

Memorandum for Standing Finance Committee

S No.	Parameter	Response
1.	General	
1.1	Name of the Project	Mechanization of Berth No. 12 for providing equipments for handling Bulk Cargoes at New Mangalore Port
1.2	Type of PPP (BOT, BOOT, BOLT, OMT etc.)	DBFOT – Design Build Finance Operate Transfer
1.3	Location (State/District/Town)	Karnataka / Mangalore / Panambur
1.4	Administrative Ministry/Department	Ministry of Shipping
1.5	Name of Sponsoring Authority	New Mangalore Port Trust
1.6	Name of the Implementing Agency	To be Selected after Bidding
2.	Project Description	
2.1	Brief description of the project	<p>NMPT intends to undertake Mechanization of Berth No. 12 for providing equipments for handling Bulk Cargoes at NMP through Public-Private Partnership (PPP) on Design, Build, Finance, Operate and Transfer (DBFOT) basis. The total length of the berth is 325 metres, with a draught of 14 metres. The capacity of the terminal is estimated to be around 6.24 MMTPA for coal and 0.49 MMTPA for other cargo (Fertilizer, Limestone, Gypsum, Dolomite) with reference to the approval of the TAMP.</p> <p>The selected Developer for the project would develop, operate and maintain the berths for a period of 30 years. The Developer would be responsible for bringing in the required finances, carrying out mechanization of berth by providing mechanical equipments and other development work. In addition to this, the Developer would also operate and maintain the terminal as per applicable laws and adhere to environmental and safety norms, in accordance with the Concession Agreement.</p>
2.2	Justification for the project	Berth 12 has been envisaged to handle both coal and other cargo (Fertilizer, Limestone, Gypsum, Dolomite).

		<p>Presently, coal imported via NMPT port is used by Power and Steel plant in the vicinity of NMPT. UPCL is one of the largest users of coal imported at NMPT. It has a 1,200 MW power plant requiring 4 MT of coal to run the facility. In future another 1,320 MW of capacity is planned for the facility. Import of coal in the country has been steadily increasing owing to the acute shortage of domestic production and rising demand from industries. The coal traffic has the potential of reaching 12.5 million tonnes by 2026, 20.8 million tonnes in 2036 and 26.5 million tonnes in the year 2046, as per the Detailed Project Report. Given the mismatch between the existing port infrastructure and projected demand of coal, there is a huge opportunity of attracting coal imports to the Port. As per the TAMP proposal, the capacity of the berth is 6.24MMTPA for Coal, which is also comparable with the traffic projections of the DPR.</p> <p>In order to provide support in viability to prospective bidder during initial project phases, NMPT proposes handling of other cargo (Fertilizer, Limestone, Gypsum, Dolomite) for the purpose of providing a stop gap arrangement for the BOT operator in the initial years in the event of a slowdown in realization of coal cargo. However, it is to be noted that Berth 12 remains primarily a mechanized coal handling berth with cargo vessel sharing between coal and other cargo equal to 75%:25%.</p>																		
2.3	Possible alternatives, if any	None																		
2.4	Estimated capital costs with break-up under major heads of expenditure. Also indicate the basis of cost estimation	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: right;"><i>In Rs. Crores</i></th> </tr> </thead> <tbody> <tr> <td colspan="3">Civil Construction Cost</td> </tr> <tr> <td></td> <td>Coal</td> <td></td> </tr> <tr> <td></td> <td>Civil Works for JHs (12 nos.), 3 (DH) and RRLS (2 nos.)</td> <td style="text-align: right;">2.74</td> </tr> <tr> <td></td> <td>Structural Works - JH (13 nos.), DH 3 nos.) and RLS (2 nos.)</td> <td style="text-align: right;">21.03</td> </tr> <tr> <td></td> <td>Civil & structural cost of Conveyor</td> <td style="text-align: right;">77.09</td> </tr> </tbody> </table>	<i>In Rs. Crores</i>			Civil Construction Cost				Coal			Civil Works for JHs (12 nos.), 3 (DH) and RRLS (2 nos.)	2.74		Structural Works - JH (13 nos.), DH 3 nos.) and RLS (2 nos.)	21.03		Civil & structural cost of Conveyor	77.09
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	Control Room/ Substation/buildings	3.30
	Additional Rail siding at existing railway yard for wagon loading (1850m)	8.33
	Stockyard Boundary Wall	3.00
	Road pavement	18.52
A.1	Subtotal	134.00
	Other Cargo:	
A.2	Subtotal	0.00
A	Total civil costs (A.1 + A.2)	134.00
Cargo Handling Equipment Costs		
	Coal	
	Grab Unloaders – 2000 TPH – 2 Nos	90.00
	Jetty Conveyor (4000 TPH) – 2 Rows	12.15
	In between conveyors upto RLS (11 nos.)	37.95
	Conveyor for Stockyard (4000 TPH) – 2 Rows	40.80
	Stacker Equipment	48.00
	Reclaimer Equipment	39.00
	Rapid Loading system (RLS)(2000-4000TPH)	30.00
	Pay loaders - 4.5 cum – 1 nos	0.40
	Truck loading system	3.50
	Utilities	9.50
B.1	Subtotal	311.30
	Other Cargo	
	Mobile Hopper (30 m3)	1.50
	Pay loaders - 4.5 cum – 1 nos	0.40
B.2	Subtotal	1.90

