

**Selection of Investor | 1.27 MTPA Urea Project at Sindri, Jharkhand**

**Response/ Clarification on queries raised in Pre-Application Conference**

S. No	Query	Description	Response/ Clarification
1	Payments to be made	Apart from Revenue Share % and Upfront Amount (Premium), whether successful bidder is expected to incur any other onetime cost or routine cost e.g. land lease rent or right of use or any deposit to be made with Central Government, State Government or Statutory Authority towards any utilities and or infrastructure (water, electricity, environment, etc.)	<p>In addition to upfront fee and revenue share, an amount towards lease rental shall be payable to FCIL by the selected bidder as decided. The Selected Bidder shall also be required to submit a Performance Guarantee to FCIL as mentioned in the RFQ.</p> <p>Any deposit to Central Government, State Government or Statutory Authority towards any utilities and or infrastructure (water, electricity, environment, etc.) may be required to be made as per applicable laws in normal course of business.</p>
2	Land and other infrastructure to be provided	<p>a. Of the total land area 6653 acres available with FCIL, Sindri, how much land will be made available for the project?</p> <p>What will be actual acreage of land out of 6653 acres which will be provided to the investor for construction of urea plant?</p> <p>How much land shall be allocated to the Investor for setting up of 1.27 MTPA Urea Project? Whether duration of Land lease shall be extended beyond useful life of Urea Project?</p> <p>b. What all assets will be available to Successful Bidder for utilisation. We need details of such assets along with value</p> <p>We do need more details towards land and other utilities and infrastructure available, if any, in Sindri</p>	<p>a. Quantum of land to be made available for the Project shall be communicated to pre-qualified bidders in the Bid Stage.</p> <p>The lease for the land shall be for 33 years, extendable in accordance with law and as per terms of the Agreement.</p> <p>b. Ownership of all existing assets of FCIL (excluding land) on the earmarked land shall be transferred to the Selected Bidder. Details of all such assets shall be provided to pre-qualified bidders in the Bid Stage.</p>

		<p>c. We do need more clarity on scope under off sites and utilities, railway sidings, etc.</p> <p>d. Whether there are any legal/ title issues related to Land &amp; Infrastructure as clear title is must for arranging financing</p> <p>e. Whether bidder will be supplied quality power of 20 . 25 MW on uninterrupted basis for the Project Period</p> <p>132 KV Switchyard Power linkage-steps taken by FCIL for its revival</p> <p>f. How much water allocation FCIL Sindri has from Damodar river and what is the validity period for the water allocation?</p> <p>g. Environment Clearance to the Project: Status of EC and Consent to establishment List of ToR / EIA conditions put-up by MoEF for receipt of environment clearance for construction of Urea plant? (covering details regarding water linkage/ source)</p> <p>h. Status of the assets inside the existing premises of FCIL, and how much of them are in usable condition?</p>	<p>c. Details of available utilities, railway sidings, etc. shall be provided to pre-qualified bidders in the Bid Stage.</p> <p>d. Peaceful possession of encumbrance free land (on lease basis) shall be provided to the Selected Bidder. All assets on the identified land shall also be transferred to the Selected Bidder. The transfer of land shall be in accordance with law and as per terms of the RFP. Any past liabilities on land and assets shall be on account of FCIL.</p> <p>e. Power: 132 KV Operative Switchyard of DVC exists inside the factory campus. At present, FCIL is not a consumer of DVC. However, the successful bidder may take power connection from DVC. FCIL would not be able to provide assurance with regard to uninterrupted power supply from DVC.</p> <p>f. Water: Allocation of water is 15 MGD of water from Damodar River.</p> <p>g. The ToR conditions put up by MoEF earlier in the year 2010 would be provided to the pre-qualified bidder.</p> <p>h. Status of the assets and usable condition shall be communicated to pre-qualified bidders in the Bid Stage</p>
3	Other business activities in addition to the Urea Project	Since the project viability also depends upon the scale and diversity of the product produced in the plant, will it be allowed to produce products other than urea (like Chemicals/Substitute Natural	It has been decided to allow the successful bidder to produce products other than urea permitted under the law. A corrigendum to RFQ has been issued.

