

REQUEST FOR PROPOSAL

For

Selection of Manufacturers for Setting Up Manufacturing Capacities for Advance Chemistry Cell (ACC) under the Production Linked Incentive (PLI) Scheme

Date: December 17, 2021

ADDENDUM NO. 1

The following are the modifications to the tender documents for 'Selection of Manufacturers for Setting Up Manufacturing Capacities for Advance Chemistry Cell (ACC) under the Production Linked Incentive (PLI) Scheme' Tender Ref. No. 01(05)/2019-AEI (19587) dated 22nd October 2021; Tender ID:2021_DFIN_653843_1

The deletions from the earlier text of the tender documents are indicated as strikethrough [~~xxxxx~~] and additions are under lined with bold [xxxxxx]:

Clause No	Revised Clause
Request For Proposal	
1.1.3 of the RFP	The Selected Bidders (<i>defined hereinafter</i>) would be entitled to receive fiscal benefits in the form of a cash Subsidy in accordance with the Programme. A Bidder selected through this RFP, to be eligible for this Subsidy, would have to commit to set-up an Advance Chemistry Cell manufacturing facility of minimum 5 (five) GWh capacity and with Value-Addition (<i>as defined in the Programme Agreement</i>) of minimum 25% (twenty-five percent) within 2 (two) years from the Appointed Date and <u>minimum 5 (five) GWh capacity with</u> minimum 60% (sixty percent) Value Addition within 5 (five) years from the Appointed Date, overall at the mother unit level in case of an integrated unit, or at the project level through indigenous manufacturers, in a hub and spoke structure, in accordance with the Programme Agreement ("Project").
Clause 2.2.4 (i) of the RFP	certificate prepared according to the International Financial Reporting Standards (" IFRS ") from a reputed <u>statutory</u> auditor specifying the Net Worth of the Bidder, as specified under Clause

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	<p>2.2.3, as per format at Appendix IV.</p> <p><u>For meeting the above qualification criteria, if the data is provided by the Bidder in a foreign currency, equivalent Indian Rupees of Net Worth will be calculated by the Bidder using Reserve Bank of India’s reference rates prevailing on the date of closing of the accounts for the respective financial year.</u></p> <p><u>In case of any currency for which RBI reference rate is not available, Bidders shall convert such currency into US Dollar (USD) as per the exchange rates certified by their banker prevailing on the relevant date and used for such conversion. Equivalent Indian Rupees of Net Worth from USD will then be calculated by the Bidder using Reserve Bank of India’s reference rates prevailing on the date of closing of the accounts for the respective financial year.</u></p>
2.2.4(ii)	<p>certificate(s) from statutory auditors of the Bidder or its Associates specifying the Net Worth of the Bidder, as specified under Clause 2.2.3, as at the close of each of the preceding financial year for which the Net Worth is required <u>as per latest annual/quarterly financials of the bidder duly audited/reviewed by the Statutory Auditor</u>, and also specifying that the methodology adopted for calculating such Net Worth conforms to the provisions of this Clause 2.2.4 (ii). For the purposes of this RFP, net worth (the “Net Worth”) shall mean the sum of subscribed and paid-up equity and reserves from which shall be deducted the sum of revaluation reserves, miscellaneous expenditure not written off and reserves not available for distribution to equity shareholders.</p>
2.2.15	<p>Notwithstanding anything to the contrary contained herein, in the event that the Bid Due Date falls within 3 (three) months of the closing of the latest financial year of a Bidder, it shall ignore such financial year for the purposes of its Bid and furnish all its</p>

