

**Reply to queries raised in the Pre application conference for the Project “Mechanization of WQ-1 Berth in the Inner Harbour of Visakhapatnam on DBFOT Basis.**

<b>Sl. No</b>	<b>Clause No. &amp; Page No.</b>	<b>Contents of the Clause</b>	<b>Queries / Comments &amp; Suggestions with relevant reasons / remarks</b>	<b>Clarifications by VPT</b>
1.	Section 1: Introduction Para 1.1.1, Page 2	Indicative Project Cost	It has been mentioned that the Indicative Project Cost is Rs. 2010 million. It is requested that a detailed break-up of the indicative project cost may kindly be provided	Will be Provided in TEFR (Techno Economic Feasibility Report) along with RFP.
2.	Section 1: Introduction Para 1.1.3, Page 2	Cargo Projection	Request you to kindly provide the details of the cargo projections of the proposed Project  Further it is requested that kindly provide the details of the Iron Ore currently being handled at the WQ1 and other berths	Will be Provided in TEFR. However, the applicant has to make their own traffic study.
3.	Section 1: Introduction Para 1.1.3, Page 2	Equipments	It may be noted that the equipment rating given is rated capacity or average. What is the average throughput to be stipulated for handling? It may be noted that the average capacity is 60-55% of the rated capacity. Therefore the equipment selected to be accordingly chosen and therefore the corresponding cost.	Details about the equipment to be deployed with respect to the handling capacity and rating capacity will be indicated in the TEFR.
4.	Section 1: Introduction Para 1.1.3, Page 2	Environmental Clearance	Request you to kindly provide the status of the Environmental Clearance for the Project	Environment clearance is not required for the subject project.
5.	Section 1: Introduction Para 1.1.3, Page 2	TAMP Notification	Request you to kindly provide the status of notification of tariff by TAMP for the Project	Proposal for fixation of upfront tariff by TAMP is under finalization.

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6.	Section 1: Introduction Para 1.1.3, Page 2	Non - Exclusive Right	It may be noted that the Concessionaire would make all efforts to ensure that the berth utilization is optimized in order to maximize the returns on the investment made by the Concessionaire on the Project. However, in the event of any operational/political/change in laws& policies/commercial issues, it is not possible to handle iron ore at the Project facility, the Authority should assign the use of the facility for other cargoes as well. Further, the cargo handling and other charges for such cargoes should be accorded to the Concessionaire only	In the event of any operational /political /change in laws& policies/commercial issues the recourse will be based on the Articles in Concession Agreement to be signed between the Concessionaire and the Authority. However, the Authority has No Objection in handling of other cargoes, subject to fixation of Tariff by TAMP for the specific cargo.
7.	Section 1: Introduction Para 1.3, Page 7	Schedule of Bidding Process	It is requested that the Application Due Date be extended by adequate time (atleast 4 weeks) from the date of issuance of reply to queries/amendments by the Visakhapatnam Port Trust to enable the application to arrange the various data/information and certificates in the desired formats	The application due date for RFQ extended to 05.04.2010.
8.	Section 2: Instructions to Applicants Para 2.2.1 (d), Page 10	Advisors of Applicant	It may noted that the Applicant shall be liable for disqualification if the Authority’s Legal, Financial and Technical Advisors in relation to the Project are engaged by the Applicant. Therefore, it is requested that the names of any advisors engaged by the Authority may kindly be provided  Further it is requested that the copy of the Technical Report, if any prepared by the advisors/Consultants may kindly be provided	The details of the legal, financial and Technical Advisors will be furnished soon after they are engaged. Technical Report will be furnished in due course. .

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9.	Section 2: Instructions to Applicants Para 2.2.1 (e), Page 10	Proposed Project and Existing Operator	<p>Request you to provide the details/nature of the Project of next terminal/ berth for the Visakhapatnam Port Trust that is proposed to be developed on BOT basis through tendering</p> <p>Further requested that the name of the existing operators are provided to the Applicants</p>	<p>The details of Projects for which RFQ already issued by VPT are as follows.</p> <p>i) Development of Eastern Quay IA (EQ1A) berth on south side of EQ1 berth for handling Thermal Coal in inner harbour of Visakhapatnam Port on Design, Build, Finance, Operate and Transfer (DBFOT) Basis.</p> <p>ii) Development of Eastern Quay 1 (EQ1) berth by replacing the existing EQ1 berth and part of EQ2 berth for handling Steam Coal in inner harbour of Visakhapatnam Port on Design, Build, Finance, Operate and Transfer (DBFOT) Basis</p> <p>iii) Development of WQ-7 berth including mechanized handling facility in the northern arm of inner harbour of Visakhapatnam Port for handling bulk cargo including Alumina, Caustic Soda and related cargoes on DBFOT basis.</p> <p>iv) Development of WQ8 berth including mechanized handling facility in the northern arm of inner harbour of Visakhapatnam Port for handling Alumina, Caustic Soda and other bulk cargo on DBFOT basis.</p> <p>vi) Installation of Mechanized Fertilizer Handling facilities at EQ-7.(RFP issued).</p>