		B	Total equipment costs (B.1 + B.2)	313.20
		C	Total Cost (A + B)	447.20
		D	Miscellaneous Costs (@ 5%)	22.36
		E	Total Capital Costs (C + D)	469.46
2.5	Phasing of investment	Estimated construction period for the project is 24months from the Date of Award of Concessionand thecapital investment will be made during this initial period itself.		
2.6	Project Implementation Schedule (PIS)	24 months from the Date of Award of Concession.		
3.	Financing Arrangements			
3.1	Sources of financing (equity, debt, mezzanine capital etc.)	As the project is being developed under a PPP framework, the responsibility of arranging the finances rests with the Concessionaire.		
3.2	Indicate the revenue streams of the Project (annual flows over project life). Also indicate the underlying assumptions	The projected revenue stream of the project indicated in Attachment –I has been prepared based on the Detailed Project Report and the Revenue Model		
3.3	Indicate the NPV of revenue streams with 12% discounting	Rs. 2,001Crores		
3.4	Who will fix the tariff / user charges? Please specify in detail	Tariff Authority for Major Ports (TAMP) will fix the tariff / user charges. A proposal has been sent to TAMP on 3rdAugust, 2015, following which a hearing was conducted by TAMP attended by all bidders and NMPT on 31st August, 2015. Reply to queries raised by the bidders during hearing was submitted to TAMP along with revised tariff proposal. Accordingly TAMP has approved the tariff proposal on 24th September, 2015 and it is yet to be notify.		

3.5	Have any F.I. been approached? If yes, there response may be indicated	No. The project is envisaged to be developed on a PPP framework, wherein the Developer is expected to bring in the required finances.										
4	I.R.R.											
4.1	Economic IRR (if computed)	Not Computed										
4.2	Financial IRR, indicating various assumptions (attach separate sheet if necessary)	Project IRR has been estimated to be 18.39% Equity IRR has been estimated to be 22.76% For assumptions, please refer to the Attachment –I of this SFC Memo.										
5	Clearances											
5.1	Status of environmental clearances.	Port has obtained environmental & CRZ clearance for the development of four berths i.e., 15, 16, 17 & 18 in western dock arm. The new number for berth no. 18 is berth no. 12, the environment clearance is obtained for developing berth no. 12 (old no 18) as container terminal. And other berths 16 & 17 as break bulk terminals. Port is in the process of obtaining amendment for swapping of the container cargo to break bulk/dry bulk cargo.										
5.2	Clearance required from the State Government and other local bodies	The Concessionaire shall obtain, as required under the Applicable Laws, the following Applicable Permits. <table border="1" data-bbox="571 1507 1401 2002"> <thead> <tr> <th>ACTIVITY</th> <th>GRANTING AUTHORITY</th> </tr> </thead> <tbody> <tr> <td>Plot Plan approval</td> <td>Dock safety Inspector / OISD guidelines</td> </tr> <tr> <td>Electrical Installations</td> <td>Department of Electrical Inspectorate, Government of Karnataka</td> </tr> <tr> <td>Fire Fighting Installation</td> <td>Chief Fire Officer, Bangalore OISD guidelines or Applicable international codes / practices</td> </tr> <tr> <td>Railway Infrastructure</td> <td>Southern Railways</td> </tr> </tbody> </table>	ACTIVITY	GRANTING AUTHORITY	Plot Plan approval	Dock safety Inspector / OISD guidelines	Electrical Installations	Department of Electrical Inspectorate, Government of Karnataka	Fire Fighting Installation	Chief Fire Officer, Bangalore OISD guidelines or Applicable international codes / practices	Railway Infrastructure	Southern Railways
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Railway Infrastructure	Southern Railways											