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	<p>information and certification with reference to the latest financial yearfor which the audited statements are not available, the Bidder shall submit the annual audited accounts of the previous financial year for which the audited accounts are available. For the avoidance of doubt, financial year shall, for the purposes of a Bid hereunder, mean the accounting year followed by the Bidder in the course of its normal business.</p>
<p>Clause 3.1.1 of the RFP</p>	<p>The Bidder shall have a minimum Net Worth of INR 225,00,00,000 (Rupees two hundred and twenty-five crore) per GWh of overall Committed Capacity, as per the capacity specified in its Technical Bid for the Financial Year preceding the date of submission of the Bid as per latest annual/quarterly financials of the bidder duly audited/reviewed by the Statutory Auditor. Notwithstanding the foregoing, a Bidder may Bid for any capacity under and in accordance with the terms of this RFP, if the Bidder has a total Net Worth of at least INR 1500,00,00,000 (Rupees fifteen hundred crore). This Net Worth criterion is to be adopted and approved by the board of directors and shareholders of the Bidder. The Bid must be accompanied by the audited annual reports of the Bidder (of the Lead Member in case of a Consortium) for the Financial Year, preceding the year in which the Bid is made along with a certificate prepared according to the IFRS from a reputedstatutory auditor specifying the Net Worth of the Bidder, as specified under Clause 2.2.3.</p>
<p>Clause 3.4.2 of the RFP</p>	<p>The Bidders shall be ranked on the basis of their Bids and the Advance Chemistry Cell capacities shall be allocated in order of their ranking, with the Bidder ranked 1st (first) being allocated the capacity first, followed by the Bidder ranked 2nd (Second), so on and so forth till a cumulative capacity of 50 (fifty) GWh per year has been allocated. Such allocation shall be subject to a minimum allocation of 5 (five) GWh and a maximum cumulative allocation of 20 (twenty) GWh to a single Bidder, in blocks of 1 (one) GWh.</p> <p><u>It is clarified that shortlisted Bidders that are not successful in</u></p>

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	<p><u>securing allocation in the 50 (fifty) GWh cumulative capacity shall be placed under a waiting list in the order of ranking. In case of Bidder(s) that are allocated capacity withdraws prior to the execution of the Programme Agreement, the available capacity shall be allocated to the Bidders in such waiting list in the priority of their ranking.</u></p>								
APPENDIX-I Letter Comprising the Bid	<p>12. I/ We further certify that no investigation by a regulatory authority is pending either against us/ any Member of the Consortium or against our/ their Associates or against our CEO or any of our directors. / managers/ employees.\$</p>								
ANNEX-I Particulars of the Bidder	<p>Has the Bidder/ constituent of the Consortium paid liquidated damages of more than 5% 10% of the contract value in a contract due to delay or has been penalised due to any other reason in relation to execution of a contract, in the last three years?</p>								
APPENDIX-IV Net Worth of the Bidder	<table border="1" data-bbox="440 1010 1349 1787"> <thead> <tr> <th data-bbox="440 1010 743 1493">Bidder Type and Name <u>(Name of Associate if the Net Worth is considered for the Associate)</u></th> <th data-bbox="743 1010 1047 1493">Member Code <u>Registration Number/ Incorporation number of bidder (Associate if the Net Worth is considered for the Associate)</u></th> <th data-bbox="1047 1010 1349 1493">Net Worth <u>(Rs. Crore)</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="440 1493 743 1787">Single entity Bidder / Lead Member of Consortium</td> <td data-bbox="743 1493 1047 1787"></td> <td data-bbox="1047 1493 1349 1787"></td> </tr> </tbody> </table> <p data-bbox="440 1835 943 1866">Name & address of Bidder's Bankers:</p>			Bidder Type and Name <u>(Name of Associate if the Net Worth is considered for the Associate)</u>	Member Code <u>Registration Number/ Incorporation number of bidder (Associate if the Net Worth is considered for the Associate)</u>	Net Worth <u>(Rs. Crore)</u>	Single entity Bidder / Lead Member of Consortium		
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	<p><u>Name of the audit firm:</u></p> <p><u>Seal of the audit firm:</u></p>
<p>Appendix – XI of the RFP</p> <p>Format of the Letter of Award</p>	<p>Sub: Issuance of Letter of Award (the “LOA”) - Request for Proposal (“RFP”) for setting up an Advance Chemistry Cell manufacturing facility of minimum 5 (five) GWh capacity and establish an Advance Chemistry Cell manufacturing Project with domestic value-addition of minimum 25% (twenty-five percent) within 2 (two) years from the Appointed Date at the Mother Unit level and <u>minimum 5 (five) GWh capacity with</u> minimum 60% (sixty percent) Value Addition within 5 (five) years from the Appointed Date, overall at the mother unit level in case of an integrated unit, or at the project level, through indigenous manufacturers, in a hub and spoke structure, in conformity with the Technical Bid (“Project”).</p>
<p>Appendix – XIII of the RFP</p> <p>Integrity Pact</p>	<p>Whereas, the Bidder namely (name of the Bidder with address) has submitted a Bid under the National Programme on Advance Chemistry Cell Battery Storage (“Programme”) to Ministry of Heavy Industries, Government of India (“Government”) seeking Subsidy for manufacturing Advance Chemistry Cell at.....(location(s)).</p>
Programme Agreement	
<p>Recital D of the Programme Agreement</p>	<p>The Government had invited proposals by its request for proposal number [•] dated [•] (“RFP”) for short listing and selection of bidders to receive a Subsidy. A bidder selected through the RFP, to be eligible for this Subsidy, would have to commit to set-up an Advance Chemistry Cell manufacturing facility of a minimum of 5 (five) GWh capacity with Value-Addition of at least 25% (twenty-five per cent) within 2 (two) years from the Appointed Date at the Mother Unit level and <u>minimum 5 (five) GWh capacity with</u> at least 60% (sixty per cent) within 5 (five) years from the Appointed Date, at the Mother Unit level in case of an integrated unit, or at the Project level, in case of Hub and Spoke Structure, in conformity</p>