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				<p>The existing BOT operators in VPT are</p> <ol style="list-style-type: none"> <li>1) M/s VSPL for handling Multi purpose cargo Handling including Iron ore.</li> <li>2) M/s VCTPL for handling Container Cargo.</li> <li>3) M/s ABG Logistics for handling Multi purpose cargo. (LoA issued)</li> <li>4) M/s IMC for handling Liquid Bulk Cargo. (LoA issued)</li> <li>5) M/s SIIL for handling Coking coal and steam coal. (LoA issued)</li> </ol>

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10.	Section 2: Instructions to Applicants Para 2.2.3, Page 11	O&M Experience	<p>It may be noted that most of the major Ports/Terminals across the globe have been commissioned decades ago. Subsequently, the Concessionaire/Port Company made significant capital investments in the Port/Terminal for the purpose of acquisition and augmentation/modernization of the facility.</p> <p>Therefore, we understand that the project cost in such cases will be the total capital investments made by the Concessionaire for commercial operations of the project</p>	Yes the understanding is correct.
11.	Section 2: Instructions to Applicants Para 2.2.3, Page 11	O&M Experience	<p>It is our understanding that for the purpose of eligible experience of O&amp;M Member/Entity/Party. The entity is not required to hold a shareholding of 26% equity in company owning the Eligible Project for the purpose of claiming O&amp;M Experience. Request your confirmation</p> <p>For example, an O&amp;M operator has been providing O&amp;M services to various Port/Terminals with an aggregate Project Cost of more than Rs 2010 million for more than 5 years. However, does not have 26% equity in the Project Company.</p> <p>We understand that such an O&amp;M operator is eligible for O&amp;M experience</p>	The O&M Member for the Applicant shall subscribe and continue to hold at least 10% of the subscribed and paid up equity of the SPV for a period of 5 years from the date of commercial operation of the project.
12.	Section 2: Instructions to Applicants Para 2.2.3, Page 11	O&M Experience	It may kindly be clarified if the O & M experience is required for a continuous period of 5 years experience from a single project or an aggregate experience in number of years from multiple projects shall also be considered eligible	The O & M experience is required for a continuous period of 5 years irrespective of the number of Projects in category I projects specified in Cl.3.2.1 which have an aggregate capital cost equal to the EPC from a single project or multiple projects.

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13.	Section 2: Instructions to Applicants Para 2.2.3, Page 11	O&M Experience	<p>It has been mentioned that “The Applicant shall, in the case of a Consortium, include a member, having at least 10% equity participation in the Project Company/ SPV, who has experience of five years or more in operation and maintenance (O&amp;M) of Category I projects specified in Clause 3.2.1, with an aggregate capital cost not less than Rs.2010 million.”</p> <p>It is our understanding that in the absence of the Consortium having a member with the above mentioned experience, the Consortium can submit an Undertaking that the Consortium shall enter into an operation &amp; maintenance (O&amp;M) agreement with an entity having equivalent experience for a period of at least 5 (five) years from the date of commercial operation of the Project.</p> <p>Please clarify</p>	The understanding is correct. However, the O&M Member for the Applicant shall subscribe and continue to hold at least 10% of the subscribed and paid up equity of the SPV for a period of 5 years from the date of commercial operation of the project.
14.	Section 2: Instructions to Applicants Para 2.2.4, Page 12	Certificates form Statutory Auditors	Please confirm if the certified true copy of the original certificate from statutory auditor or client as required by the conditions of the RFQ will be acceptable	It is confirmed that certified true copy from the statutory auditor or client as required by the conditions of the RFQ duly Notarized only will be acceptable.
15.	Section 2: Instruction to Applicants, Para 2.2.10 (d), Page 16	Pre – qualification requirements for a Consortium	<p>It has been mentioned that “each member of the Consortium should <b>substantially satisfy the pre-qualification requirements</b> to the extent specified herein”</p> <p>It is our understanding that the pre-qualification requirement referred in this para pertains to the conditions specified in para 2.2.1 and not the technical and financial capabilities. Please confirm</p>	A brief qualifications requirement refers to Clause 2.2.2 & 2.2.3 of RFQ.
16.	Section 2: Instructions to Applicants Para 2.12.2, Page 23	Format and signing of Application	It is our understanding that the Soft Copy of the Application shall include the Appendix I to IV and Annex I to V. The Annual Reports and Memorandum and Articles of Association of the Applicants are not required in the soft copy. Please confirm	The understanding is correct.