		Customs notification	Commissioner of Customs
		<p>Apart from the above mentioned clearances and permits, the Concessionaire shall also be responsible to obtain all other necessary permits and clearances required for implementation of the Project and which are not explicitly required to be obtained by the Authority under this Agreement. In this regard, the Concessionaire will have to ascertain independently the applicable permits/clearances/approvals apart from what is provided above, that are required for implementation of the Project during the Concession Period.</p> <p>The Environmental Clearance for the project will be obtained by the Concessioneing Authority. However, in case the Concessionaire decides to go for additional dredging and strengthening of berths to cater to deeper drafted vessels, the responsibility for obtaining the required approvals and clearances including Environmental Clearance from MoE&F shall be that of the Concessionaire.</p>	
5.3	Other support required from the State Government	NA	
6.	Gol Support		
6.1	Viability Gap Funding, if required	No	
6.2	GOI guarantees being sought, if any	No	
7	Concession Agreement		
7.1	Is the Concession Agreement based on MCA? If yes, indicate the variations, if any, in a detailed note (to be attached)	Concession Agreement is based on MCA issued by Ministry of Shipping. Variations are enclosed separately as Appendix A.	
7.2	Term sheet of the proposed Concession Agreement	The Term Sheet is attached as Appendix B.	

8.	Criteria for short-listing	
8.1	Is short-listing to be in one stage or two stages?	Short-listing will be in two stages as per the guidelines issued by the Ministry of Finance, Government of India.
8.2	Indicate the criteria for short-listing (attach separate sheet if necessary)	The criteria for short listing Applicants are attached as Attachment- II . The RFP document (prepared based on the Model Request for Proposal document issued by the Ministry of Finance, Government of India) would be issued to the pre-qualified Applicants. Selection of the Developer in the bid stage to be based on the highest Revenue Share quoted by the Bidders.
9.	Others	
9.1	Remarks, if any	New Mangalore Port Trust has issued an RFQ with Application Due Date on 18th August, 2015, in which 4 (four) Applicants had submitted the bid and got shortlisted at this stage.

ATTACHMENT-I

The revenues to the Project would be from cargo handling as well as cargo storage. The proposal for setting reference tariff has been approved by TAMP. The revenue projections provided below are based on the Detailed Project Report and the Revenue Model.

The inputs for the estimation of the revenues as indicated in the Detailed Project Report are set out in the tables below.

Technical Assumptions

S. No.	Particulars	Assumptions	
1	Sharing of vessel cargo		
A	Coal (as % of the total vessels)	75%	
B	Other Cargo (as % of the total vessels)	25%	
2	Vessel Size		
A	For Coal - Panamax vessels	20%	50000 DWT
		30%	60000 DWT
		30%	70000 DWT
		20%	80000 DWT
B	For Other Cargo – Handymax vessels	30000 DWT	
3	Parcel size of vessels		
A	For Coal - Panamax vessels	20%	45000 DWT
		30%	54000 DWT
		30%	63000 DWT
		20%	72000 DWT
B	For Other Cargo – Handymax vessels	27000 DWT	
4	Cargo handling capacity		
A	Coal (unloading rate per day in tonnes)	35000 TPD	
B	Other Cargo (unloading rate per day in tonnes)	8000 TPD	

Financial Assumptions

Financial Inputs	Value
Debt Percentage	70%
Loan Tenure (year)	10
Interest Rate (%)	13%
Moratorium Period (Inclusive of Construction year)	2
Cost of Equity (%)	12%
Tax Adjusted WACC (%)	12.01%

Average Yearly increase in tariff	5.4%
Corporate Tax (%)	33.99%
Effective MAT (%)	20.39%
Contingency (%)	5%
Land Lease Rate (Rs/ Sq m p.m.)	20.39

Tariff Rates Considered

Tariff Head	Tariff for	
	Coal	Other Cargo
Cargo Handling Charges	284.50 INR / t	72.64 INR / t
Storage Charges (After Expiry of Free period 25 days)		
0-5 Days	1.07 INR / t	0.78 INR / t
6-10 Days	1.61 INR / t	1.17 INR / t
More than 11 Days	2.14 INR / t	1.56 INR / t