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	with the technical bid submitted in the RFP.
Definition of Committed Capacity in the Programme Agreement	“Committed Capacity” shall mean the production capacity committed to be installed allocated to by the Beneficiary Firm in accordance with its technical bid by the Government, subject to selection under the RFP.
Definition of Milestone 1 under the Programme Agreement	“Milestone 1” shall mean the achievement by the Beneficiary Firm of: (a) Investment of INR 225,00,00,000 (Rupees two hundred and twenty-five crore) per GWh (excluding the cost of land) for the Committed Capacity specified by the bidder at the end of 2 (two) years from the Appointed Date; and (b) 25% (twenty-five per cent) Value Addition of the Advance Chemistry Cell, within 2 (two) years from the Appointed Date.
Clause 6.2.4 of the Programme Agreement	The Beneficiary Firm shall achieve completion of the Committed Capacity within in accordance with the technical bid within 2 (two) years from the Appointed Date. The Beneficiary Firm further agrees that it shall achieve the target Value Addition, as specified in the Bid, which shall in no case be below 60% (sixty per cent) after the issuance of Milestone 1 Completion Certificate and shall continue to maintain such Value Addition till the expiry of the Term within 5 (five) years from the Appointed Date.
Clause 6.2.7 of the Programme Agreement	The Beneficiary Firm agrees that it shall achieve the Committed Capacity and overall Value Addition at the Mother Unit in case of an integrated unit, or at the Project level through indigenous manufacturers, in a Hub and Spoke structure, in accordance with the Programme Agreement level within 5 (five) years from the Appointed Date. In the event that the Beneficiary Firm does not achieve the Committed Capacity and overall Value Addition at the Mother Unit level within the stipulated time period, and the delay has not occurred as a result of breach of this Agreement by the Government or due to Force Majeure, the

