

LETTER OF INTENT/
LETTER OF ACCEPTANCE

LOI No.: TFL/PROJ/C&P/LOI/AMMONIA-UREA/2019-20/002 September 19, 2019

To,

M/s Wuhuan Engineering Co., Ltd.
1019 Minzu Road, East Lake Hi-tech Development Zone,
Wuhan 430223, Hubei Province,
People's Republic of China

Kind Attn: Mr. He Desong, Proposal Manager / Mr. Xie Hui, Business Development
Manager

E-mail : hedesong@cwcec.com ; xiehui@cwcec.com
Mobile No : +86 18971282279 / +86 13871577776
Tel No : +86 27 81926224 / +86 27 81926416

Subject: **Letter of Intent (LOI)** for Supply of Process License, Basic Design, Detailed Engineering, Procurement, Supply, Manufacture, Fabrication, Inspection by Third Party Inspection Agency (TPIA) as applicable, transportation of all Equipment & Material to site including loading, unloading, storage, maintenance, construction and erection of all Civil, Mechanical, Electrical and Instrumentation Works, installation, obtaining all necessary statutory approvals from concerned Government Authorities as applicable, testing, Mechanical Completion, Pre-Commissioning, Commissioning, Sustained Load Test Run, Performance Guarantee Test Runs, Total Project Management and handing over of new Single Stream Ammonia Synthesis Unit with Ammonia Synthesis Gas as Feedstock for 2200 MTPD Ammonia Production and Single Stream 3850 MTPD Prilled Urea Plant and its Associated Facilities on LSTK and Single Point Responsibility basis, at Talcher, Angul District, Odisha, for Talcher Fertilizers Limited



Ref: NIT No. PNMM/PC-009/E-4002 dated 29.09.2017 issued by M/s Projects & Development India Ltd. (hereinafter referred to as PDIL) on behalf of Talcher Fertilizers Limited (hereinafter referred to as TFL/OWNER) for new Single Stream Ammonia Synthesis Unit with Ammonia Synthesis Gas as Feedstock for 2200 MTPD Ammonia Production and Single Stream 3850 MTPD Prilled Urea Plant and its associated facilities at Talcher, Odisha, India on LSTK basis and all subsequent pre-bid meetings , replies to pre-bid queries, pre-bid amendments, various Vendor Clarification Meetings (VCM) and minutes thereof, Post-Bid Amendments, Supplementary Price Bids with all Annexures, Price Negotiation Meetings and all other correspondence exchanged between TFL/PDIL and M/s Wuhuan Engineering Co., Ltd., China (hereinafter referred to as WUHUAN/CONTRACTOR)

Dear Sir,

1.0 This has reference to the following:

- (i) NIT/Bid document no. PNMM/PC 009/E/4002 dated 29.09.2017 issued by PDIL on behalf of TFL.
- (ii) Subsequent pre-bid Amendments issued by PDIL on the NIT Documents as listed in APPENDIX-I attached hereto.
- (iii) WUHUAN's Techno-Commercial Bid Ref. No. 17269-FP10-01 dated 28.06.2018 against the referred NIT
- (iv) Various correspondences exchanged between PDIL/TFL and WUHUAN's with regard to Commercial & Technical queries/ clarifications.
- (v) Various rounds of Vendor Clarification Meetings (VCM) and minutes thereof.
- (vi) Post-bid Amendment(s) issued by PDIL on the NIT Documents as listed in APPENDIX-I attached hereto
- (vii) WUHUAN's acceptance to Post Bid Amendments nos. XVIII(Technical), XIX (Commercial), XX(Commercial), XXI(Commercial), XXII(Commercial), XXIII(Technical), XXIV(Commercial), XXV(Commercial), XXVI(Commercial)) vide email dated 15.02.2019, & XXVII (Commercial) vide e-mail dated 19.02.2019.
- (viii) Letter of Waiver of conditions / deviations dated 14.02.2019 submitted by WUHUAN vide e-mail dated 18.02.2019