Operation & Maintenance Assumptions

		Coal	Other Cargo
Power Norms	<i>Units per Tonne</i>	1.4	
Power Norms	<i>Units per hour</i>		500
Power Tariff	<i>Rupees per unit</i>	10	10
Power Norms	<i>No. of hours per day</i>		16.8
Power Cost	<i>Rupees crores</i>	9	1
No. of Units per annum	<i>Units per annum</i>	24000 0	240000
Power Illumination Cost	<i>Rupees crores</i>	4	0.2
Cost of Fuel	<i>Rupees per litre</i>		53
Fuel Norms	<i>Litres per hour</i>		10
Fuel Norms	<i>Hours per day</i>		16.8
Number of Trucks	<i>Nos</i>		16
Fuel Cost - Trucks	<i>Rupees crores</i>		1

Fuel Norms	<i>Litres per hour</i>		12
Fuel Cost - Payloaders	<i>Rupees crores</i>		0.07
Lease Cost per truck	<i>Rupees</i>		10,000
Truck Lease Cost	<i>Rupees crores</i>		1
Civil Assets (1% of Civil Cost)	<i>Rupees crores</i>	1	-
Mechanical & Electrical Equipment including spares [7% (coal) & 5% (other cargo) of Mechanical Cost]	<i>Rupees crores</i>	23	0.1
Repair & Maintenance Cost	<i>Rupees crores</i>	24	0.1
Insurance Cost (1% of Project Cost)	<i>Rupees crores</i>	5	0.02
Licence Fee per month - Land Area	<i>Rupees/ Sqm/ month</i>	20	20
	<i>Rupees crores</i>	4	0.2
Licence Fee per month - Waterfront Area	<i>Rupees/ Sqm/ month</i>	10	10
	<i>Rupees crores</i>	0.1	0.05
License Fee	<i>Rupees crores</i>	4	0.3
Other Expenses towards salaries and overheads (5% of Project Cost)	<i>Rupees crores</i>	23	0.1
Total O&M Expenses	<i>Rupees crores</i>	69	3

Estimated Revenues and Expenses

Revenues		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031	2036	2041	2046
Total Cargo Handling Charges	<i>Rupees crores</i>	0	0	201	212	224	236	248	262	276	291	378	492	640	832
Total Storage Charges	<i>Rupees crores</i>	0	0	1	1	2	2	2	2	2	2	3	3	5	6
O&M Expenses		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031	2036	2041	2046
Coal	<i>Rupees crores</i>	0	0	77	81	85	90	95	100	105	111	144	187	244	317
Other Cargo	<i>Rupees crores</i>	0	0	4	4	4	4	4	5	5	5	7	9	12	15

NPV of Revenues at 12% discounting is Rs. 2001 Crores

Project and Equity IRR
Cash Flow

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031	2036	2044	2046
Financial Year														
Concession - Year	1	2	3	4	5	6	7	8	9	10	15	20	25	30
Operation - Year	-	-	1	2	3	4	5	6	7	8	13	18	23	28
Revenues														
Cargo handling charges	0	0	201	212	224	236	248	262	276	291	378	492	640	832
Storage revenues	0	0	1	1	2	2	2	2	2	2	3	3	5	6
Operating revenues	0	0	203	214	225	237	250	264	278	293	381	495	644	838
Expenses														
Coal	0	0	77	81	85	90	95	100	105	111	144	187	244	317
Other Cargo	0	0	4	4	4	4	4	5	5	5	7	9	12	15
Royalty fees	0	0	30	32	34	36	38	40	42	44	57	74	97	126
Total Expenses	0	0	111	117	123	130	137	144	152	160	208	271	352	458
Revenue Share	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIDTA	0	0	92	97	102	108	113	120	126	133	173	225	292	380
Interest payments	0	0	49	49	46	41	37	32	27	22	0	0	0	0
Depreciation	0	0	35	35	35	35	35	35	35	35	4	4	4	4
EBT	0	0	8	13	21	31	42	53	64	76	168	220	288	376
Tax	0	0	3	4	7	11	14	18	22	26	57	75	98	128
PAT	0	0	5	9	14	20	28	35	42	50	111	146	190	248
Project IRR														
Initial Investment (excl. IDC, Financing charges)	153	382	0	0	0	0	0	0	0	0	0	0	0	0
Equity Infusion														
Grant														
EBITDA	0	0	92	97	102	108	113	120	126	133	173	225	292	380
Less: Periodic Overlay & Renewal														
Less: Taxation	0	0	3	4	7	11	14	18	22	26	57	75	98	128
After-tax Operating Cash flow	0	0	89	93	95	97	99	102	104	107	116	150	195	253
Net Cash Flow	-153	-382	89	93	95	97	99	102	104	107	116	150	195	253