		<p>Gas) in the same plant complex?</p> <p>Whether bidder is allowed to set up business for incidental activity or other fertilizer manufacturing units at same location?</p> <p>Whether FCIL shall allow the successful investor to set up other industries like Chemicals, Power etc on the unused land of FCIL Sindri</p>	
4	NIP 2012	<p>a. As per NIP-2012, Project proponents except PSUs are required to furnish Bank Guarantee of Rs. 300 crore. Since, FCIL is a PSU, whether successful bidder will be exempt from this provision?</p> <p>b. What will be policy norms on expiry of current NIP 2012 at the end of FY 2019?</p> <p>c. Protection to investor from lower price of Urea in international market as sale price of Urea for the purpose of subsidy will depend on Import Parity Price of Urea</p>	<p>a. Furnishing of Bank Guarantee as per NIP 2012 may be exempted, subject to approval from the competent authority. However, the Selected Bidder will need to provide a bank guarantee to FCIL as Performance Security.</p> <p>b. The NIP 2012 as amended is applicable till 2019. Being a policy matter, applicability of the NIP 2012 beyond 2019 cannot be commented at this stage.</p> <p>c. As per the current policy, cost of feedstock (i.e. gas) is pass through irrespective of IPP. The policy notification may be referred in this regard.</p>
5	Policy support post 2027 i.e. after 8 years from commissioning	<p>As per New investment policy-2012, Urea plant which starts production within October 07, 2019 shall be eligible for subsidy for 8 yrs from date of start of Production. There is no clarity on subsidy after 8 yrs of start of production.</p>	<p>The support in terms of urea price beyond the period prescribed in the policy would be governed as per the policy prevailing at that point of time.</p> <p>This project would be covered under NIP-2012 norms. Being a policy matter, applicability of the NIP 2012 beyond 2019 cannot be commented at this stage.</p>
6	Use of Coal gas instead of Natural Gas	<p>Sindri is strategically located in the coal rich belt of Jharkhand. Coal to Urea production through Coal Gasification route is now largely employed in China as a strategic initiative to reduce its dependence for natural gas on other countries. Would you support coal based urea production for the revival of FCIL Sindri?</p>	<p>As per the present approval the Sindri project is proposed to be based on Natural gas only. The selected bidder will also be required to execute a gas transportation agreement with GAIL, draft of which shall be provided during the bid stage.</p>

7	Gas Availability	<p>a. Whether there is any firm &amp; binding commitment towards gas supply in desired quantity for the contract period?</p> <p>b. What is the compensation/ risk mitigation mechanism, if adequate gas is not available for the plant to operate on full load?</p> <p>c. As successful bidder is expected to set up the project in 3 years, whether any compensation will be available to Successful Bidder towards additional finance and other fixed costs and loss in contribution in case Gas supply is not started on time What mechanism is proposed to be provided to the investor for risk coverage/ contingency post declaration of CoD/project completion, in-case of non-availability of feedstock gas?</p> <p>d. Gas allocation to the Project: Source of gas, Quantum of Gas, Time duration of gas allocation and pricing of the gas delivered</p>	<p>a. GAIL has sourced 8.3 MMTPA of RLNG from international suppliers, partly HH indexed and balance crude indexed. GAIL is ready to meet the gas requirement of Sindri Unit on long-term basis on mutually agreed terms through HH indexed LNG sourced from USA. This is the most competitive long-term LNG available in the country from 2017-18 onwards. further, through hedging mechanism, a fixed delivered price-can also be achieved for a period of 5 years.</p> <p>b. GAIL shall execute GSA with the successful entity for supply of HH/crude linked gas on long term basis (as in the case of Ras gas) for, a period of 20 years on mutually agreed terms and conditions. Further, the entity may also source gas from any other supplier. Hence such situation of adequate gas supply not available will not occur</p> <p>c. GAIL is ready to execute GSA for supply of HH/ crude linked gas from 2017-18 onwards on mutually agreed terms and conditions. Moreover, the construction of JHPL is planned in synchronization with the revival of fertilizer plants in order to meet-the time lines of gas requirement of revival units. Hence, the situation of non-delivery of gas at the time of commissioning of the fertilizer unit may not occur.</p> <p>d i) The price of gas and quantity for HH/ crude linked volumes from GAIL shall be as per the mutually agreed terms and conditions. ii) Further, far gas supply under pooling scheme the guideline for pooling of gas for fertilizer sector</p>
---	------------------	--	---

			<p>dated 20.05.2015 issued by Gol shall be applicable. Under this scheme the domestic gas will be pooled with RLNG to provide natural gas at uniform delivered price to all natural gas grid connected urea manufacturing plants for the purpose of manufacturing urea.</p> <p>iii) Alternatively, the entity may also source gas "from any other supplier.</p>
8	Gas Pipeline	<p>a. How the project proponent be compensated, if the required pipeline is not in place by the time the plant gets commissioned?</p>	<p>a. GAIL was authorized by MoPNG for laying Jagdishpur-Haldia pipeline. GAIL Board has accorded approval for Phase-I which is being executed in two parts as follows:</p> <p>"Part A: Spur lines to HFC/IOCL Barauni (24"x163 Kms.) and CGS Patna (12"x8 Kms.)</p> <p>Part B: Mainline from Phulpur to Dobhi (30"x341 Kms.) and spur lines to FCI-Gorakhpur (18"x163.2 Kms.) &amp; CGS Varanasi (8"x 1S Kms.)</p> <p>PMC for entire Phase-I has been appointed and construction activities for Part A has already started, For Part-B, design engineering is under progress and laying tender is targeted to be floated by Jan' 2016 and award by July 2016. Start of part-B is expected from Oct' 2016 on the assessment that the agency for revival of fertilizer plant will be finalized by March 2016 and the pipeline will be completed by Dec' 2018. As such, GAIL will synchronize the start and completion of construction activities with the revival of fertilizer plants.</p> <p>Further, GAIL has forwarded Gas Transmission Agreement to DoF for incorporating it as a part of</p>

