paid by the party on actual basis at prevailing rate on the date of dispatch.

7. Lifting of material

The buyers will be allowed to lift the materials not exceeding the material requirement for their installed capacity and the materials should be lifted exclusively for self consumption and no trading for the same shall be allowed. Breach of this condition will render the supply agreement invalid and the same may be cancelled at the risk and cost of the buyer with no claim against OMDC, which may forfeit **Performance Guarantee**.

8. Submission of bids

The prospective buyers fulfilling the above eligibility criteria may submit their profile, credential, description of the plant, capacity, present source of raw materials, annual turn-over along with the documentary evidence **in the prescribed format as per annexure A** to GM (Commercial), OMDC, AG-104, Sourav Abasan, Sector – II, Salt Lake City, Kolkata – 700 091 on or before 15.02.2012.

### Annexure-A

Sl. No.	Particulars.						
1.	Name of the Company.						
2.	Year of Incorporation.						
3.	Registered Office address and Contact person name and Ph. No.						
4.	No. of Director's and their Name's						
5.	No of Plants and Location ( contact person name and Phone No should be provided for each unit)						
6.	Plant Capacity	Existing Capacity					
		Expansion project if any.					
7.	Availability & capacity of Railway siding.						
8.	Approximate distance from Thakurani Mines, OMDC.						
9.	Size of the stock yard and availability of the material handling equipment.(Please provide details)						
10.	Present source of raw material (Iron Ore/ Mn ore)						
11.	Monthly plant wise requirement of Iron Ore/Mn Ore.						
12.	Turn-over of the last 5 years (Quantity & Value) (Both for domestic and export)						
13.	Type of the company. (Pls. attach a copy of article of association and memorandum of association of the company)	P. S. U	State under taken	J.V	Private  Ltd.	Public  Ltd.	Proprietorship
14.	Whether the company is having any lease hold area of Iron Ore/ Mn. Ore mines. (Submit a undertaking that they are not lease holders of any Iron Ore /Manganese Ore Mines)						
15.	Authorized subscribed and paid up share capital.						
16.	Profit/Loss after Tax for the last 5 years.						
17.	I.T PAN no. and Trade license no. (Pls. attach the photocopy.)						
18.	Details of EMD submitted.						
19.	Other relevant information if any.						

**NOTE:** Submission of documents/ details does not guarantee the inclusion of the name in the short listed prospective buyers.

**DRAFT**

**AGREEMENT**

This agreement is made on .....day of.....Two Thousand and -----between THE ORISSA MINERALS DEVELOPMENT CO. LTD., a company registered under the companies Act, 1956 and having its registered office at AG-104,Sourav Abasan, Sector – II, Salt Lake City, Kolkata – 700 091, herein after referred to as OMDC (which expression shall mean and include its successors and permitted assigns) of the FIRST PART.

AND

M/S..... (BUYER), a company registered under the companies Act, 1956 and having its registered office at .....hereinafter referred to as ..... (Which expression shall mean and include its successors and permitted assigns) of the OTHER PART.

This agreement is made for supply of material (.....) from OMDC to M/S..... which will be used by M/S ..... for own consumption at their plant **only**.

The supply of material by OMDC to M/S ..... shall be subjected to following terms & condition:

**1.Specification (Quality):**

Sl.no.	Particulars(material)	Physical specification	Chemical_specification
1.	Iron Ore Lump / Calibrated Lump Ore of different grade.	10-200 mm /10-30 mm & 5-18 mm	60-65% Fe
2.	Iron Ore fines of different grade.	(-)10mm	57-62% Fe
3.	Manganese Ore of different grade.	(-)10mm for fines / 10-50mm for Lump Ore.	22 - 38%Mn

**2.Analysis:**

The chemical & Physical analysis shall be carried out at loading point by 3<sup>rd</sup> party agency (nominated by OMDC) and the analysis report given by the 3<sup>rd</sup> party agency shall be final and binding on both the parties. Such report shall be the basis of payment. All the expenses towards third party analysis shall be borne equally by OMDC & BUYER.

### **3.Quantity:**

In the beginning of the quarter ,OMDC will issue buyer-wise indicative quantity supply plan in view of the quarterly demanded by the buyer based on their installed production capacity vis-à-vis estimated quarterly production of the OMDC.

OMDC may indicate likely monthly supply for the buyers by the 20<sup>th</sup> of the month for supply to be made of the following month. However the month wise actual supply may vary in view of the actual production

### **4. Weighment:**

- a) In case loading point weighment & issuance of clear RR by the Railway, the weight indicated in such clear RR shall be binding on both the parties & shall be basis of payment.
- b) In case, for any reason, whatsoever loading point weighment could not be carried out and clear RRs could not be issued, **in such cases the weight will be determined by weight volume ratio method by the Public Analyst which shall be final and binding on both the parties and shall be the basis of payment.**
- c) In case of ex-mines dispatch (by road), the weighment shall be made at OMDC's weigh bridge and such weighment shall be binding on both the parties & shall be basis of payment.