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	Beneficiary Firm shall pay to the Government, liquidated damages in an amount calculated at the rate of 0.1% (zero point one per cent) of the Performance Security for each day's delay until the achievement of the aforementioned obligations. The Parties agree that the Government shall have the right to terminate this Agreement if the Beneficiary Firm fails to achieve any of the conditions specified in this Clause 6.2.7, for a period exceeding 18 (eighteen) months from the dates specified hereinabove.
8.2	If the Committed Capacity is 10 GWh, and the Beneficiary Firm achieves commissioned capacity production / sale of 8 GWh, the Government shall deduct Subsidy payable for $2 * (10 - 8) = 4$ GWh. The Beneficiary Firm would, under such circumstance, be paid Subsidy for $(10 - 4) = 6$ GWh of capacity, notwithstanding commissioning of 8 GWh.
New Clause 8.5 of the Programme Agreement	<u>If the Beneficiary Firm is liable for deduction in Subsidy under and in accordance with both Clause 8.2 and Clause 8.3 above, notwithstanding anything contained herein, the Government shall only deduct Subsidy under Clause 8.2 or Clause 8.3, whichever is higher.</u>
10.3	The Subsidy disbursement shall be provided for a period not exceeding 5 years from the date of issuance of Milestone 1 Completion Certificate and shall be disbursed on a quarterly basis. <u>The Bidder shall maintain the Committed Capacity and Value Addition as per Milestone 2 completion certificate to be eligible for Subsidy in 6th and 7th year.</u> It is clarified that no Subsidy shall be disbursed beyond the 7th anniversary of appointed date.
Clause 16.1.1 (a) of the Programme Agreement	the Beneficiary Firm fails to meet any Conditions Precedent, within a cure period of 30 (thirty) 60 (sixty) days;

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<p>Clause 16.1.1 (b) of the Programme Agreement</p>	<p>the Performance Security or any part thereof has been encashed and appropriated in accordance with Clause 7.2 and the Beneficiary Firm fails to replenish or provide fresh Performance Security within 15 (fifteen) days, or subsequent to the replenishment or furnishing of fresh Performance Security in accordance with Clause 7.2, the Beneficiary Firm fails to cure, within a cure period of 120 (one hundred and twenty) 90 (ninety) days, the Beneficiary Firm Event of Default for which whole or part of the Performance Security was appropriated;</p>
<p>Item (f) of Annex I to Schedule B of the Programme Agreement</p>	<p>———— Applicable penalty on account of shortfall in achievement of stipulated Value Addition or Committed Capacity (INR) ————</p> <p><u>In case of shortfall in either Value Addition or Committed Capacity: Applicable penalty on account of shortfall in achievement of stipulated Value Addition or Committed Capacity (INR)</u></p> <p><u>In case of shortfall in both Value Addition and Committed Capacity: Maximum penalty on account of shortfall in achievement of stipulated Value Addition or Committed Capacity (INR)</u></p>
<p>Clause 2 of Schedule E of the Programme Agreement</p>	<p>The amount of Subsidy to be disbursed would be calculated as following:</p> <p>Formula for calculation:</p> <p>Fixed amount per kilowatt hour or effective subsidy X (multiplied) Percentage of Value Addition achieved during the period or the <u>Value Addition specified in the technical bid of the Beneficiary Firm, whichever is lower</u> X (multiplied) Actual production of Advance Chemistry Cell sold (in KWh).</p> <p>The fixed amount per kilowatt hour is calculated as multiplication</p>

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	<p>of base Subsidy factor for the applicable Advanced Chemistry Cell with effective phasing of base Subsidy as indicated in Article 11 of this Agreement.</p> <p><u>By way of illustration: For a cell with energy density of 280 Wh/Kg, Cycle life = 3000, Period = 5th year 2nd quarter, subsidy benchmark (or the amount of Subsidy indicated in the financial bid i.e. A) = Rs. 1800;</u></p> <p><u>the fixed amount per kilowatt hour or Effective subsidy shall be Rs. 1800 * 1.2 * 90%</u></p> <p>Explanation: “Value Addition” shall be construed as the percentage of manufacturing activity (to manufacture Advance Chemistry Cell) being undertaken in India, by the Beneficiary Firm either on its own or via indigenous manufacturers.</p>
<p>Clause 3 (b) of Schedule E of the Programme Agreement</p>	<p>The final process of manufacture is performed in India. The term “manufacture” may mean processing of raw-material or inputs in any manner that results in emergence of new product having a distinct name, character, and use. In other words, to meet the qualifying criteria for the incentives, the Advance Chemistry Cell should be manufactured in India and have such percentage of localization as may be notified from time to time. Reference to the term “manufacture” may be drawn from section 2(72) of Central Goods and Service Tax Act 2017.</p>
<p>New clause Clause 3 (j) of Schedule E of the Programme Agreement</p>	<p><u>The “Cost of material whose source of origin cannot be ascertained (beyond prescribed threshold)” as specified in clause 3 (c) above, shall refer to materials like consumables which are not included in “Cost of raw materials and packing materials consumed in the said goods (i. e. in the sale price of the goods sold) to be calculated in terms of generally accepted costing principles”.</u></p>

