

RFQ for Setting up Rail Coach Factory at Kancharapara, West Bengal Project: Draft Response to Queries for Discussion

Sr. No.	Clause No.	Applicants' Query	Authority Response
1	-	NIT dated 17-03-10 mentions that the MoR is committed to procure 500 EMUs, MEMUs and Metro Coaches per annum for 10 years. However, RFQ mentions only EMUs (clauses 1.1.2, 1.1.3 etc). Since Metro coaches can run on DC voltage third rail collector, please confirm if Metro coaches to be manufactured in the project will be capable to run only on 25 KV OHE catenary system, or if Metro coach manufacturing is not in the scope of manufacturing in the project at all?	Technical details will be provided in the Manual of Specifications and Standards to be issued to the Bidders.
2	1.1.1	The Information Memorandum of the Project is not uploaded on the MoR website, contrary to the claim in this clause and hence we have not been able to study the details of the project as envisaged by the Authority. Please circulate a hard/soft copy of the same during the pre-application conference on 26 April to enable us assess the Authority's perspective on the project costs and then explore the conditions/provisions from the Bidder's perspective.	Information Memorandum is available on the website
3	1.1.1	This clause mentions that the indicative cost of the Factory is Rs. 1,000 crore. Please confirm that the debt is also included in this indicative cost and the debt and equity ratio is decided by the Bidder.	Refer clause 1.1.4 which specifies that the assessment of actual costs will have to be made by the bidders. The Project Cost includes Debt as well as Equity in such proportions as the Bidders may determine.
4	1.1.2 & 1.2.5	These clauses mention that; 1) The Authority will subscribe the equity of SPV up to a	Refer Clause 1.2.8 which specifies that Bids will be invited on the basis

		<p>maximum 26% of its issued and paid up share capital, but subject to a maximum of Rs. 100 crore.</p> <p>2) The Lowest Bidder shall be the selected Bidder.</p> <p>Please confirm if we should understand that the equity amount subscribed by the Authority is not evaluated, but only the cost of railcars is evaluated.</p>	of lowest unit price of an EMU.
5	1.1.3	<p>This clause mentions that the, subsequent to the aforesaid period of 10 years, the Supplier shall be free to participate in the global tenders issued by the Authority for purchase of EMUs and the Authority expects to procure a specified proportion of its annual requirements from private entities through open competitive bidding. Please confirm if the Supplier can use a similar discretion to participate in any tenders for other non-IR related Indian projects and also overseas projects, subsequently, without any revenue sharing with the Authority. In case there will be revenue sharing please confirm the mechanism of the same.</p>	Refer Clause 1.2.7 of the RFQ.
6	2.2.2 (A)	<p>We understand that the Authority would like to make sure that the bidder applicant has designed, manufactured and supplied more than 1,200 Rail Cars with each rail car having minimum axle load of 14 MT per axle for past 5 financial years. Similarly the bidder must have supplied at least 400 similar cars in Year 3, 4, 5 as per definition of supply year of the RFQ.</p> <p>We have checked with various Japanese and a few European EMU car builders and have found that modern designs (e.g. those employing articulated bogie design or Jacobs' bogie etc) do not necessarily employ higher axle load per axle for each axle in a train set to absorb denser crush load on their rail tracks.</p> <p>This requirement at the pre-qualification stage therefore</p>	Refer Addendum-1.

		unnecessarily limits potential Applicants. Therefore, we would highly appreciate if the Authority could relax this condition of each rail car (out of the 1200/400 rail cars) having to have a minimum axle load of 14 MT per axle.	
7	2.2.2(A)	Can an original designer and manufacturer of IGBT propulsion components claim experience score for having supplied “converters and related electronics less traction motors” with respect to the pre-qualification process for calculating experience score ?	Refer Addendum-1.
8	1.1.1	It has been mentioned that the Indicative Cost of the Factory is Rs.1,000 Crores. Please clarify whether Cost of Land is included in the above cost. Also please indicate the time allowed for Project Implementation and the Gestation Period of the Project.	Refer Clause 1.2.7 of the RFQ.
9	1.1.2	It has been mentioned that "The Agreement may, inter alia, include the participation of the Authority in the SPV by subscribing to its equity... As it is mentioned that the Authority may participate, please clarify whether participation of the Authority, i.e. the MoR, is not confirmed as on date.	Authority is likely to participate in the JV to the extent specified in Clause 1.1.2.
10	1.1.3	As mentioned, the scope of work will broadly include setting up of a Factory for manufacture and supply of EMUs for about 10 (ten) years and maintenance. Please clarify whether the 10 year period is from the Date of Commissioning of the Factory.	Period of 10 years of supply is likely to start from the date on which the first Prototype EMU is supplied. However, this will be addressed at the RFP stage.
11	1.1.3	As mentioned, subsequent to the aforesaid period of 10 (ten) years, the Supplier shall be free to participate in the	Refer Clause 1.2.7 of the RFQ. Relevant details will be specified in

