

QUALIFICATION DOCUMENT

FLUE GAS DESULPHURISATION SYSTEM (FGD)

for

LANCO ANPARA POWER LIMITED (LANPL)

(International Competitive Bidding)

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WET LIMESTONE FLUE GAS DESULPHURISATION (FGD) SYSTEM PACKAGE**6 Qualification Requirements for Bidders.**

Technical & Financial Qualification requirements of Bidders for Flue Gas Desulphurization are given below. Bidders who do not satisfy the Technical Criteria and Financial Criteria shall be disqualified and their Bid shall be rejected. Bidders are also required to submit all relevant forms specified in Technical Criteria and Financial Criteria along with their Bid failing which, the Bidder shall be disqualified and the Bid shall be rejected. Bidders submitting incomplete or unsigned forms shall also be disqualified and their Bid shall stand rejected.

6.1 Technical Criteria

The Bidder should meet the Technical qualifying requirements stipulated in any one of the following qualifying routes i.e. Route-1 (clause 6.1.1), or Route-2 (clause 6.1.2) or Route-3 (clause 6.1.3) or Route-4 (clause 6.1.4) including requirements stipulated in sub clauses of respective Routes. In addition, the Bidder should also meet the financial requirements stipulated under clause 6.3 together with the requirements stipulated under section ITB

6.1.1 Route-1:**Qualified Wet Limestone based Flue Gas Desulphurization (FGD) System Manufacturer (QFGDM)**

The Bidder should have designed, engineered, supplied, erected/supervised erection and commissioned/supervised commissioning of at least one (1) no. of wet limestone based Flue Gas Desulphurization System, having flue gas treatment capacity of not less than 20,00,000 Nm³/hr., with desulphurization efficiency of at least 90 %, operating in a pulverized coal fired power plant. The above wet limestone-based Flue Gas Desulphurization System should have been in successful operation for a period not less than one (1) year prior to the date of Techno-Commercial bid opening.

6.1.2 Route-2:**Wet Limestone based Flue Gas Desulphurization System Manufacturer with Collaboration and Technology Transfer Agreement with QFGDM.**

The Bidder should have designed, engineered, supplied, erected/supervised erection and commissioned/supervised commissioning of at least one (1) no. of wet limestone based Flue Gas Desulphurization system having flue gas treatment capacity of not less than 6,00,000 Nm³/hr., with desulphurization efficiency of at least 85%, operating in a pulverized coal fired power plant. The above wet limestone-based Flue Gas Desulphurization System should have been in successful operation for a period not less than one (1) year prior to the date of Techno-Commercial bid opening.

Bidder should enter into a collaboration and technology transfer agreement (CTTA) with a QFGDM meeting requirements of clause 6.1.1 on its own, valid minimum up to the end of the defect liability period of the contract before issuance of Notification of Award if the bidder emerges as successful bidder. In such a case Bidder can either source the FGD System from such manufacturer or manufacture/get manufactured the FGD System as per the design and manufacturing drawings of such QFGDM.

Bidders may opt to submit technical bid with 1 (one) or more QFGDMs, however an "Undertaking

to be jointly executed by the Bidder and the collaborators/ associates for complying the provisions of “Deed of Joint Undertaking”, shall be submitted by the bidder along with techno-commercial bid, failing which the Bidder shall be disqualified and its bid shall be rejected.

Further, the bidder emerging as the successful Bidder shall be required to submit the “Deed of Joint Undertaking(s) (DJU) executed by it with the chosen QFGDM, in which the executants of DJU shall be jointly and severally liable to the Employer for successful performance of the FGD System as per format enclosed with the bidding documents

In case of award of a project, the QFGDM will be required to furnish an on demand bank guarantee for an amount of 2% of the total Contract Price of the Flue Gas Desulphurization System Package for the awarded project in addition to the Contract Performance Security to be furnished by the Bidder.

6.1.3 Route-3:

Steam Generator Manufacturer / Indian Subsidiary Company of Steam Generator manufacturer or QFGDM with Collaboration and Technology Transfer Agreement with QFGDM.

- a) Bidder should have designed, engineered, manufactured/got manufactured, erected/ supervised erection and commissioned/supervised commissioning of at least one (1) no. of pulverized coal fired steam generator for 200 MW or higher capacity unit or having minimum 600T/hr. steaming capacity. Further, such Steam Generator should have been in successful operation for a period not less than one (1) year prior to the date of Techno-Commercial bid opening.