### **5. Loading and payment of freight:**

- a) Buyer will arrange supply of wagons from Railways. However, indent will be registered by OMDC on request of buyer and loading will be arranged by OMDC. Freight, Indent registration charges, per trip siding charges shall be borne and paid by the buyer. OMDC will not be liable for delay or non-supply of railway rakes.
- b) In case of clear RR issued by railways at loading point, OMDC shall not be liable for any excess or under loading and consequence of penalty/ dead fright /demurrage imposed by Railways. However, if at loading point clear RR is not issued by the Railways OMDC shall be responsible for overloading punitive charges.
- c) In case of road dispatch, arrangement for transportation of material shall be made by the buyer and the cost for the same shall also be borne by the buyer.

### **6. Payment Terms:**

The payment towards material value will be made in advance inclusive of royalties, sale tax and Labour welfare cess etc.in the office of **Business Head**, OMDC,Thakurani. Any changes in royalty, taxes etc. or imposition of new taxes /duties, same shall be borne/ paid by the buyer.

### **7. Earnest money deposit:**

The short listed buyers shall have to furnish in addition to 5 crores EMD, a non-interest bearing Performance Guarantee in the form of Bank Guarantee for amount of Rs. 10 crores in favour of 'The Orissa Minerals Development Company Ltd' for a period of five and half years, and in the event of unsatisfactory performance by the buyer during the contractual period **or in case of any breach of the contract**, OMDC shall have the right to encash / forfeit the entire performance guarantee.

8. **Period of contract:**

The period of contract shall be initially for a period of five (5) years and subsequent extension may be considered on mutual consent for a term to be decided by OMDC.

9. **Price:**

a) There will be an annual base price fixed for the whole financial year beginning from 1<sup>st</sup> April. The base prices for the financial year ending **31.3.2012** of different grade of Iron Ore are as follows.

i) Iron ore Fines 62.5% Fe (+/- 0.5%)	Rs.1900 per tonne (FOR OMDC Thakurani/Barbil)
ii) Iron Ore Fines 57-59% Fe	Rs.1475 per tonne (FOR OMDC Thakurani/Barbil)
iii) Iron ore CLO 62-63% Fe (10-30/40 mm) (With minimum guaranteed 62%Fe)	Rs. 3800 per tonne (FOR OMDC Thakurani/Barbil)
iv) Iron ore CLO 60-61% Fe (10-30/40 mm) (With minimum guaranteed 60%Fe)	Rs. 3500 per tonne (FOR OMDC Thakurani/Barbil)
v) Iron ore CLO 65% Fe(5-18 mm)	Rs. 5400 per tonne (FOR OMDC Thakurani/Barbil)
vi) Iron Ore Lump 60-61% Fe (With minimum guaranteed 60%Fe)	Rs. 3400 per tonne (FOR OMDC Thakurani/Barbil)
vii) Iron Ore Lump 65% Fe	Rs. 3720 per tonne (FOR OMDC Thakurani/Barbil)
viii) Manganese Ore of different grade ranging between 22%Mn to 38%Mn	Rs. 4580 to Rs.14,200 per tonne (Ex-mines by road)

There will be an annual base price (ABP) fixed for the whole financial year beginning from 1<sup>st</sup> April. The ABP will be subjected to quarterly review on the basis of **of quarterly declared price by OMC for equivalent grade applicable for BARBIL sector** or average price derived from quarterly e-auction conducted by agency nominated by OMDC **whichever is higher**, as per following formula. The quarter will begin from 1<sup>st</sup> April to 30<sup>th</sup> June and like that. & **the price adjustment will be made within a 45 days from the end of quarter.**

**Price Adjustment Formula**

**i) For upward revision in price:**

Annual Base Price(ABP)	Quarterly average Increase over ABP	% concession (in the slab absolute)	Minimum concession To be given
Rs.	Up to Rs.100/-	NIL	NIL
	Up to Rs.500/-	15%	Rs. 30/-
	Up to Rs.1000/-	10%	Rs. 60/-
	Up to Rs.1500/-	7%	Rs. 80/-
	Above Rs.1500/-	5%	Rs.100/-

**Example 1:-**

Say annual base price of Iron Ore Fines 62.5% Fe is Rs.1,900/- and after completion of the particular quarter , the quarterly average price derived from quarterly e-auction conducted by agency nominated by OMDC works out to be Rs. 2,400/- and declared price by OMC for the same quarter for Iron Ore Fines 62.5% for BARBIL sector are Rs.2200/-. OMDC will consider Rs.2,400/- for price review for this said quarter with effect for the beginning of this quarter.

The net increases as per the above formula will be ( Rs.500/- minus Rs.100/-) Rs.400/-.

% of concession will be Rs.60/- ( 15% of Rs.400/- )

Hence the chargeable price will be Rs. 2,240/- ( Rs.1,900/- plus Rs.340/-)PMT.