- (ix) WUHUAN's e-mail dated 18.03.2019 confirming *inter alia* extension of Bid Validity till 19.09.2019 and extension of BG towards EMD upto 19.06.2020
- (x) Supplementary Price Bid dated 15.03.2019 submitted by WUHUAN in a sealed envelope
- (xi) Price negotiation meeting held with WUHUAN on 04.06.2019 followed by WUHUAN's letter dated 05.06.2019
- (xii) WUHUAN's letter dated 07.09.2019 subsequent to meeting held on 06.09.2019 at TFL, Noida.
- (xiii) Any other correspondence exchanged between TFL/PDIL & WUHUAN with reference to this tender not covered above

2.0 With reference to above, we hereby accept Bid Ref. No: 17269-FP10-01 submitted by WUHUAN read in conjunction with all the other documents referred in Para 1.0 above and are pleased to issue this LETTER OF INTENT (LOI) to M/s Wuhuan Engineering Co., Ltd. for Supply of Process License, Basic Design, Detailed Engineering, Procurement, Supply, Manufacture, Fabrication, Inspection by Third Party Inspection Agency (TPIA) as applicable, , Insurance, Transportation of all Equipment & Material to site including loading, unloading, storage, maintenance, construction and erection of all Civil, Mechanical, Electrical and Instrumentation Works, installation, obtaining all necessary statutory approvals from concerned Government Authorities as applicable, testing, Mechanical Completion, Pre-Commissioning, Commissioning, Sustained Load Test Run, Performance Guarantee Test Runs, Total Project Management and handing over of new Single Stream Ammonia Synthesis Unit with Ammonia Synthesis Gas as Feedstock for 2200 MTPD Ammonia Production and Single Stream 3850 MTPD Prilled Urea Plant and its Associated Facilities on LSTK and Single Point Responsibility basis, at Talcher, Angul District, Odisha, for Talcher Fertilizers Limited.

3.0 TOTAL LSTK PRICE / TOTAL CONTRACT PRICE:

The TOTAL LSTK PRICE/TOTAL CONTRACT PRICE for the scope of work under this Contract including Taxes & Duties shall be USD 148,100,063 plus INR 14,103,138,338/- as per the following break up:

TOTAL LSTK PRICE/TOTAL CONTRACT PRICE as per Scope of Work in Para 2.0 above:	USD 148,100,063 (In words: US Dollars One Hundred Forty Eight Million One Hundred Thousand and Sixty Three only)
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Plus (+)

INR 14,103,138,338/-

(In words: Indian Rupees Fourteen Billion One Hundred Three Million One Hundred Thirty Eight Thousand Three Hundred and Thirty Eight only)

The prices mentioned above are firm and shall not be subject to any escalation during the contract period, except as otherwise specifically stipulated in the NIT/ Contract documents.

4.0 TAXES AND DUTIES

Taxes and Duties to be paid by OWNER under this contract is included in 3.0 above and shall be paid on submission of documents in accordance with NIT provisions and shall be limited to amounts indicated below:

i) Goods and Service Tax (GST):
(IGST+CGST+SGST)

INR 3,584,871,797/-

(In words: Indian Rupees Three Billion Five hundred Eighty Four Million Eight Hundred Seventy One Thousand Seven Hundred and Ninety Seven only)

ii) Custom Duty including applicable
Cess and Surcharge:

INR 520,871,277/-

(In words: Indian Rupees Five Hundred Twenty Million Eight Hundred Seventy One Thousand Two Hundred and Seventy Seven only)

iii) BOCW

INR 26,371,663 /-

(In words: Indian Rupees Twenty Six Million Three Hundred Seventy One Thousand Six Hundred and Sixty Three only)



5.0 TIME SCHEDULE / COMPLETION PERIOD

CONTRACTOR shall be required to complete the WORK as per the Guaranteed Completion Date stipulated in the CONTRACT so as to achieve the Guaranteed Completion Date in accordance with the following milestones:

a) Mechanical Completion	36 Months from Effective Date of Contract
b) Preliminary Acceptance	41 Months from Effective Date of Contract

The “**Effective Date of Contract (EDC)**” shall be reckoned as “**Seven months**” from the date of issuance of this LOI (Letter of Intent) by the OWNER”.

In case Mechanical Completion is completed before the scheduled completion date (i.e. 36 Months from EDC), TFL shall provide Raw Material and Utilities as per the schedule given under Amendment No. XXVII dated 15.02.2019 reckoned prior to the end of the date of scheduled Mechanical Completion date (i.e. 36 Months from EDC) and WUHUAN shall not claim any compensation on account of such early Mechanical Completion and TFL shall not be held liable for any time or cost implications owing to such early completion.

