

YSR Steel Corporation Limited
(Formerly known as AP High Grade Steels Limited)

Clarification to Queries No. 1

Date: December 04, 2020

S.No	Clause Number and Page Number	Query	Response
1	"Performance Security" Page No: 5	<p>BG requirement of 5% of Project Cost is very high and given that we are planning a large project with overall cost of around Rs x crore, this would amount to a BG requirement of Rs y crore.</p> <p>We would also be contributing equity in the project prior to COD. We would request that this clause be amended and be made applicable only for cases where no equity is being proposed to be put in by the applicant prior to the COD, or to the extent equity commitment prior to the COD is being made, to that extent a reduction in the BG requirement be made in pursuance of this requirement</p>	Please refer to point no.1 of Addendum No.1 to RFP
2	Clause 1.5.2 (a) (iii) Page no: 11	<p>It says the JV partner will need to bring equity upfront, or pro rata with AP government in case the total Equity requirement in Phase 1 exceeds Rs.3,000 crore. We also refer to clause 1.5.3</p> <p>(a) where it says that YSRSCCL may contribute the initial Equity. Our intention is to fund our portion of the pre COD</p>	Clause 1.5.2 (a) (iii) clearly specifies that in the event the total equity component for Phase 1 (including interest during construction and the preliminary and pre-operative expenses) exceeds Rs. 3,000 crore, JV Partner shall be mandatorily required to contribute equity in the JVC upfront from the commencement of the

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		equity post the AP government has completed the funding of Rs 3,000 crore equity. This benefit is available to bidders proposing a smaller project. Kindly confirm our understanding.	development of the Project along with YSRSCCL. Hence, JV Partner has to fund the pre- COD equity pro-rata along with YSRSCCL right from the beginning in case the total equity requirement exceeds Rs 3,000 crore.
3	Clause 1.5.3 (b and c) Page No: 13	Request for the amount spent by the AP Government so far/ proposed to be spent on acquisition/ transfer of site and other expenses mentioned in 1.5.3 (b) and the estimated user charges payable by the JV towards infrastructure provisioning charges pursuant to clause 1.5.3 (c).	<p>External Infrastructure cost is estimated at INR 340 Cr. The breakup is as follows;</p> <ul style="list-style-type: none"> a. Power INR 80 Cr, b. Water pipeline INR 60 Cr, c. 4 lane road connectivity INR 50 Cr, d. Railway line connection INR 150 Cr. <p>Cost towards External Infra (Road, Water, power, Rail will not be considered as part of the project cost of steel plant but forms part of the total cash outflow for GoAP as per Clause 1.5.2 (d).</p> <p>Further, an amount of INR 77 Cr is estimated to be paid for land acquisition, ~INR 2 Cr for building the compound of 2 Kms long, and a further amount of ~INR</p>

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			<p>12 Cr is estimated to be incurred for the balance portion of compound. However, the amount incurred towards land and compound shall be forming part of the Project cost of steel plant.</p> <p>The JVC would be required to pay the user charges (on a cost-plus return basis) for using the external infrastructure facilities.</p>
4	Clause 2.2.15, 2.3 and Appendix - 8, 4 (iv) Page no: 22, 23 and Page 93	Based on our ongoing discussions, we wanted flexibility to get a partner post the JV is signed at some stage, such that between the partner and us we own 51% at COD. Specifically, Appendix-8, 4(iv) seems to restrict it. Please clarify if we can achieve our objective per the current RFP. If not, would request for suitable modifications to be made. We will remain the larger shareholder relative to the partner we choose.	Original clause to be retained with no change.
5	Appendix-4, point 4, page 67	<p>We seek clarification on the definition of the group which is not a defined term in the RFP.</p> <p>We are in process of getting our financials for FY 2020 Audited. The delay is on account of Covid pandemic. Kindly permit us to submit Provisional financials.</p>	<p>Please refer to point no.3 of the Addendum No. 1 to the RFP</p> <p>Latest audited balance sheet which is not older than 12 (twelve) months immediately preceding the Proposal Due Date to be submitted.</p>
6	Appendix-4, point 6, page 68	While the intended applicant will be our group holding company as that will facilitate us to leverage the steel track record for the RFP evaluation, we would like to have the	Clause 2.2.14 of RFP will be applicable. Please refer Appendix-4.