Criteria for pre-qualifying Applicants (as per the RFQ document)

Conditions of Eligibility

- a. The Applicant for pre-qualification may be a single entity or a group of entities (the "Consortium"), coming together to implement the Project. However, no Applicant applying individually or as a member of a Consortium, as the case may be, can be member of another Applicant. The term Applicant used herein would apply to both a single entity and a Consortium.
- b. An Applicant may be a natural person, private entity, government-owned entity or any combination of them with a formal intent to enter into an agreement or under an existing agreement to form a Consortium.
- c. A Consortium shall be eligible for consideration subject to the conditions set out below:
 - i. number of members in a Consortium should be limited to 6 (six);
 - ii. subject to provisions of clause (i) above, the Applications should contain the information required for each member of the Consortium;
 - iii. members of the Consortium shall nominate one member as the lead member (the "**Lead Member**"), who shall have an equity share holding of at least 26% of the paid up and subscribed equity of the SPV and not less than 50% of the Consortium's holding in the paid up and subscribed equity of the SPV at all times. The nomination(s) shall be supported by a Power of Attorney, signed by all the other members of the Consortium;
 - iv. the Applications should include a brief description of the roles and responsibilities of individual members, particularly with reference to financial, technical and O&M obligations;
 - v. an individual Applicant cannot at the same time be member of a Consortium applying for pre-qualification. Further, a member of a particular Applicant Consortium cannot be member of any other Applicant Consortium applying for pre-qualification;
 - vi. the members of a Consortium shall form an appropriate SPV to execute the Project, if awarded to the Consortium;
 - vii. Members of the Consortium shall enter into a binding Joint Bidding Agreement (the "**Joint Bidding Agreement**") for the purpose of making and submitting Application and the Bid.

Qualification Criteria

Only those Applicants who meet the eligibility criteria shall qualify for evaluation of qualification criteria. Applications of firms/ consortia who do not meet these criteria shall be rejected.

The Applicants' competence and capability is proposed to be established by the following parameters:

- a. Technical Capacity; and
- b. Financial Capacity

Technical Capacity

The following categories of experience would qualify as Technical Capacity and eligible experience (the "Eligible Experience") in relation to eligible projects (the "Eligible Projects"):

Category 1: Project experience on Eligible Projects in Port sector

Category 2: Project experience on Eligible Projects in Core sector

Category 3: Construction and/or Operation experience on Eligible Projects in Port sector

Category 4: Construction experience on Eligible Projects in Core sector

For the purpose of this RFQ:

- (i) Port sector would be deemed to include Marine structures, On-shore and Off-shore Terminals, Berths, Jetties, Quays, Cargo-Handling Systems, CFS/ICDs, Storage Tanks/Tank Farms, Conveyors and Pipelines, Warehouses & Silos, all associated with a seaport; and
- (ii) Core sector would be deemed to include highways, power, telecom, airports, railways, metro rail, industrial parks/estates, logistic parks, pipelines, irrigation, water supply, sewerage and real estate development¹.

For a project to qualify as an Eligible Project under Categories 1 and 2:

- a. It should have been undertaken as a PPP project on BOT, BOLT, BOO, BOOT or other similar basis for providing its output or services to a public sector entity or for providing non-discriminatory access to users in pursuance of its charter, concession or contract, as the case may be. For the avoidance of doubt, a project which constitutes a natural monopoly such as an airport or port should normally be included in this category even if it is not based on a long-term agreement with a public entity;

¹Real estate development shall not include residential flats unless they form part of a real estate complex or township which has been built by the Applicant.

- b. the entity claiming experience should have held, in the company owning the Eligible Project, a minimum of 26% equity during the period for which Eligible Experience is being claimed;
- c. the capital cost of the project should be more than Rs. 94 Crores (Rupees Ninety Four Crores); and
- d. the entity claiming experience shall, during the past 5 (five) financial years preceding the Application Due Date, have (i) paid for development of the project (excluding the cost of land), and/ or (ii) collected and appropriated the revenues from users availing of non-discriminatory access to or use of fixed project assets, such as revenues from highways, airports, ports and railway infrastructure, but shall not include revenues from sale or provision of goods or services such as electricity, gas, petroleum products, telecommunications or fare/freight revenues and other incomes of the company owning the Project.