Further, wherever TFL has any obligations to perform any work / activity w.r.t. Mechanical Completion, the phrase “Mechanical Completion” shall be read as “Scheduled Mechanical Completion date (i.e. 36 Months from EDC)”.

6.0 TECHNOLOGY LICENSOR(S)

The Technology Licensor(s) for this package shall be as under:

- Ammonia Plant : KELLOGG BROWN & ROOT LLC
- Urea Plant : STAMICARBON B.V.

7.0 SIGNING OF CONTRACT AGREEMENT



WUHUAN shall give their unconditional acceptance of this LOI within 15 (fifteen) days from the date of issuance of this LOI. Thereafter, a Contract Agreement (to be executed on non-judicial stamp paper of appropriate value) as per Annexure 1.24 (and subsequent revisions, if any) shall be executed between the OWNER and the CONTRACTOR within fifteen (15) days from date of acceptance of this LOI.

CONTRACTOR shall sign the CONTRACT AGREEMENT (in two sets) and return both the sets to the OWNER. The CONTRACT AGREEMENT shall be signed by authorized officer of the CONTRACTOR, in whose name Power of Attorney has been issued.

8.0 CONTRACT SECURITY CUM PERFORMANCE BANK GUARANTEE

As a Contract Security, CONTRACTOR shall be required to furnish a Security cum Performance Bank Guarantee (CS cum PBG) equal to ten per cent (10%) of the TOTAL CONTRACT PRICE as per Annexure- 1.16 and subsequent revisions, if any within thirty (30) days of issuance of this LOI in accordance with clause no. 35 of ITB (Instruction to Bidders, Part I, Section 1.0 of NIT) and other conditions as may be mentioned elsewhere in bidding document..

The Bank Guarantee shall be valid till Defects Liability period plus six months. However, on PRELIMINARY ACCEPTANCE of Plant by OWNER, the value of Bank guarantee shall be reduced to 5% of the TOTAL CONTRACT PRICE. In case of breach of contract the guarantee amount shall be payable to the OWNER without any conditions whatsoever. This Bank Guarantee shall be an irrevocable Bank Guarantee. The OWNER shall issue the authorization for reduction of PBG within 15 days from the receipt of request from the CONTRACTOR.

Other terms and conditions as mentioned in bidding document shall remain unchanged.

9.0 MOBILISATION ADVANCE

The provisions of Mobilization advance shall be governed by clause no. 14.2 and 14.3.1 of 'Special Conditions of Contract' (Section 3.0 of Part I of bid document) and subsequent amendments thereof including other clauses/provisions appearing elsewhere in the bidding document, except that the first instalment of Mobilization



advance (upto 6%) shall be due after 6 months from the date of this LOI (i.e. after 19.03.2020). Other terms and conditions remain unchanged.

10.0 MONTHLY PAYMENT SCHEDULE (S-CURVE)

The Mobilisation Advance shall be governed by Cl. No. 9.0 above of this LOI and relevant clauses of NIT document and subsequent Amendments thereof. Further, EDC (Effective Date of Contract) definition shall be as per Cl. No. 5.0 above of this LOI. The relevant paras/clauses of "Monthly Payment Schedule (S-curve)" submitted by WUHUAN with their Supplementary Price Bid shall stand amended accordingly.

11.0 DEEMED ACCEPTANCE

The provisions of "Deemed Acceptance" shall be governed by clause no. 16.0 and 18.12 of 'Special Conditions of Contract' (Section 3.0 of Part I of bid document) and subsequent amendments thereof including other clauses/provisions appearing elsewhere in the bidding document with following change:

Deemed Acceptance period shall commence from the date of Schedule Mechanical Completion (i.e. 36 months from EDC) or actual Mechanical Completion, whichever is later. Even if, WUHUAN achieves Mechanical Completion before the schedule Completion date, the Deemed Acceptance period (as per NIT document and subsequent Amendment(s), thereof) of 10 months shall start from the date of Schedule Mechanical Completion (i.e. 36 months from revised EDC).