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		flexibility of bringing in the equity contribution from an operating entity below the holding company (an Associate of the Applicant). Please advise if this would be possible.	
7	Appendix-4, point 10, Page 70	It is our intention to award the management of the project to Company Y, which will be a downstream Associate of the applicant. Trust that should be fine in terms of the RFP. Kindly confirm.	Please refer to Annex J of Appendix-5.
8	Appendix-4, point 13, Page 70	Our Quality certifications will be derived from Company xx, as the greenfield and brownfield track record criteria permits leveraging the past track record, we assume that the same is applicable for the quality criteria as well. Please confirm.	Please refer to point no.5 of the Addendum No. 1 to the RFP
9	Annexure A of Appendix - 3, point 12, and point 14, Page 46	We believe the coverage is too wide in both the paras, as we have many verticals and ongoing business across the world. We would suggest it to be limited to issues that can impact the performance of the JV.	Original clause to be retained with no change.
10		Draft JVA wordings to be shared - as it has been cross referenced with RFP in several places	Please refer Clause 1.1.2 and 1.5 of RFP. JVA to be finalized and executed post selection of JV Partner broadly in line with the RFP terms and the proposal of the Selected Applicant. JV agreement will have to be in line with the configurations, capacities and associated financial numbers proposed by the Selected Applicant. Hence, it would be finalized post selection of the Applicant

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11		Can a company participate in the RFP Process as a single entity & later add on a JV partner if selected?	Please refer Clause 2.1.2, Clause 2.2.15 and Clause 1.5.4 of RFP.
12		When will the land title be transferred to JVC (absolute ownership)	Post formation of JVC
13		When will ownership of external infrastructure facilities along with land & RoW be transferred to the JVC?	An External Infrastructure SPV shall be formed for the implementation of external infrastructure. User charges for using External Infrastructure shall be recovered from the JVC on a cost + return basis which will be determined post finalization of the Capacity, configuration of the plant. The ownership of the assets comprising the external infrastructure and right of way will be with the External Infrastructure SPV and will not be transferred to JVC.
14	1.1.3 Page 8	YSRSCL seems to have absolute right to amend, supplement or re-interpret RFP content & thereby its impact on JVA & JV partner's scope / obligations.	Original clause to be retained with no change.
15	1.3 schedule of selection process Page 10	What is the final date for submission of the Registration form?	Please refer to point no.3 of Addendum No.2 to RFP
16	1.2. Brief description of selection process (1.2.5)	RFP mentions that Applicants are invited to examine the Project in greater details and carry out any studies as may be required. Please provide details on the dates for site visits/ studies etc.	YSRSCL can organize site visits any time before submission of proposal. Request the Applicant to formally get in touch with the company intimating the date of the site visit, giving due notice.

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17	1.5.2. Role and responsibilities of the JV partner Page 12	Phase 1 capacity to be minimum 1 MTPA as stated; if a bidder offers a higher capacity, will it improve eligibility?	Please refer to Clause 3.5.2 along with Appendix-4.
18	1.5.2. Role and responsibilities of the JV partner Page 12	Further, all cost overruns are to be funded by the JV partner. Would the cost over-run form part of the 51% of subscribed & paid up equity share capital?	If the cost overruns are infused by the JV Partner into JVC as Equity, then such amounts of cost overruns would form part of JV Partner's Equity contribution towards the Project and be considered towards meeting the acquisition of 51% of subscribed and paid-up equity share capital on (or) prior to the COD.
19	1.5.3: YSRCL support Page 14	<p>Kindly shed light on the following - RFP mentions JV would be required to pay the user charges (on a cost-plus return basis) for using the external infrastructure facilities, which includes –</p> <p>a. Double Circuit Transmission line of 400 Kv from Jammalamadugu substation up to a designated point within the site</p> <p>b. 15 KM long raw water pipeline (including procuring/undertaking acquisition of right of way for such pipeline) along with necessary pumping infrastructure from Gandikota reservoir for raw water supply</p> <p>c. A 4-lane access road to national highway 67 with</p>	<p>External Infrastructure cost is preliminarily estimated at INR 340 Cr. which includes</p> <p>a. Power infrastructure - INR 80 Cr</p> <p>b. Water pipeline infrastructure - INR 60 Cr</p> <p>c. 4 lane road connectivity -INR 50 Cr</p> <p>d. Railway line connection - INR 150 Cr.</p>