		<p>global tenders issued by the Authority for purchase of EMUs and the Authority expects to procure a specified proportion of its annual requirements from private entities through open competitive bidding.</p> <p>We would like to know whether any purchase preference would be given to the Supplier in such instances after 10 years.</p>	the draft Procurement-cum-Maintenance Agreement ("PCMA").
12	2.2.2 (B)	<p>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% (twenty six per cent) each in the SPV, should satisfy the above conditions of eligibility; provided that each such Member shall, during the Supply Period, hold equity share capital not less than:</p> <p>(i) 26% (twenty six per cent) of the subscribed and paid up equity of the SPV; and</p> <p>(ii) 5% (five per cent) of Total Project Cost specified in the Agreement</p> <p>It might please be clarified that whereas each member shall contribute to 26% equity in the SPV, for Project Cost the share of each member may be only 5% of the Total Project Cost.</p>	The referred Clause is self explanatory.
13	2.2.6 (g) (v)	<p>It has been mentioned that members of the Consortium undertake that they shall collectively hold at least 51% (fifty one per cent) of the subscribed and paid up equity of the SPV during the Supply Period.</p> <p>It might be clarified who may own the balance 49%, individually or collectively, and whether there are any restrictions on such.</p>	The referred Clause is self explanatory.
14	2.19.1 (h)	It is mentioned "it contains an attested copy of the receipt for payment of Rs. 100,000 (Rupees one lakh only) to Authority	Authorised Signatory of the Applicant shall attest the receipt.

		towards the cost of the RFQ document;" It might be clarified who shall attest the receipt.	
15	3.2.7	Experience for any activity relating to an Eligible Project shall not be claimed by two or more Members of the Consortium. In other words, no double counting by a Consortium in respect of the same experience shall be permitted in any manner whatsoever. It will be helpful if the points are further clarified, possibly with examples.	The referred Clause is self explanatory.
16	1.1.1	The Applicant understands that the land of the site for setting up the new at Kancharapara, West Bengal has already been acquired by the Authority or Indian Railways and shall be leased to the Supplier for long term basis without charging any fees to the Supplier. Please confirm aforementioned understanding is correct, and indicate expected period for leasing land by the Authority subsequent to 10 years (the "Supply Period") initially given to the Supplier.	Refer Clause 1.2.7 of the RFQ. Relevant details will be specified in the draft PCMA.
17	1.1.1	Please clarify procurement plan indicating guaranteed number of EMU and its respective type of cars over duration of 10 years (the "Supply Period") from the new factory. The Applicants assumes Off-Take agreement for the Supply Period to be entered into between the Supplier and the Authority will be as part of RFP documents. Please confirm aforementioned understanding is correct. Please specify the indigenization plan for mechanical and electrical portion respectively to be fulfilled by the Factory.	Refer Clause 1.2.7 of the RFQ. Relevant details will be specified in the draft PCMA.
18	1.1.1	Please specify what costs and approximate value of respective costs thereof are inclusive of the Estimated Project Cost.	Refer clause 1.1.4 of the RFQ which specifies that the assessment of actual costs will have to be made by