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17.	Section 2: Instructions to Applicants Para 2.17.8, Page 26	Aggregate Experience Score	<p>It has been mentioned that in the event, that the Authority rejects the Applicant’s claim for an Eligible Project as incorrect and erroneous, the same shall be excluded from computation of Eligible Score.</p> <p>However, it has also been mentioned that the Authority while computing the aggregate Experience Score of the Applicant, “make further deduction equivalent to the claim rejected”</p> <p>Please clarify, if double deduction of the claim considered as incorrect/erroneous be undertaken by the Authority. It may be noted that the understanding of the provisions of the eligible projects and the RFQ conditions may at some occasion by the Applicant and the Authority may differ. In such a case, if an error is perceived by the Authority, double deduction of the score should not be undertaken</p>	The evaluation will be strictly as per clause 2.17.8 of RFQ document.
18.	Section 2: Instructions to Applicants Para 2.19.1, Page 27	Test of responsiveness	It is our understanding that the Applicants who have downloaded RFQ from Visakhapatnam Port Trust Website, can submit the Demand Draft along with its Application at the time of submission. Please confirm	The understanding is correct.

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19.	Section 3: Criteria for Evaluation, Para 3.2.3 (b), Page 31	Technical Capacity for the purpose of evaluation	<p>It is our understanding that entity-claiming experience should have held, in the company owning the Eligible Project, minimum 26% equity during any of the last five years. The experience of only those years during which the equity holding was more than 26% shall be considered for evaluation</p> <p>e.g. Applicant held the following equity for in the company owning the Eligible Project</p> <table border="1" data-bbox="569 586 1398 834"> <thead> <tr> <th>Year</th> <th>Equity in Project Company</th> </tr> </thead> <tbody> <tr> <td>2008-09</td> <td>10%</td> </tr> <tr> <td>2007-08</td> <td>25%</td> </tr> <tr> <td>2006-07</td> <td>49%</td> </tr> <tr> <td>2005-06</td> <td>49%</td> </tr> <tr> <td>2004-05</td> <td>49%</td> </tr> </tbody> </table> <p>It is our understanding that the Applicant can claim the experience of the financial years 2004-05, 2005-06 and 2006-07 (only those years in which it should have atleast 26% equity in the Project Company owning the Eligible Project)</p> <p>Please confirm</p>	Year	Equity in Project Company	2008-09	10%	2007-08	25%	2006-07	49%	2005-06	49%	2004-05	49%	The understanding is correct.
Year	Equity in Project Company															
2008-09	10%															
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20.	-	Conversion Rate	For exchange rate of currencies that are not mentioned in the International Monetary Fund website, can the exchange rate for the same be referred from the Bloomberg website. Please confirm	Yes.												
21.	Appendix I, Annex II, Explanatory Clause \$\$	Date for Conversion Rate	<p>In the event change in last date for submission of Application, the date for conversion rate will also change</p> <p>It is requested that the Authority provide a single firm date for considering conversion rate, so that it does not alter with extension of the Application Date</p>	For conversion to rupees and date for conversion rate, please refer Annexure-I “ of RFQ document”.												