Alternatively

- b) Deleted

Alternatively

- c) The Bidder shall be an Indian Subsidiary Company of a Steam Generator Manufacturer meeting requirements of clause 6.1.3(a) or an Indian Subsidiary Company of a QFGDM meeting requirements of clause 6.1.1, registered in India under the Companies Act of India, as on the date of techno-commercial bid opening, for manufacturing/supply of Steam Generator sets/Flue Gas Desulphurization System.

The Subsidiary Company shall remain a Subsidiary Company of the Steam Generator Manufacturer/QFGDM for a minimum period of 7 years from the date of incorporation of such Subsidiary Company or up to the end of defect liability period of the contract whichever is later. Further, Bidder should have executed order(s), during the last 5 years, with the total value of such project(s) being INR 5,000 million or more as on the date of Techno- commercial bid opening.

Bidder should enter into a collaboration and technology transfer agreement (CTTA) with a QFGDM meeting requirements of clause 6.1.1, valid minimum up to the end of the defect liability period of the contract before issuance of Notification of Award if the bidder emerges as successful bidder. In such a case Bidder can either source the FGD System from such manufacturer or manufacture/get manufactured the FGD System as per the design and manufacturing drawings of such QFGDM.

Bidders may opt to submit technical bid with 1 (one) or more QFGDMs however an “Undertaking to be jointly executed by the Bidder and the collaborator(s)/ associate(s) for complying the provisions of Deed of Joint Undertaking”, shall be submitted by the bidder along with techno-

commercial bid, failing which the Bidder shall be disqualified and its bid shall be rejected.

Further, the bidder emerging as the successful Bidder shall be required to submit the Deed of Joint Undertaking (DJU) executed by it, the promoter(s) having 25% or higher equity participation in the Subsidiary Company and the chosen QFGDM, in which the executants of DJU shall be jointly and severally liable to the Employer for successful performance of the FGD System as per format enclosed with the bidding documents.

In case of award of a project, the QFGDM will be required to furnish an on demand bank guarantee for an amount of 2 % of the total Contract Price of the Flue Gas Desulphurization System Package for the awarded project in addition to the Contract Performance Security to be furnished by the Bidder.

6.1.4 Route-4:

EPC Organization with Collaboration and Technology Transfer Agreement with QFGDM

The Bidder should be an Engineering, Procurement and Construction (EPC) company incorporated under the laws of India and should have executed, in the last 10 years, large industrial Projects on EPC basis in Mechanical (with or without civil works) or Civil Infrastructure in the area of power, steel, oil & gas, petro- chemical, fertilizer, railways, transportations, infrastructure development, Flue Gas Desulphurization and / or any other process industry with the total value of such Projects being INR 2,000 million or more or equivalent in foreign currency. At least one of such projects (in single or multiple contract) should have a total contract value of INR 800 million or more or equivalent in foreign currency. These Projects shall be in successful operation for a period of not less than one (1) year prior to the date of Techno-Commercial bid opening.

Bidder should enter into a collaboration and technology transfer agreement with a technology partner meeting the requirements of clause 6.1.1, valid minimum up to the end of the defect liability period of the contract before issuance of Notification of Award if the bidder emerges as successful bidder. In such a case the Bidder can either source the FGD System from such manufacturer or manufacture/get manufactured the FGD System as per the design and manufacturing drawings released by such qualified partner.

Bidders may opt to submit technical bid with 1 (one) or more QFGDMs, however an “Undertaking to be jointly executed by the Bidder and collaborators/ associates for complying the provisions of Deed of Joint Undertaking”, shall be submitted by the bidder along with techno-commercial bid, failing which the Bidder shall be disqualified and its bid shall be rejected.

Further, the bidder emerging as the successful Bidder shall be required to submit the Deed of Joint Undertaking(s) (DJU) executed by it with the chosen QFGDM, in which the executants of DJU shall be jointly and severally liable to the Employer for successful performance of the FGD System as per format enclosed with the bidding documents

In case of award of a project, the QFGDM will be required to furnish an on demand bank guarantee for an amount of 2 % of the total Contract Price of the Flue Gas Desulphurization System Package for the awarded project in addition to the Contract Performance Security to be furnished by the Bidder.