			the bidders.
19	1.1.2	The Applicant understands the selected Bidder shall undertake to be incorporated as a company under the Companies Act 1956, but that each member of the selected Bidder in case of a consortium who is incorporated outside of India shall not be required to incorporate itself under the law of India. Please confirm aforementioned understanding is correct.	The referred Clause is self explanatory. Each member of a Consortium or a single entity Applicant registered abroad is not required to incorporate itself in India at bid stage or qualification stage.
20	1.1.3	It is stipulated in Section 1.1.3 of Page 2 that the Authority expects to procure a specified proportion of its annual requirements <u>from private entities through open competitive bidding</u> . Please give us more detail of procurement scheme.	Details will be specified in draft ("PCMA").
21	1.3	The duration from the sale of Bid Document (21 st June 2010) to Bid Due Date (4 th October 2010) comprises around 3 months. The Applicant assumes this duration is short, and would propose Bid Due Date shall be extended appropriately at the Bid Stage.	Refer Addendum-1.
22	2.2.1 (e)	The Applicant understands that Financial Member and Other Member without any manufacturing ability, as referred to in Instruction Item 4 under Appendix I, Annex-IV, shall be eligible to constitute a consortium. Also, even if FM and/or OM of a consortium take their equity share of less than 26% but other Members meet PQ criteria, the consortium can be theoretically qualified. Please confirm foregoing understanding is correct.	Refer clause 2.2.6 of the RFQ for conditions to be fulfilled by Consortium Members.
23	2.2.2(A)	The Applicant proposes to change "a minimum axle load capacity of 14MT per axle" to <u>"a maximum axle load capacity of 14MT per axle"</u> .	Refer Addendum-1.
24	2.2.6 (f)	The Applicant understands that the selected Bidder as a Consortium shall form a SPV, but that each member of Consortium shall not be required to incorporate itself under	The referred Clause is self explanatory.

		the law of India. Please confirm foregoing understanding is correct.	
25	2.2.6 (g) (v)	The Applicant understands that the Consortium can sell the maximum 49% of the subscribed and paid up equity of the SPV to others rather than Members of Consortium during the Supply Period, meeting the minimum share requirement. Please confirm foregoing understanding is correct	The referred Clause is self explanatory.
26	2.5	The Applicant assumes availability of power, water and other utilities for construction for new factory and manufacturing EMU and access to site are to be arranged and provided to the SPV at the costs to the Authority to the extent to the interfacing points adjacent to the new factory.	Sub-station will be provided by the authority in the vicinity of the site. Arrangement for water will have to be made by the SPV.
27	2.6.1 c)	The Applicant does not accept responsibility for inadequacy, error or mistake in the information provided in the RFQ that cannot be reasonably identified or discovered by the Applicant. Please amend this clause.	No change is contemplated.
28	2.9.2	In order to develop an understanding to the Authority's requirement that may affect the accuracy of the Bid, the Applicant assumes that the Authority shall be in a position to respond to any question or provide any clarification at the Bid Stage, if the Authority does not at the Qualification Stage.	Relevant clause is self explanatory.
29	3.2.1	The Applicant proposes to amend the provisions under this Category 3 and 4 of this clause to be as under to consider supply experience of train configuration other than 2 cars train. Category 3: Supply of <u>5 (five) Intercity Train Sets</u> . Category 4: Supply of <u>5 (five) Metro Train Sets</u> .	Refer Addendum-1.
30	5.1	The Applicant understands that persons who purchased the RFQ document after the 1 st Pre-Bid conference and before 2 nd Pre-Bid conference shall be allowed to participate in the 2 nd Pre-Application conference.	Confirmed.

		Please confirm foregoing understanding is correct	
31	1.1.3 & 1.1.2	<p>Request for following clarification</p> <p>a) Is the equity investment by IR of 26% (100 cr) over and above the land provided to SPV.</p> <p>b) After the commitment period of 10 years, what will happen to the equity put in by IR in the SPV.</p> <p>c) After the commitment period of 10 years, is SPV free to participate in tenders within or outside country other than those issued by Authority.</p>	<p>a) Yes.</p> <p>b) There is no lock in provision for authority's equity.</p> <p>c) Yes.</p>
32	2.2.2	<p>In our opinion the word "minimum" is missing. The clause should read as under:</p> <p>".....that forms part of a train set comprising minimum 2 (two) Rail Cars of which at-least one Rail Car is equipped with a Propulsion System (the "Train Set")....."</p>	Refer Addendum-1.
33	2.2.2 (B)	<p>In case of consortium, it is understood that the combined total technical and financial capability of a consortium, even if it is fulfilled from one consortium member, is sufficient to qualify, provided it holds minimum 26% equity.</p> <p>Is, there any minimum technical and financial criteria applicable for every other participating consortium member.</p>	Refer clause 2.2.6 for conditions to be met by Consortium.
34	2.2.4(i)	We request that certification to this effect signed by authorized signatory of the bidder / applicant during RFQ stage, which may be supported by certificate from auditor / client during RFP stage.	No change is contemplated.
35	Appendix I, Annex -III, clause 7	<p>We kindly ask to amend and replace clause in before mentioned chapters:</p> <p>"certificate(s) from its Statutory Auditors OR the concerned customer(s) OR jointly by a Managing Director/Authorised</p>	No change is contemplated.