Other terms and conditions as mentioned in bidding document shall remain unchanged.

12.0 PUBLIC PROCUREMENT (PREFERENCE TO MAKE IN INDIA) POLICY

As WUHUAN has given undertaking in their bid document that they are eligible for benefit under Purchase Preference (linked with local content) and that they will meet the mandatory minimum Local Content requirement of 50% specified in tender document, accordingly, the provisions of the said policy contained in Annexure 1.32 of the bidding document shall be applicable.



13.0 INTEGRITY PACT

This contract shall be governed by INTEGRITY PACT (Annexure 1.25 and revisions, if any) signed between TFL and WUHUAN.

14.0 This **LETTER OF INTENT** (including the documents referred hereinabove) shall constitute a binding **CONTRACT** between **OWNER** and **CONTRACTOR** until a formal **CONTRACT** is prepared and executed between **OWNER** and **CONTRACTOR**.


This “**LETTER OF INTENT**” is being issued to you in duplicate. We request you to return the duplicate copy duly signed and stamped on each page including all the enclosed Appendices, by the authorized signatory of your company as a proof of your acknowledgement and acceptance, within fifteen (15) days of issue of this LOI.

All other terms and conditions shall be as per NIT ref No. PNMM/PC009/E-4002 dated 29.09.2017 and all subsequent Amendments and other documents/correspondences referred at Sl. No. 1.0 above of this LOI.

A “**DETAILED LETTER OF ACCEPTANCE (DLOA)**” shall follow shortly.

Thanking you,
Yours faithfully,

For Talcher Fertilizers Limited


(S. DASGUPTA)
DY. GENERAL MANAGER (C&P)



एस. दासगुप्ता / S. DASGUPTA
उप महाप्रबंधक (संविदा एवं क्रय) / Dy. General Manager (C&P)
तालचर फर्टिलाइजर्स लिमिटेड / Talcher Fertilizers Ltd.
जीटीपार्क बीएआरसी बिल्डिंग / GTI PARC Building
प्लॉट नं० 24, सेक्टर-16ए, नोएडा-201301(उ.प्र.)
Plot No. 24, Sec.-16A, Noida-201 301(U.P.)

ACCEPTANCE OF LOI:

THE ABOVE “**LETTER OF INTENT**” IS ACCEPTED IN TOTO.
For M/s WUHUAN ENGINEERING CO., LTD.

NAME:
DESIGNATION:
COMPANY SEAL

Encl.:

APPENDIX-I: List of Amendments issued to NIT

LOI No. : TFL/PROJ/C&P/LOI/AMMONIA-UREA/2019-20/002 dated 19.09.2019

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List of Amendments issued to NIT
PRE-BID AMENDMENTS

Amendment No.	Dated
Amendment-I (Commercial)	13.10.2017
Amendment-II (Extension)	20.12.2017
Amendment –III (Commercial)	11.01.2018
Amendment-IV (Commercial)	25.01.2018
Amendment –V (Technical)	05.02.2018
Amendment –VI (Extension)	19.02.2018
Amendment –VII (Commercial)	22.03.2018
Amendment –VIII (Extension)	28.03.2018
Amendment –IX (Technical)	16.04.2018
Amendment –X (Commercial)	07.05.2018
Amendment –XI (Extension)	07.05.2018
Amendment –XII (Technical)	28.05.2018
Amendment –XIII (Extension)	01.06.2018
Amendment –XIV (Commercial)	05.06.2018
Amendment –XV (Extension)	29.06.2018
Amendment –XVI (Extension)	24.07.2018
Amendment –XVII (Extension)	07.08.2018

POST BID AMENDMENTS

Amendment No.	Dated
Amendment –XVIII (Technical)	05.01.2019
Amendment –XIX (Commercial)	05.01.2019
Amendment –XX (Commercial)	10.01.2019
Amendment –XXI (Commercial)	28.01.2019
Amendment –XXII (Commercial)	01.02.2019
Amendment –XXIII (Technical)	06.02.2019
Amendment –XXIV (Commercial)	06.02.2019
Amendment –XXV (Commercial)	06.02.2019
Amendment –XXVI (Commercial)	14.02.2019
Amendment –XXVII (Commercial)	15.02.2019