6.2 Notes for “Technical Criteria”

6.2.1 Not Used

6.2.2 Erection/Commissioning

Where erection / supervision of erection and commissioning / supervision of commissioning has not been in the scope of the Bidder as mentioned in clause 6.1.1, 6.1.2 & 6.1.3 , the Bidder should have acted as an advisor for erection and commissioning. Necessary documents / certificates from the client, in support of above shall be furnished along with the Techno- Commercial bid.

6.2.3 Direct / Indirect order

The Bidder/ QFGDM shall also be considered qualified, in case the award for executing the reference works has been received by the Bidder/ QFGDM either directly from owner of plant or any other intermediary organization. However, a certificate from such owner of plant or any other intermediary organization shall be required to be furnished by the Bidder along with its Techno-Commercial bid in support of the Bidder's/ QFGDM claim of meeting the qualification requirement as per clause 6.1.1, 6.1.2, 6.1.3 & 6.1.4 above. Further, certificate from owner of the plant shall also be furnished by the Bidder along with the Techno-Commercial bid for the successful operation as specified at clause 6.1.1, 6.1.2, 6.1.3 & 6.1.4 above.

6.2.4 Holding Company as a QFGDM

- a) A Holding Company along with its Subsidiary (ies), (held either directly or indirectly), collectively meeting the requirements of clause 6.1.1 and clause 6.3 shall also be collectively considered as QFGDM.
- b) In such cases, Technical criteria specified at clause 6.1.1 shall be met either by the Holding Company or any one of the Subsidiaries of the Holding company. Technology Transfer Agreement, pursuant to 6.2.5, shall be signed by the Bidder and the entity meeting the Technical criteria. Similarly, financial criteria specified at clause 6.3 shall also be met either by the Holding Company or any one of the Subsidiaries of the Holding company.
- c) All such entities [Holding company and its Subsidiary (ies)] collectively meeting the requirements of QFGDM as per Note 6.2.4(a) &(b) above, shall necessarily be part of the DJU being submitted by the Bidder for successful performance of the FGD System as per format enclosed with the bidding documents, failing which the bidder shall be disqualified and its bid rejected.

Further, all such entities [Holding company and its Subsidiary(ies)] collectively meeting the requirements of QFGDM as per Note 6.2.4(a) &(b) above, shall each be required to furnish separate on demand bank guarantees as per the format enclosed with the bidding documents. Such Bank Guarantee shall be for an amount aggregating 2% of the total Contract Price of the Flue Gas Desulphurization System Package for the awarded project divided equally among them, which is in addition to the Contract Performance Security to be furnished by the Bidder. This bank guarantee requirement shall supersede bank guarantee requirement stipulated at clause 6.1.2, 6.1.3 & 6.1.4 for the QFGDM.

6.2.5 Technology Transfer Agreement

(Applicable for Clause 6.1.2, 6.1.3 & 6.1.4)

The bidder shall have a technology transfer agreement before award of Contract between the Bidder & QFGDM which shall necessarily cover transfer of technological knowhow for Wet Limestone based Flue Gas Desulphurization System, in the form of complete transfer of design dossier, design software, drawings and documentation, quality system manuals and imparting relevant personnel training to the Bidder.

6.2.6 Equity Lock in period

Wherever equity lock in period requirement or subsidiary status requirement is indicated, the Bidder would be required to furnish along with its techno- commercial bid, a Letter of Undertaking from the promoter(s), supported by Board Resolution as per the format enclosed in the bid documents, for maintaining the required minimum equity for the specified lock in period of 7 Years.

6.3 Financial Criteria

6.3.1 Financial Criteria of Bidder

- a) The average annual turnover of the Bidder, in the preceding three (3) financial years as on the date of Techno-Commercial bid opening, should not be less than **Indian Rupees 1778 Million (Indian Rupees One thousand seven hundred and seventy eight Million only)**

In case a Bidder does not satisfy the average annual turnover criteria, stipulated above on its own, its Holding Company would be required to meet the stipulated turnover requirements as above, provided that the Net Worth of such Holding Company as on the last day of the preceding financial year is at least equal to or more than the paid-up share capital of the Holding Company. In such an event, the Bidder would be required to furnish along with its Techno-Commercial bid, a Letter of Undertaking from the Holding Company, supported by the Holding Company's Board Resolution, as per the format enclosed in the bid documents, pledging unconditional and irrevocable financial support for the execution of the Contract by the Bidder in case of award.