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		<p>adequate right of way</p> <p>d. Railway connectivity by laying an extension line of about 12 KM from the nearest railway line, with adequate right of way</p> <p>Please clarify the costs associated with the projects.</p>	
20	1.5.3: YSRCL support Page 14	<p>Cost incurred by YSRCL on land acquisition, transfer, construction of boundary wall, external rail, road, power & water connection to be considered as part of Project cost. What will be the value of these items?</p>	<p>An amount of INR 77 Cr is estimated to be paid for land acquisition, ~INR 2 Cr for building the compound of 2 Kms long, and a further amount of ~INR 12 Cr is estimated to be incurred for the balance portion of compound. The amount incurred towards land and compound shall be forming part of the Project cost of the steel plant.</p> <p>Cost towards External Infra (Road, Water, power, Rail will not be considered as part of the project cost of steel plant but forms part of the total cash outflow for GoAP as per Clause 1.5.2 (d).</p> <p>The JVC would be required to pay the user charges (on a cost-plus return basis) for using the external infrastructure facilities to the External Infrastructure SPV. The charges will be decided post finalization of capacity and configurations.</p>
21	1.5.3: YSRCL	RFP mentions that YSRCL has entered into a MoU with	Please refer to point no.8 of Addendum No.2 to RFP.

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	support Page 14	NMDC for supply of 5 MTPA iron ore of the project. What are the details of the terms & conditions?	
22	1.5.3: YSRCL support Page 14	RFP mentions that YSRCL will help, on best effort basis, to attain all government approvals etc. It is mentioned that the meeting for Environment clearance for project of up to 3 MTPA was on 11th November – by when is the final decision expected? EIA for 3 MTPA submitted to MoEFCC is based upon what process parameters. Should there be a change in process route or plant capacity, this will have to be amended	The final EIA/EMP report is under preparation and would be submitted to MoEFCC shortly. Amendments could be required based on the specific proposal of the selected Applicant.
23	1.5.3 Page 14	Please elaborate on the benefits available under AP industrial development policy	Please refer to point no.8 of Addendum No.2 to RFP.
24	1.5.4 Page 15	YSRSCL to have “control over critical issues relating to the project as well as Operation & management of JVC...” when their stake has reduced below 50% or even lesser. Please specify the kind of rights and controls that YSRCL will maintain.	To be detailed in the JVA. This will be mainly to protect the basic project development and commercial interest of YSRCL, including providing employment to the locals, protecting the ecological balance, any issues which will affect the peace and tranquillity of the region.
25		Exit provision for JV partner from the JVC (for any reason whatsoever) after having signed the JVA to be made. Liability of JV partner in such an event shall be limited to forfeiture of the security deposit (INR 15 cr.) only.	Original Clause to be retained with no change.
26	Clause 1.1.2, Page number 8	(a) Please confirm the process for drafting of the JVA.	(a) Please refer Clause 1.1.2 and 1.5 of RFP. JVA to be finalized and executed post selection of JV Partner, broadly in line with the RFP terms and the proposal of the Selected Applicant. JV agreement will have to be in line with the configurations, capacities and associated financial numbers proposed by the Selected

