

DELHI JAL BOARD
OFFICE OF THE MEMBER (DRAINAGE)
VARUNALAYA, PH-II, JHANDEWALAN, NEW DELHI-05

No: DJB/Mem.(Dr.)/2010/

113344

Dated: 3 NOV 2010

CIRCULAR

It has been observed during an investigation by CTE of the Central Vigilance Commission that elaborations of experience of similar nature of works in case of JV firms were not mentioned in the NIT. Also functions of JV firms as well as lead partner were not mentioned separately in the NIT. Therefore, for general convenience, some facts about the Joint Venture are outlined below:

1. A joint venture can have maximum two partners, who/which may be individuals or companies, one of them non resident or both residents, can incorporate a company in India. Business of one partner is to be transferred to the company and as consideration for such transfer shares to be issued by the company and subscribed by that party. The above two partners who have subscribed shares of the joint venture company, in agreed portion, in cash can start a new business.
2. One of the partners, who is responsible for performing a key function in the contract management or is executing a major component of the proposed contract, shall be nominated as lead partner/in-charge during the prequalification, bidding and contracts execution. The lead partner/in-charge shall be authorized to incur liabilities and receive instructions for and on behalf of the joint venture. This authorization shall be evidenced by submitting a power of attorney signed by legally authorized signatories of all the partners.

EE(4), Dg/4

Addl. CVO
Dairy No. 7437
Date 10/11/10

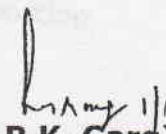
3. The principal partner of the Joint Ventures shall have to fulfill the criterion of turnover independently.
4. No partner can be a member of more than one joint venture seeking prequalification for a work and no applicant can submit more than one pre-qualification bid.
5. The joint venture partner applying for pre-qualification on the behalf of joint venture shall submit complete information pertaining to the firm and it's JV partner, as required under the various criterion for pre-qualification.
6. The copy of the agreement confirming the intent of the partners to form a joint venture should be attached to the application.
7. The financial participation of each member of the joint venture, the scope of work and responsibilities of each partner as regards to planning and execution of the work under the contract should be attached to the application.
8. The partners of the joint venture shall be liable jointly and severally for the execution of project in accordance with the terms and conditions of the contract.
9. In case a new joint venture company is to be formed in India, the following are important:
 - (A) **Formality:** The Joint Venture Company will be a public or a private limited company, should have its own registered office duly registered with the Registrar of Company (ROC). Such company should have Memorandum and Article of Association duly stamped and submitted along with statutory declaration to the ROC with

payable fees. On receipt of the certificate of incorporation, the new company may start their business.

(B) **Articles:** To avoid contradictions, the Articles of Association should clearly spell out the rights and obligations of each partner.

(C) **Non resident partner:** In case one of the partners of the joint venture company is a non resident, approval of RBI will be required for acquiring shares of the company and establishing place of business in India as per Foreign Exchange Regulation Act(FERA)/ Foreign Exchange Management Act (FEMA) as applicable. However, RBI has granted general permission to NRIs/PIOs to subscribe the memorandum and articles of association of a company for the purpose of incorporation in India.

(D) **Approvals:** In India, joint ventures can exist in the form of companies, partnerships or joint working agreements which requires government approvals, in case of a foreign partner or an NRI or PIO partner. Approval can be obtained either from the RBI or Foreign Investment Promotion Board (FIPB).


(Er. R.K. Garg)
Member (Dr.)

DDOs

Copy to: CEO/ CVO - for kind information

1. Member(A)/Member(F) - do -
2. All CE's/SEs/Directors


Member (Dr.)