For a project to qualify as an Eligible Project under Category 3, the Applicant should have paid for execution of its construction and/or operation works or received payments from its client(s) for construction and/or operation works executed, fully or partially, during the 5 (five) financial years immediately preceding the Application Due Date, and only the payments (gross) actually made or received, as the case may be, during such 5 (five) financial years. For a project to qualify as an Eligible Project under Category 4, the Applicant should have paid for execution of its construction works or received payments from its client(s) for construction works executed, fully or partially, during the 5 (five) financial years immediately preceding the Application Due Date, and only the payments (gross) actually made or received, as the case may be, during such 5 (five) financial years. However, payments/receipts of less than Rs. 94 Crores (Rupees Ninety Four Crores) shall not be reckoned as payments/receipts for Eligible Projects. For the avoidance of doubt, construction works shall not include supply of goods or equipment except when such goods or equipment form part of a turn-key construction contract/ EPC contract for the project. Further, the cost of land shall not be included hereunder.

Threshold Technical Capacity

To attain the Threshold Technical Capacity the sum total of the following items should be more than Rs. 940crore (Rupees Nine Hundred and FortyCrores). Applicants shall, over the past 5 (five) financial years preceding the Applications Due Date, have:

- (i) paid for, or received payments for, construction of Eligible Project(s); and/ or
- (ii) paid for development of Eligible Project(s) in Category 1 and/or Category 2; and/ or
- (iii) collected and appropriated revenues from Eligible Project(s) in Category 1 and/or Category 2

Provided that at least one fourth of the Threshold Technical Capacity shall be from the Eligible Projects in Category 1 and/or Category 3.

Financial Capacity

The Applicant shall have a minimum Net Worth (the “Financial Capacity”) of Rs. 118Crore (Rupees One hundred and EighteenCrores only) at the close of the preceding financial year.

In case of a Consortium, the combined Financial Capacity of all the Consortium members shall be considered for the purpose of evaluation.

Computation of Technical and Financial Capacity

a. Consortium

In case of a Consortium, the combined Technical capacity and Net Worth of those Members, who have and shall continue to have an equity share of at least 26% each in the SPV, should satisfy the above conditions of eligibility; provided that each such Member shall, for a period of 3 (three) years from the date of commercial operation of the Project, hold equity share capital not less than: (1) 26% (twenty six percent) of the subscribed and paid up equity of the SPV; and (ii) 5% (five percent) of the Total Project Cost specified in the Concession Agreement.

b. Associate

Technical Capacity and Financial Capacity of respective Associates of the Applicants would be eligible and would be considered for evaluation. In accordance with provisions of Clause 2.2.9 of the RFQ, Associate means, in relation to the Applicants/ Consortium member, a person who controls, is controlled by, or is under the common control with such Applicants/ Consortium member. The expression “control” means, with respect to a person which is a company or corporation, the ownership, directly or indirectly, of more than 50% of the voting shares of such person, and with respect to a person which is not a company or corporation, the power to direct the management and policies of such person, by operation of law.

O&M Experience:

The Applicant shall, in the case of a Consortium, include a Member who shall subscribe and continue to hold at least 10% (Ten percent) of the subscribed and paid up equity of the SPV for a period of 5 (five) years from the date of commercial operation of the Project, and has either by itself or through its Associate, experience of 5 (five) years or more in operation and maintenance (O&M) of Category 1 projects specified in Clause 3.2.1, with an aggregate capital cost equal to the Estimated Project Cost. In case the Applicant is not a Consortium, it shall be eligible only if it has equivalent experience on its own or through its Associates. In the event that the Applicant does not have such experience, it should furnish an undertaking that if selected to undertake the Project, it shall for a period of at least 5 (five) years from the date of commercial operation of the Project, enter into agreement for entrusting its operations & maintenance (O&M) obligations to an entity having the aforesaid experience, failing which the Concession Agreement shall be liable to termination.

The Applicants meeting the Threshold Technical Capacity and Financial Capacity in accordance with the terms of the RFQ shall be pre-qualified for participation in the Bid Stage.