		Signatory, Chief Financial Officer and Compliance Officer (if any) of the Applicant.....”	
36	2.2.2	We request you to kindly confirm that the definition of train set also includes EMUs (like Mumbai EMU), DEMUs, High speed trains, Metro cars.	Relevant clause is self explanatory.
37	1.1.2	Does mean the word “MAY” at the end of the first paragraph (page 1), that the Authority can also NOT participate in the Rail Coach Factory by subscribing to its equity for up to a maximum of 26%? If yes, when will be this communicated to the bidders?	Authority is likely to participate in the JV to the extent specified in Clause 1.1.2.
38	1.1.2	Out of the 500 EMU coaches, what configuration will be manufactured – (MC+TC) or (MC+TC+TC)?	Details will be provided in Manual of Specification and Standards to be issued to Bidders.
39	1.1.3	Can the Factory have extra capacity to supply to Metro projects?	Refer Clause 1.2.7 of the RFQ. Relevant details will be specified in the draft PCMA.
40	1.1.3	Is the supplier free to participate in projects outside India?	Refer Clause 1.2.7 of the RFQ. Relevant details will be specified in the draft PCMA.
41	2.2.1 (c)	Can a member of a given consortium allowed to supply electrical components (transformers, traction motors, etc) to other applicants than the consortium it belongs to?	Only after such consortium is not selected.
42	2.2.2 A	<p>Definition of Propulsion System: “traction converters, auxiliary converters, traction motors and electronics employing IGBT technology”</p> <p>Can an applicant claim experience score on projects where we have not supplied ‘Propulsion System’ except traction motors?</p> <p>Is Rail Car manufacturer that specifies and/or designs a propulsion system but buys the components thereof from sub-suppliers, falling under category (i) or (iii)?</p>	Refer Addendum-1.

43	2.2.2	If an applicant has supplied propulsion system for an Intercity train, which has 4 distributed propulsion sets, then is it considered 4 'train sets' as per definition in RFQ?	Relevant clause is self explanatory.
44	2.23	This implies that only a coach manufacturer who does not have its own propulsion will also be able to PQ, but not bid for this project. Is this right?	The referred Clause is self explanatory.
45	2.24	May a Consortium/Applicant propose 2 propulsion suppliers – one for converter and another for motor? If yes, must these 2 suppliers be part of the consortium?	Relevant details will be specified in the draft Procurement-cum-Maintenance Agreement ("PCMA").
46	3.2.5, 3.2.7	If in a consortium, Member 1 has supplied 5 trains for 'Project X', and Member 2 has supplied propulsion sets for the same 5 trains in Project X, then can count these 2 experience score in category 1, and category 3?	The referred Clause is self explanatory.
47	1.3	Please consider an extension of minimum 8 additional weeks to deadline provided for the submission of documents in order to submit the best competitive and complete offer since all the documentation required take much time to be collected.	Refer Addendum-1.
48	2.2	For indigenisation purpose of the contract can a foreign bid through its Indian subsidiary using the parent company technical and financial capabilities?	Yes.
49	2.3	Please consider that the consortium leader could be changed after the qualification stage.	No change is contemplated.
50	Annexure-IV (Instruction -11)	Please consider that all the technical experience and financial certificates could be signed by a designated authorised person nominated by the company with all the data verified in order to assist the preparation of the offers of the CFO of the Company? Please clarify.	No change is contemplated.
51	1.1.2	That this 26% includes all de cost of land, cost of maintenance and all cost related with the project? What about if the cost of the project is more?	Refer Clause 1.2.7 of the RFQ. Terms and conditions of Authority's participation in the SPV will be specified in Procurement-cum-