- b) Net worth of the bidder should not be less than 100% (hundred percent) of its paid-up share capital as on the last day of the preceding financial year on the date of Techno- commercial bid opening. In case the Bidder does not meet the Net worth criteria on its own, it can meet the requirement of Net worth based on the strength of its Subsidiary (ies) and/or Holding Company and/or Subsidiaries of its Holding company wherever applicable. In such a case, however the Net worth of the Bidder and its Subsidiary(ies) and/or Holding Company and/or Subsidiary(ies) of the Holding Company, in combined manner should not be less than 100% (hundred percent) of their total paid up share capital. However individually, their Net worth should not be less than 75% (seventy five percent) of their respective paid-up share capitals.
- c) Net worth in combined manner shall be calculated as follows:
Net worth (combined) = $(X1+X2+X3) / (Y1+Y2+Y3) \times 100$
Where X1, X2, X3 are individual Net worth which should not be less than 75% of the respective paid up share capitals and Y1, Y2, Y3 are individual paid up share capitals.
- d) In case the Bidder is not able to furnish its audited financial statements on standalone entity basis, the unaudited unconsolidated financial statements of the Bidder certified by a practicing Chartered Accountant shall be considered acceptable provided the Bidder further furnishes the following documents for substantiation of its qualification:
- i) Copies of the unaudited unconsolidated financial statements of the Bidder along with copies of the audited consolidated financial statements of its Holding Company.
 - ii) A Certificate from the CEO/CFO of the Holding Company, shall be enclosed with the bidding documents, stating that the unaudited unconsolidated financial statements form part of

the consolidated financial statements of the Holding Company.

- e) In cases where audited results for the last financial year as on the date of Techno Commercial bid opening are not available, the financial results certified by a practicing Chartered Accountant shall be considered acceptable. In case, Bidder is not able to submit the Certificate from a practicing Chartered Accountant certifying its financial parameters, the audited results of three consecutive financial years preceding the last financial year shall be considered for evaluating the financial parameters. Further, a Certificate would be required from the CEO/CFO stating that the financial results of the Company are under audit as on the date of Techno-commercial bid opening and the Certificate from the practicing Chartered Accountant certifying the financial parameters is not available.

6.3.2 Financial Criteria of Collaborator/Associate

(Applicable for clause 6.1.2, 6.1.3 & 6.1.4)

- a) The average annual turnover of the Collaborators/Associates, in the preceding three (3) financial years as on the date of Techno-Commercial bid opening, should not be less than Indian Rupees 1778 Million (Indian Rupees One Thousand seven hundred and seventy eight Million only)

In case a Collaborator/Associate does not satisfy the average annual turnover criteria, stipulated above on its own, its Holding Company would be required to meet the stipulated turnover requirements as above, provided that the Net Worth of such Holding Company as on the last day of the preceding financial year is at least equal to or more than the paid-up share capital of the Holding Company. In such an event, the Collaborator/Associate would be required to furnish along with bidder's Techno- Commercial bid, a Letter of Undertaking from the Holding Company, supported by the Holding Company's Board Resolution, as per the format enclosed in the bid documents, pledging unconditional and irrevocable financial support to the Collaborator/Associate to honor the terms and conditions of the Deed of Joint Undertaking in case of award of the Contract to the Bidder with whom Collaborator/Associate is associated.

- b) Net worth of the Collaborator/Associate should not be less than 100% (hundred percent) of its paid-up share capital as on the last day of the preceding financial year on the date of Techno-commercial bid opening. In case the Collaborator/Associate does not meet the Net worth criteria on its own, it can meet the requirement of Net worth based on the strength of its Subsidiary (ies) and/or Holding Company and/or Subsidiaries of its Holding company wherever applicable. In such a case, however the Net worth of the Collaborator/ Associate and its Subsidiary (ies) and/or Holding Company and/or Subsidiary (ies) of the Holding Company, in combined manner should not be less than 100% (hundred percent) of their total paid up share capital. However individually, their Net worth should not be less than 75% (seventy five percent) of their respective paid up share capitals.