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		<p>(b) Please indicate consequences in an event that the Selected Applicant and YSR SCL / Government of Andhra Pradesh cannot agree on the draft JVA.</p> <p>(c) The timelines by which the counterparty will be notified is not certain. Please note that the risk analysis of the bidder will also differ on whether the counterparty is YSR SCL or the Government of AP.</p>	<p>Applicant.</p> <p>(b) YSR SCL shall be entitled to forfeit and appropriate the Proposal Security or Performance Security, as applicable.</p> <p>(c) As of now, it is envisaged that a new JVC would be incorporated by YSR SCL and the JV Partner. However, a final confirmation in this regard will be provided prior to execution of the JVA.</p>
27	Clause 1.2.5, Page number 9	The time period for applicants to examine the Project is very limited, given that the Techno- Commercial Proposal is also to be submitted alongwith the Eligibility Proposal.	Please refer to point no.2 of Addendum No.1 to RFP for extension of the timelines.
28	Clause 1.5.2(d), Page number 12	The cost of acquisition of site (including plant and township) and the development of infrastructure (including Cutting, filling, boundary wall etc.) and external infrastructure (brining water, power, railway line, roads etc..) is to be included in the equity contribution of YSR SCL. It is not clear that this is within the INR 3000 crore cap. If so, (A) cost of land to be considered per acre; and (B) please provide details of cost incurred on development and infrastructure.	<p>Please refer to Clause 1.5.2.(d) and 1.5.3.(b) of RFP.</p> <p>An amount of INR 77 Cr is estimated to be paid for land acquisition, ~INR 2 Cr for building the compound of 2 Kms long, and a further amount of ~INR 12 Cr is estimated to be incurred for the balance portion of compound. The amount incurred towards land and compound shall be forming part of the Project cost of steel plant.</p> <p>External Infrastructure cost is preliminarily estimated at INR 340 Cr. which includes</p> <ol style="list-style-type: none"> a. Power infrastructure - INR 80 Cr b. Water pipeline infrastructure - INR 60 Cr c. 4 lane road connectivity - INR 50 Cr d. Railway line connection - INR 150 Cr.

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			Cost towards External Infra (Road, Water, power, Rail will not be considered as part of the project cost of steel plant but forms part of the total cash outflow for GoAP as per Clause 1.5.2 (d).
29	Clause 1.5.2(e), Page number 12	<p>Please confirm the structure and terms of the implementation agreement referred. Is this proposed to be an arm's length transaction between the JVC and the JV Partner.</p> <p>Please also confirm if the JV Partner may assist in procuring an implementation / O&M agreement for the JVC as per standard market practices.</p>	<p>Implementation Agreement to be finalized and executed post execution of JVA broadly in line with the RFP and JVA terms, between JVC and JV partner. Please refer to Appendix-4 point no.10 and Annexure-J of Appendix-5 of RFP.</p> <p>Please refer to Clauses 1.5.2.(e), (f), (g), (h) and other relevant terms of RFP.</p>
30	Clause 1.5.2(g), Page number 13	<i>“Operating, maintaining and managing the Project, [...] without any recourse to the Government of Andhra Pradesh, other than YSRSCCL obligations as may be set out in the JVA.”</i>	Original clause to be retained with no change.
31	Clause 1.5.3(b), page number 13	<p>Please explain the process of acquisition of the Site. Please confirm status of acquisition of Site.</p> <p>Please provide brief description of any issues in relation to Site acquisition, including any litigation/ order/ dispute/ proceedings in relation to the same.</p>	Please refer to Clause 1.5.3.(b) of RFP.
32	Clause 1.5.3(b), page number	Please provide plot plan for the area identified for the proposed plant and township.	Please refer to point no.8 of Addendum No.2 to RFP.

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33	Clause 1.5.3(b), page number 13	Please provide document/ drawings of Contour survey, geo technical soil investigation report for the plant site and township if available	Please refer to point no.8 of Addendum No.2 to RFP.
34	Clause 1.5.3(e), page number 14	Can a copy of the MOU with NMDC Limited be provided? This will be very essential for the Techno-Commercial Proposal, since it may impact the technology use etc.	Please refer to point no.8 of Addendum No.2 to RFP.
35	Clause 1.5.3(e), page number 14	In relation to procuring approvals and consents, please confirm the status of the environmental consent. Further, please provide an indicative list of consents and approvals that would be required for the construction and operation of the Project. Please also confirm if a single window clearance is available for the Project.	The final EIA/EMP report is under preparation and would be submitted to MoEFCC shortly. Bidders are requested to undertake their own due diligence in relation to the consents and approvals that may be required to be obtained (taking into account the proposed configuration and capacity of the project).
36	Clause 1.5.3(f), page number 14	Please provide a brief description of the benefits available under the Andhra Pradesh Industrial Development Policy, 2020.	Please refer to point no.8 of Addendum No.2 to RFP.
37	Clause 1.5.3	Is a state support agreement or a similar agreement proposed to be entered into with the GoAP in relation to the obligations of YSR SCL which require support from the state government, since these will include interface with railway authorities, distribution and transmission companies etc.	No state support agreement is envisaged.
38	Clause	The JV Partner is required to acquire the shareholding of	Please refer to point no.1 and 6 of Addendum No.2 to RFP.