**Example 2:-**

Say annual base price of Iron Ore Fines 62.5% Fe is Rs.1,900/- and after completion of the particular quarter , the quarterly average price derived from quarterly e-auction conducted by agency nominated by OMDC works out to be Rs. 2,800/- and declared price by OMC for the same quarter for Iron Ore Fines 62.5% for BARBIL sector are Rs.2500/-. OMDC will consider Rs.2,8 00/- for price review for this said quarter with effect for the beginning of this quarter.

The net increases as per the above formula will be ( Rs.900/- minus Rs.100/-) Rs.800/-.

% of concession will be Rs.80/- ( 10% of Rs.800/- )

Hence the chargeable price will be Rs. 2,620/- ( Rs.1,900/- plus Rs.720/-)PMT.

**ii)For downward revision in price:**

In case average quarterly Price goes below ABP up to Rs.100/-, there will be no change in chargeable price. But if it goes below more than Rs.100/-, the chargeable price will be reduced by the differential amount of fixed Annual Base Price and average quarterly price over Rs.100/- .

**For example, Annual base price of Iron Ore Fines 62.5% Fe is Rs.1,900/- and average quarterly Price comes to Rs1500 PMT, the fall in price is Rs 400 PMT. So the annual base price will be reduced Rs.300/-(Rs.400/- minus Rs.100/-).Thus the actual chargeable price with the beginning of the quarter will be Rs.1,600/- {Rs.1900 minus Rs.300}.**

**Note:** The buyer will pay the difference if there is any upward revision and similarly if there is any downward revision, OMDC will compensate to the buyer accordingly.

#### **10. VARIATION IN RATE:**

**a) Bonus: If Fe content of any consignment is found to be more than the Fe /Mn content as specified in the agreement description, then the rate for such consignments shall be one and half times of the single pro-rata for every % increase in Fe/Mn content.**

**b) Penalty: Any consignment analyzing below the specified Fe /Mn%, the same will be accepted with a penalty at the rate of single prorata for every percentage decrease in Fe Content.**

#### **11. Expected performance:**

The buyer has to pay for 20% of indicative quantity as a minimum guarantee lifting quantity, whether he actually lift the quantity or not. In case of any difficulty experienced by the buyer, the same can be sold to the other buyers by the OMDC. In such eventuality the said buyer shall have no right for such forfeited quantity, to be compensated in future. If the buyer fails to lift the agreed quantity in consecutive two quarters, this agreement may be cancelled and performance guarantee **may be forfeited by the OMDC without any liability (of whatsoever reason) towards the such buyers.**

#### **12. Others Condition:**

- i. OMDC will not be responsible under this agreement for any direct or indirect loss which buyers may suffer on account of non supply of Iron ore by OMDC on whatsoever ground.
- ii. Part -I of the expression of interest clause will be the integral part of this agreement and is the basis of forming agreement. If any wrong information is given, this agreement will be liable for cancellation and earnest money will be forfeited.
- iii. The buyers shall abide by all the rules, regulations, by laws etc. for use, lifting and transportation of Iron Ore and fulfill the requisite conditions.
- iv. In case of road dispatch, the transportation arrangement shall be made by the party and all the cost related to same shall be borne by the party.

- v. For other terms and condition all relevant terms of the existing commercial policy of OMDC will be final and bining on both the parties.

**13. Force majeure Clause:**

The buyer shall have no claim whatsoever against the OMDC for any loss / damage caused due to non-supply of material by reason of war, riot, commotion, disturbance, pestilence / epidemic sickness, strike, lock-out , earthquake, fire, storm, flood, explosion, any change in the nature of deposits, break down at plant or machinery for whatever reason, failure/restriction of electrical or other power. Act of God, scarcity/insufficiency of supply of wagons by Railways, preventing or delaying the loading of ores, Government requisition, Govt. order or statutory action or suspension of production or any accident or any cause of whatever nature or description beyond the control of the OMDC.

**14. Exit Clause:**

Both the parties have the right to exit from this contract/agreement by serving notice in writing of at least 90 days notice, without any liability.

**15. Arbitration :**

Any dispute or difference under or arising out of or in respect of the Agreement/Accepted Contract may be referred to the sole Arbitration of a person appointed by the **Managing Director**, The Orissa Minerals Development Company Limited, **AG-104,Sourav Abasan,2<sup>nd</sup> Floor, Sector-II, Salt Lake, Kolkata-700 091** and his decision in the matter will be final and binding on the -----and the OMDC. The arbitration shall be carried out as per Arbitration Act.1996 and Rules made there under as amended from time to time.

**NOTE:** The High Court of Kolkata will have the jurisdiction to address any unsettled dispute.

IN WITNESS whereof the parties hereto have executed these presents the day and year first above written.

SIGNED FOR AND ON BEHALF OF

SIGNED FOR AND ON BEHALF OF

THE ORISSA MINERALS DEV. CO. LTD

M/S.....

WITNESS 1.

1.

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2.