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	<u>Where the input GST credit has not been availed on fuel consumed, the cost of such fuel should not be reduced from the sale value for the purpose of estimating Value Addition, as specified in clause 3 (c) above.</u>

Clarification:

Clause No	Clarification
Clarification on manufacture and sale of multiple chemistries	<p>Bidders / manufacturers have the freedom to manufacture and sell multiple chemistries.</p> <p>Bidder has to cumulate committed capacities and value addition for all chemistries while committing the same in bidding stage. Bidder has to quote the value addition and committed capacity at the enterprise level / beneficiary firm level considering all types of chemistry envisaged to be manufactured.</p> <p>For the purpose of determining value addition achieved by the bidder / manufacturer, following mechanism would be followed:</p> <p>Wt. Avg. Value Addition calculation: Overall value addition achieved by the manufacturer shall be determined as the weighted average of individual Value Addition of each chemistry.</p> <p>For e.g., If manufacturer sells “x” GWh of Chemistry 1 with “VA1%” value addition and “y” GWh of Chemistry 2 with “VA2%” value addition during a particular quarter, the weighted average of Value Addition should be calculated as follows:</p> $Wt. avg. Value Addition = \frac{x \times VA1\% + y \times VA2\%}{(x + y)}$ <p>Testing and subsidy disbursement</p> <p>For subsidy disbursement, testing of all chemistries will be undertaken as per testing framework specified in Schedule – D. Manufacturer will conduct separate Energy Density and Cycle Life tests for each of its chemistry.</p> <p>The final Energy Density and Cycle Life for determination of subsidy shall be the weighted average of individual Energy Density and Cycle Life of each chemistry.</p> <p>For e.g., if the manufacturer sells “x” GWh of Chemistry 1 having “ED1” Wh/Kg and “CL1” as the Energy Density and Cycle life respectively, and “y” GWh of Chemistry 2 with “ED2” Wh/Kg and “CL2” as the Energy Density and Cycle life respectively, the weighted average Energy Density and Cycle life in this case shall be:</p>

$$\text{Wt. avg. Energy Density} = \frac{x \times ED1 + y \times ED2}{(x + y)}$$

$$\text{Wt. avg. Cycle Life} = \frac{x \times CL1 + y \times CL2}{(x + y)}$$

The formula for subsidy calculation in case of sales of multiple chemistries would be: Fixed amount per kilowatt hour X (multiplied) Percentage of wt. avg. Value Addition achieved during the period X (multiplied) Actual production of all the Advance Chemistry Cell sold (in KWh)

For determining the subsidy as per above formula,

- the wt. avg. Energy Density and Cycle Life, as calculated above, will be used to determine the position in the ACC matrix as per Schedule-G.
- Fixed amount per kilowatt hour for determination of subsidy will be calculated based on the position in the ACC matrix and the applicable multiplication of base Subsidy factor.
- Wt. avg value addition of all ACC chemistries as calculated above and actual production of all ACC chemistries during this quarter would be used.

Note: Similar reasoning and methodology shall also be used for truing up of subsidy payments in case of deviation in cycle life test results as mentioned in Schedule-N