			Maintenance Agreement ("PCMA").
52	1.2.3	Please consider to reduce the amount payment to five lakh.	No change is contemplated.
53	1.2.8	We understand that the maintenance terms and conditions should be discussed and agreed by all parties involve and there is no need to be pre-determined and since it is not a part of the evaluation criteria.	Maintenance terms and conditions will be specified in the draft PCMA.
54	2.2	For practical purposes of the contract can a company use a specialised concessionaire subsidiary using the mother company technical and financial capabilities?	Refer Clause 2.2.9 of the RFQ which is self explanatory.
55	2.2.4(i)	Please consider that all the technical experience and financial certificates could be signed by a designated authorised person nominated by the company with all the data verified in order to assist the preparation of the offers.	No change is contemplated.
56	2.2.6 (c)	Could it be incorporated financial equity partners after the RFQ process? Please clarify.	Yes.
57	2.2.6 (vi)	We consider that this clause should be change by means of "liable jointly for all obligations" (guarantee given by each Party only in accordance with its percentage of participation) instead of "liable jointly and severally" in case any incorporation in the SPV will take over. Please confirm.	No change is contemplated.
58	2.2.2.(a)	<p>We understand that the Authority would like to make sure the following capacities of Applicant;</p> <ol style="list-style-type: none"> 1) Design and Manufacturing capability of the Rail Cars with more than 14 MT axle load 2) Supply experience of more than 1,200 Rail Cars for past 5 financial years <p>However, this clause requires the Applicant for supply experience of more than 1,200 Rail Cars with more than 14MT axle load for past 5 financial years. This requirement</p>	Refer Addendum-1.

		<p>is too severe and also limits the potential Applicants. Therefore, we would highly appreciate it if the Authority could relax these conditions.</p> <p>Please note that, in order to reduce the maintenance cost and energy consumption, the Japanese railroads and car builders have tried to reduce the axle load. There are not so many cases in Japan with more than 14 MT axle load right now.</p>	
59	1.1.1	We request IR to kindly provide an overview of the type of products and their mix to be manufactured at the Factory and supplied to Indian Railways.	Product mix and other details will be specified in the draft PCMA to be issued to the Bidders.
60	1.3	This bid duration of 3 months (between 21 st June and 4 th October) as stipulated in the RFQ document is very short and very challenging. We request IR to kindly review the same and provide adequate time a minimum of 6 months duration along with issuance of the RFP.	Refer Addendum-1.
61	2.2.2 (A), 3.2.6	Referring to the clause "... that form part of a train set comprising 2 (two) Rail Cars of which at-least one Rail Car is equipped with a Propulsion System (the "Train Set")...". Please clarify in the aforementioned clause if the train-set should comprise of at-least two rail cars of which at-least one Rail Car is equipped with a Propulsion System. Please further clarify that in the event of the train-set being comprised of more than two Rail Cars, all the rail cars would be considered in the evaluation of the Experience Score if at-least one Rail Car is equipped with a propulsion system.	Refer Addendum-1.

		Please clarify.	
62	2.2.2 (A), 3.2.1	We request IR to also consider Completely Knocked Down (CKD) for Train Sets comprising the specified sub-systems as eligible projects.	CKD's are acceptable provided that CKD kit comprise a Rail Car and Propulsion System.
63	3.2.6	Please clarify that if the applicant has supplied both Propulsion systems and Rail Cars for a train-set for a given project, how will the experience score be calculated for both these items as this is not clear from the RFQ.	Experience Score will be given both for Rail Car and Propulsion System.
64	1.2.4	<p><u>Bid Security:</u> As per Clause 1.2.4 the bid security requirement is 40 crore.</p> <p>We request the Bid Security be reduced to 20 crores since there are several Indian Railway bids this year, where BT wishes to participate. This would restrict our bonding facility available with the banks.</p>	No change is contemplated.
65	Annexure-IV	<p>Details of Eligible Projects – Certificate from Statutory Auditors/Client.</p> <p>The requirement of certification from the Statutory Auditors/Client is a time consuming process. We would hence request you to accept certification from the Engineering Head, instead. The same was accepted during our RFQ submission for Rae Bareli Coach Factory.</p>	No change is contemplated.