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22.	Appendix II and Appendix III	Common Seal	<p>In the “Notes” to the Appendices it has been mentioned that mode of execution of the Power Attorney should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant (s) and <u>when it so required</u>, that same should be under the common seal affixed in accordance with the required procedure”</p> <p>Please clarify, that affixing of common seal is not compulsory and needs to be affixed only if it is necessary as per the charter documents of the executant (s)</p>	It is informed that affixing of common seal is compulsory.
23.	Annex III: Financial Capacity of the Applicant	Net Cash Accruals	Please confirm if Statutory Auditors Certificates for Net Cash Accrual for the past five years are also required to be submitted	Yes.
24.	Appendix IV: Joint Bidding Agreement, para 6.6, page 67 And Instructions to Applicant, para 2.2.2 and 2.2.3 page 11	Equity share of O&M Member	<p>As per para 6.6 of the Joint Bidding Agreement and para 2.2.3 of Instructions to Applicant, it has been mentioned that the O&amp;M Member shall subscribe and hold at least 10% of the subscribed and paid-up equity shares in the SPV</p> <p>(i) As per para 2.2.2, the technical capacity of only those Members who have at least 26% equity in the SPV shall be considered for evaluation. Please clarify if for an O&amp;M Member, 10% equity rather than 26% shall be enough for considering its technical capability</p> <p>(ii) As per para 2.2.3, in the event an Applicant does not have the requisite O&amp;M experience, the Applicant can furnish an undertaking to enter into an agreement for a period of 5 years, entrusting its O&amp;M obligations to an entity having the requisite experience. In such a case, para 6.6 of the Joint Bidding Agreement becomes invalid.</p> <p>(iii) Therefore, it is requested that the condition as per para 6.6 may be allowed to omitted in case the Applicant is submitting an undertaking.</p>	It is informed that ,in the event an Applicant does not have the requisite O&M experience, the Applicant can furnish an undertaking to enter into an agreement for a period of 5 years, entrusting its O&M obligations to an entity having the requisite experience. However, the O&M Member whom the selected Applicant engages shall continue to hold atleast 10% of the subscribed and paid up equity of the SPV for a period of 5 years from the date of commercial operation of the project.

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25.	--		It is mentioned that the scope of the work involves Mechanization of WQ-I berth in the inner harbour of Visakhapatnam port for handling iron ore on DBFOT basis. Please clarify whether cargo other than iron ore will be allowed to be handled at WQ-I berth.	Refer SI.No.6
26.			It is mentioned that the proposed facility will enable handling of about 4.5 million tonnes per annum. Kindly clarify, with detailed justification, as to how it is estimated that the proposed facility will handle 4.5 million tonnes per annum.	Based on TAMP calculations for arriving at Optimal capacity and Terminal capacity.
27.			It is mentioned that the iron ore will be loaded from the stack yard onto the Handymax / Panamax vessels. Please clarify whether the operation will be restricted to only loading of cargo and whether the Concessionaire will be allowed to unload cargo at the same berth.	The subject project is for loading operation only.
28.			Please provide the details (including area and location) of the stack yard meant for stacking iron ore unloaded from railway wagons.	Stack yard area 800m X 32m X 2 Nos. in the backup area of WQ-1 is planned tentatively.
29.			It is mentioned that whenever the facility is not fully utilized during the concession period, the port shall have the right to assign the use of facilities to other users and collect charges from such other users. Please clarify whether these charges would be shared with the Concessionaire.	No.
30.			It is mentioned that the concessionaire shall ensure compliance to Quality, Environmental, Occupational Health and Safety and ISPS Codes. Please clarify whether it is the obligation of the Concessionaire to obtain the necessary clearances.	Concessionaire shall ensure compliance of the existing systems during operation only.

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31.			It is mentioned that the berth shall be operated on non-exclusive basis. Kindly explain what is meant by “non-exclusive”.	The Concessioneing Authority shall not operationalise any additional facility <del>within Port Limits for handling Iron Ore</del> either on its own or through any other Person until the earlier of (i) 5 (five) years from the Scheduled Project Completion Date; or (ii) the average annual volume of cargo handled at the Project Facilities and Services reaches a level of 75% (seventy five percent) of Project Capacity for 2 (two) consecutive years (“ <b>Exclusivity Period</b> ”). Provided, this restriction shall not apply to the additional facility envisaged by VPT.
32.			We request you to provide us with a feasibility report for the proposed facility.	In-house Feasibility Report is available with CME’s office for perusal. The final TEFR is under preparation.

**CORRIGENDUM**

Sl. No.	Clause / reference	Existing	Corrected
1	Clause No.3.5.2	The clause states as follows: The Applicants shall then be ranked on the basis of their respective Aggregate Experience Scores and short-listed for submission of Bids. The Authority expects to short-list up to 6 (six) pre-qualified Applicants for participation in the Bid Stage. The Authority, however, reserves the right to increase the number of short- listed pre-qualified Applicants by adding additional Applicant.	The clause deleted vide MoS OM No.PD-24018/8/09-PD-III dt.17.02.2010