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	1.5.4 (a), page number 14	<p>YSRSCL at par.</p> <p>This may be restated as:</p> <p><i>“compulsorily acquire, at least 51% (fifty one percent) of the subscribed and paid-up equity share capital (without accounting for quasi-equity instruments) of the JVC on or prior to the COD, at par or the <u>minimum price under applicable laws, whichever is lower</u> (“Tranche 1 Purchase”);</i></p> <p>This is to address a situation where the JV Partner may be a non-resident / FOCC and subject to FEMA pricing restrictions.</p>	
39	Clause 1.5.4 (b), page number 14-15	<p>The JV Partner is required to acquire the quasi-equity instruments of YSRSCCL at book value.</p> <p>This should be subject to applicable laws. The JV Partner should also have the right to exercise these obligations through a nominee.</p> <p>This is to address a situation where the JV Partner may be a non-resident /FOCC and subject to FEMA pricing and other restrictions.</p>	Please refer to point no.2, 4, 5 and 7 of Addendum No.2 to RFP.
40	Clause 1.5.4(d), page number 15	Where YSRSCCL’s stake in the JVC is lower than 50%, YSRSCCL shall be entitled to an affirmative voting right to ensure control over certain critical issues relating to the operation and management of the JVC. It is not clear what is meant by ‘control’ and how such control is proposed to be exercised. Please also clarify the specific matters over which YSRSCCL proposesto exercise control.	Please refer to point no.24 above.

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41	Clause 1.5.5, page number15	Please confirm if a preliminary business plan is required to be submitted other than the techno-commercial proposal as set out in Appendix V.	Please refer Clause 1.5.5, Appendix-4 & 5 (including Annexures to Appendix- 5) of RFP.
42	Clause 2.1.1, page number17	Please confirm if there is any time limit for submission of the Registration Form and to complete the Project Registration. Please provide approximate lead time for issue of the Registration Certificate	Please refer to point no.3 of Addendum No.2 to RFP. Registration Certificate to be issued within 2 working days from the receipt of Proposal Processing Fee.
43	Clause 2.5.1, page number24	Please provide details of the data room which will be made available and the time period for site visits etc.	Please refer to point no.8 of Addendum No.2 to RFP. YSRSCL can organize site visits any time before submission of proposal. Request the Applicant to formally get in touch with the company intimating the date of the site visit giving due notice.
44	Clause 3.4.3, page number 34-35 and Appendix 4, Page number 65.	The manner of awarding the Techno-Commercial Score is not very clear. The criteria set out in Appendix 4 is largely (8 out of 13) related to previous transactional experience and credentials of the Applicant and its Associates, with a weightage of 105 out of 200 for these aspects. We believe, however, that the Techno-Commercial Proposal should have more weightage to the current proposal for the Project, since that will form the basis for the JV.	Original clause to be retained with no change.
45	Appendix 4, Page Numbers 65-66	Evaluation points are awarded for both greenfield and brownfield capacity. However, so long as the Applicant meets the Minimum Eligibility Criteria of having operated steel plants, additional weightage is not required to be provided for whether those are greenfield or brownfield plants.	Original clause to be retained with no change.
46	Appendix 4,	The reference to “PM Trophies” and ‘awards with the same	Original clause to be retained with no change.

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	Page Number 70	objective as the PM Trophies' is quite vague.	

For and on behalf of **YSR Steel Corporation Limited**

Sagili Shan Mohan, IAS
Managing Director