

F.No. N-15011/2/2010-NC-I

Government of India

Ministry of Finance

Department of Revenue

New Delhi, the 7th April 2011.

**EXPRESSION OF INTEREST BY COMPANIES TO MANUFACTURE
ALKALOIDS/ ACTIVE PHARMACEUTICAL INGREDIENTS (APIs) FROM
INDIAN OPIUM**

1. India is one of the few countries permitted to cultivate opium poppy for export. Farmers are licenced to grow opium and the entire opium is procured by the Central Bureau of Narcotics and transferred to the Govt. Opium and Alkaloid Works (GOAWs) for processing. GOAWs use part of the opium to extract alkaloids for medical use and export part of it. Opiate raw materials are strictly controlled internationally and only a few companies in the world produce alkaloids of opium. As production of alkaloids/ APIs by the GOAWs is not sufficient to meet India's demand, the Government intends to permit one private company to process 200 MT of Indian opium per year.

2. With a view to further augment the capacity of production of alkaloids from opium licitly produced in India, the Government of India invites 'Expression of Interest' from companies to produce alkaloids from Indian opium. **One company will be selected and licenced to process 200 MT of Indian opium per year.**

3. The licensee will extract alkaloids only from Indian Opium to be supplied by the Govt. Opium and Alkaloid Works. Opium shall be supplied to the licensee company at a price to be determined by the Government of India from time to time depending on the cost of production and other relevant factors.

4. The licensee has to set up the plant and start production of alkaloid of opium (achieving production equivalent to at least 80% of the installed capacity) not later than 3 years from the date of issue of licence.

5. Any company, whether Indian or foreign, which meets the criteria laid down in this advertisement can apply. A company can also apply on behalf of a joint venture or subsidiary to be formed if their bid is successful.

6. If the company which wins the bid is not already incorporated in India, it should set up a subsidiary or a joint venture for the purpose of processing Indian opium, and such subsidiary

or joint venture should be incorporated in India. The name and details of the subsidiary or joint venture to be formed if it wins the bid should be clearly indicated in the application.

7. If the company that wins the bid proposes to form a joint venture in case it is successful, it should submit an MoU or an Agreement clearly providing for formation of such a joint venture. The applicant company should hold at least 51% share in the joint venture for a period of at least 15 years after the commencement of commercial production.

8. Selection would be made on the basis of pre-qualification followed by technical proposals and financial bids. Applicant companies which meet the criteria laid down in this advertisement will be pre-qualified and technical proposals and financial bids will be invited from them in separate sealed envelopes along with a **Bid Bond for Rupees 10 million backed by 100% Bank Guarantee.**

9. The Bid Bond of the successful bidder will be discharged only after he pays the licence fee.

10. The Technical proposal should contain details of the company that proposes to process opium into alkaloids/APIs. **The financial bid shall be in the form of a one-time licence fee to process 200 MT of Indian opium (at 90 degree consistence) per year.** Details to be submitted in the technical and financial bids and the form of Bid Bond will be provided to pre-qualified applicants.

11. Technical proposals will be examined first and financial bids of only those applicants whose technical proposals are acceptable will be opened and the highest bidder (H1) will be offered the licence. **If the highest bidder (H1) does not honour his bid, his bid bond will be forfeited (and the Bank Guarantee encashed)** and an offer will be made to the next highest bidder (H2) if he agrees to match the H1 bid, and if he does not, an offer will be made to H3 and so on till all the bidders whose technical proposals have been found acceptable are exhausted.

12. In all matters pertaining to pre-qualification and evaluation of technical proposals and financial bids and any other related matter, the decision of the Government shall be final.

13. The bidding companies shall provide clear timelines in their technical proposals. Failure to adhere to timelines will invite cancellation of the licence. In such an event, the licence fee will not be returned.

14. The selected company will have to pay the one-time licence fee within 60 days from the date of offer of licence.

15. The applicant, or if the applicant is a new company, its promoter company, should fulfill the following criteria:

a. It could be either an Indian or a foreign company.

b. It should be a reputed manufacturer of bulk drugs/pharmaceutical formulations with a **turnover of at least Rs.1000 million** (or its equivalent in foreign currency) during each of the past three financial years. The turnover limit includes its entire range of production of

bulk drugs, finished dosage forms and other pharmaceutical products but not turnover on any other account.

c. It should either have **experience in processing Indian opium** or it should have a reliable, tested source of technology to process Indian opium.

d. It should have a **strong record of compliance with law** and there should not have been any convictions against the company or any of its key management personnel under the Customs Act, the Central Excise Act, the Income Tax Act, the Drugs and Cosmetics Act or the NDPS Act, or any corresponding laws, outside India.

16. The following companies cannot apply directly or indirectly:

(i) M/s Piramal Healthcare who were permitted to process 100 MT of Indian opium and their overseas technical partner M/s. Noramco, USA, who after grant of license, have expressed their reluctance to avail the permission accorded for supplying opium alkaloids opium.

(ii) M/s Emmellen Biotech, who were the highest bidders in the previous bid and who after bidding, did not pay the licence fee that they had bid and accordingly stand debarred from any subsequent bid process for a similar licence for a period of 3 years with effect from 9th May 2008 i.e. till 08.05.11.

17. Interested parties may forward their **“Expression of Interest”** latest by **16th May 2011** along with the following:

a. Company profile and its organizational set up.

b. Equipment/facilities currently available with them.

c. Work history for the past 5 years.

d. Balance sheets, Profit and Loss Accounts and any other financial statements for the past three years including any statement which clearly indicates their turnover for the past three years, duly certified by the Chartered Accountant of the Company/ies.

e. Brief note on how their experience will be useful in manufacture of alkaloids from opium.

f. A brief note on the pollution control, quality assurance, and security control systems being followed and proposed to be followed.

g. ‘No-Conviction Certificate’ from the state drugs controllers.

h. Declarations, duly verified by the jurisdictional authorities of the concerned departments or affidavits that the company or any of its key management personnel were not convicted under:

(i) Customs Act.

(ii) Central Excise Act.

(iii) Income Tax Act and

(iv) NDPS Act.

i. A demand draft for Rs. 10,000/- in favour of PAO, Department of Revenue, Ministry of Finance, as non-refundable processing fee.

j. A declaration that they understand and agree to the terms and conditions laid down in the advertisement including the finality of the decisions of the Government regarding pre-qualification and evaluation of technical proposals and financial bids and related matters.

k. A one-page summary of their application.

18. The envelope shall be super scribed with “**Expression of Interest**” and sent to the undersigned.

(Ms T.Kundhavi)

Under Secretary (NC-I)

Department of Revenue

Room No. 267-D, North Block

New Delhi

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