		<p>b. Whether gas pipeline to Sindri be covered in Phase II of Jagdishpur-Phulpur-Haldia Pipeline? If yes, when is the Phase II scheduled to be completed?</p> <p>c. Summary note providing details regarding current construction status of JHPL gas pipeline (including spur lines) linked to FCIL Sindri as presented by GAIL officials during the meeting?</p> <p>d. As FCIL Sindri will get gas through Gas Transmission network</p>	<p>RFQ document. The entity selected for revival shall have to book capacity in GAIL's Jagdishpur-Haldia Pipeline (JHPL) on firm basis with Ship or Pay commitment. The document shall have start date mentioned for commencement of gas transmission activity. If GAIL is unable to meet the gas transmission start date then GAIL shall be obligated to pay the liquidating damages in terms of the GTA.</p> <p>b. GAIL is authorized for complete JHPL pipeline project. DFR and engineering has been completed for the complete pipeline. However, the construction is planned in phases for synchronization with customer, tie-up/ market development. Sindri unit falls under Phase-II of JHPL project. At present GAIL Board has accorded approval for Phase-I. The project execution / approval for Phase-II shall be taken up in synchronization with customer tie-up.</p> <p>c. The current construction status have be mentioned in 8(a) above. Further, Phase-II of the pipeline is from Dobhi to Durgapur (30"x 301 Kms.) with spur line to Durgapur, Bokaro, Sindri, Ranchi and Jamshedpur. Phase-II is of main line Durgapur-Haldia (30" x 280 Kms.) and spur lines of 266 Kms, covering Bettiah, Siwan, Chapra, Gopalganj, Cossipore, Kolkatta and Haldia. The construction of Phase II &amp; III will be in synchronization with revival of fertilizer plants and customer tie-up.</p> <p>d. Such situation may not occur as the JHPL construction will be in</p>
--	--	---	--

		of GAIL(Phulpur-Dobhi-Haldia Phase-2) which shall get completed by Dec 2018-what is the protection to investor if this gas transmission network completion gets delayed.	synchronization with the revival of fertilizer plants. However, for customers point of view relevant provisions as mentioned in reply to point 8(a) above would exist.
9	Past liabilities and encumbrances	Whether FCIL/ Sindri Project is facing any legal case or having any dispute or any unauthorized occupation of its property or financial liability or contingent liability. Whether bidder will be indemnified from the same	Peaceful possession of encumbrance free land (on lease basis) shall be provided to the Selected Bidder. All assets on the identified land shall also be transferred to the Selected Bidder. The transfer of land shall be in accordance with law and as per terms of the Agreement.  Any past liabilities on land and assets shall be on account of FCIL.
10	Contents of Bid Pack	Tentative list of documents that will be provided along with issue of RFP for due-diligence/ review by Lenders.	List of documents to be provided at the Bid Stage will include the following: <ul style="list-style-type: none"> <li>• Request for Proposal</li> <li>• Draft Agreement / Contract for award of Project</li> <li>• Draft Lease Agreement</li> <li>• Draft Gas Transportation Agreement</li> <li>• Support documents for allocation of gas</li> <li>• Any other supplementary document, as applicable</li> </ul>
11	Miscellaneous	<p>a. When the Project is being set up or operated, whether there will be any Single Window available to facilitate all clearances or resolution of issues</p> <p>b. Whether 0% Project Duty benefit, available during FY 2012 to 2015, will be restored for import of equipment</p> <p>c. We understand that Government/ FCIL shall not have any representation in the Management and any interference in execution</p>	<p>a. FCIL/ DoF will assist the selected bidder in obtaining required clearances and if required may issue recommendatory letters and make best efforts to assist in obtaining such clearances. However, the primary responsibility for obtaining such clearances shall be that of the selected bidder.</p> <p>b. No additional tax/ duty benefit from what are available for such projects(at both Central and State level) has been announced for this Project.</p> <p>c. FCIL / Government shall have no interference in execution/ operations of the Project, subject to terms and conditions of the RFP/</p>

		and operations of the Project.	Agreement to be entered amongst FCIL and selected bidder. A draft of the Agreement shall be provided in the Bid Stage.
12	Request for waiver of RFQ conditions	<p>We request you to grant us waiver on the following conditions to enable us to participate in bidding process:</p> <ol style="list-style-type: none"> <li>1. Our Company was incorporated during Year 2009 hence is lacking to fulfil 10 years of legal establishment criteria. The company has already demonstrated its capability by setting up the largest fertilizer plant in the country and only plant under NIP-2012</li> <li>2. Bid Security equivalent to 1% of the Estimated Project Cost is to be arranged on achieving financial closure of the Project</li> </ol>	At this stage, no changes in qualification criteria is being contemplated.