Net worth in combined manner shall be calculated as follows: $\text{Net worth (combined)} = \frac{(X1+X2+X3)}{(Y1+Y2+Y3)} \times 100$

Where X1, X2, X3 are individual Net worth which should not be less than 75% of the respective paid up share capitals and Y1, Y2, Y3 are individual paid up share capitals.

- c) In case the Collaborator/Associate is not able to furnish its audited financial statements on standalone entity basis, the unaudited unconsolidated financial statements of the

Collaborator/Associate certified by a practicing Chartered Accountant shall be considered acceptable provided the Collaborator/Associate further furnishes the following documents for substantiation of its qualification:

- (i) Copies of the unaudited unconsolidated financial statements of the Collaborator/Associate along with copies of the audited consolidated financial statements of its Holding Company.
 - (ii) A Certificate from the CEO/CFO of the Holding Company, shall be submitted along with the bidding documents, stating that the unaudited unconsolidated financial statements form part of the consolidated financial statements of the Holding Company.
- d) In cases where audited results for the last financial year as on the date of Techno Commercial bid opening are not available, the financial results certified by a practicing Chartered Accountant shall be considered acceptable. In case, Collaborator/Associate is not able to submit the Certificate from a practicing Chartered Accountant certifying its financial parameters, the audited results of three consecutive financial years preceding the last financial year shall be considered for evaluating the financial parameters. Further, a Certificate would be required from the CEO/CFO stating that the financial results of the Company are under audit as on the date of Techno-commercial bid opening and the Certificate from the practicing Chartered Accountant certifying the financial parameters is not available.

6.3.3 Notes for Clause 6.3.1 & 6.3.2

- a) Net worth means the sum total of the paid-up share capital and free reserves. Free reserve means all reserves credited out of the profits and share premium account but does not include reserves credited out of the revaluation of the assets, write back of depreciation provision and amalgamation. Further any debit balance of Profit and Loss account and miscellaneous expenses to the extent not adjusted or written off, if any, shall be reduced from reserves and surplus.

Other income shall not be considered for arriving at annual turnover.

- b) "Holding Company" and "Subsidiary Company" shall have the meaning ascribed to them as per Companies Act of India.
- c) For annual Turnover indicated in foreign currency, the exchange rate as on seven (7) days prior to the date of Techno-Commercial bid opening shall be used.
- d) Bidder/Collaborator shall be required to meet the average annual turnover criteria specified in clause 6.3.1(a) & 6.3.2(a) respectively in the prescribed format submitted along with the Techno-Commercial bid.
- e) In case the bidder / collaborator(s) / associate(s) participating under Clause 6.1.2/6.1.3/6.1.4 do not meet the turnover requirement, then, the Turnover of any of the Promoters individually or all the promoters (in a combined manner) (each having Equity Stake more than 25%) of the Subsidiary Company would be considered. Each such promoter of the Subsidiary Company shall have to meet the Net Worth criteria individually as per clause 6.3.1(b) and/or 6.3.2(b). In such an event the Bidder would be required to furnish along with its techno-commercial bid, a Letter of Undertaking from such promoter(s), supported by Board Resolution as per the format enclosed in the bidding documents, pledging unconditional and irrevocable financial support for execution

of the Contract by the Bidder in case of award.

Table 1 – Acronyms

BDS	Bid Data Sheet
CIF	Cost, Insurance and Freight
CIP	Carriage and Insurance paid to (place) CPM Critical Path Method
EDI	Electronic Data Interchange
EXW	Ex-factory, Ex works or Ex warehouse FCA Free Carrier
FOB	Free on Board
FOR	Free on Rail / Road
FP	Forms & Procedures
CC	Conditions of Contract
ICB	International Competitive Bidding
ICC	International Chamber of Commerce
IFB	Invitation for Bids
ITB	Instructions to Bidders
TS	Technical Specifications and Drawings
UNCITRAL	United Nations Commission on International Trade Law
INCOTERMS	International Rules for interpreting Trade Terms
GST	Goods and Service Tax
Note: The terms EXW, CIF, etc. shall be governed by the rules prescribed in the current edition of INCOTERMS, published by the international chambers of commerce, Paris, France.	