



# **GAIL (INDIA) LIMITED**

## **EXPRESSION OF INTEREST (EOI) FOR SUPPLY OF ETHANE**

**EOI DOCUMENT NO.: GAIL/ND/BD/Ethane/AP/EOI**

**EOI ISSUANCE DATE: 27.01.2016**

**LAST DATE FOR SUBMISSION OF EOI: 19.02.2016**



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**EXPRESSION OF INTEREST (EOI)**  
**EOI Document No. GAIL/ND/BD/Ethane/AP/EOI**

GAIL (India) Limited ('GAIL') and Hindustan Petroleum Corporation Limited ('HPCL') are exploring setting up a greenfield petrochemical complex in the east coast of India primarily based on imported ethane. For sourcing of ethane, GAIL, on behalf of GAIL and HPCL, invites Expression of Interest ('EOI') from the potential ethane producers / suppliers / traders for supplying upto 1.3 million metric tonnes per annum (MMTPA) of ethane on DES basis for a period of 15 years in the east coast of India.

Interested parties may submit the EOI latest by 19.02.2016.

For further details and complete document please visit the website  
<http://www.gailonline.com>



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# **SECTION – 1**

## **INVITATION FOR EXPRESSION OF INTEREST**



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**INVITATION FOR EXPRESSION OF INTEREST (EOI) FOR  
SUPPLY OF ETHANE**

**1.0 INTRODUCTION**

**GAIL (India) Limited (“GAIL”)**

GAIL is India's leading Natural Gas Company with the presence along entire natural gas value chain comprising of Exploration & Production, LNG imports, Gas Transmission & Marketing, Gas Processing, Petrochemicals, LPG transmission and City Gas Distribution. GAIL's business portfolio includes:

- Natural gas trunk pipeline of 11,000 km with a capacity to carry 206 MMSCMD of natural gas across the country
- Six (6) Gas Processing Units to produce 1.3 MMTPA of LPG and other liquid hydrocarbons
- Petrochemical complex with a capacity to produce 900,000 TPA of polymers
- A portfolio of 14 oil & gas blocks including two overseas blocks under various stages of exploration and production
- Presence in Eagle Ford shale gas play in USA
- Overseas presence and business interests in USA, China, Myanmar, Egypt and Singapore

GAIL is listed on the National Stock Exchange of India, the Bombay Stock Exchange and the London Stock Exchange (in the form of GDRs) with the market capitalization of around US\$ 7 billion. GAIL's turnover for the year ended 31<sup>st</sup> March 2015 was US\$ 9.07 billion with a net profit of US\$ 0.48 billion. For additional information on GAIL, please visit <http://www.gailonline.com>

**Hindustan Petroleum Corporation Limited (“HPCL”)**

Hindustan Petroleum Corporation Limited (“HPCL”) is one of the leading Oil Marketing Companies in India. HPCL owns and operates two major refineries producing a wide variety of petroleum fuels & specialties, one in Mumbai (West Coast) of 6.5 MMTPA capacity and the other in Visakhapatnam, (East Coast) with a capacity of 8.3 MMTPA. HPCL in collaboration with Mittal Energy Investments Pte. Ltd is operating a 9 MMTPA capacity refinery at



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Bathinda in Punjab and also holds equity in 15 MMTPA Mangalore Refinery and Petrochemicals Ltd.

HPCL also owns and operates the largest Lube Refinery in the country producing Lube Base Oils of international standards, with a capacity of 428 TMT. HPCL has the second largest share of product pipelines in India with a pipeline network of more than 2,500 km for transportation of petroleum products and a vast marketing network.

HPCL is listed on the National Stock Exchange of India and the Bombay Stock Exchange with the market capitalization of around US\$ 3.5 billion. HPCL's turnover for the year ended 31<sup>st</sup> March 2015 was US\$ 34.7 billion with a net profit of US\$ 0.44 billion. For additional information on HPCL, please visit <http://www.hindustanpetroleum.com>

## 2.0 **BRIEF SCOPE OF WORK**

- 2.1 GAIL and HPCL are exploring setting up a greenfield petrochemical complex in the state of Andhra Pradesh (east coast), India primarily based on imported ethane. It has been envisaged to import upto 1.3 million metric tonnes per annum (MMTPA) of ethane on DES basis for a period of 15 years as feedstock for the proposed petrochemical plant. The contract period for ethane supply may be extended by 5 / 10 years on mutual basis. The ethane supply is expected to commence from the year 2022 onwards.
- 2.2 In this backdrop, GAIL, on behalf of GAIL & HPCL invites Expression of Interest (EOI) from the potential ethane producer / supplier / trader ('Bidder') under International Competitive Bidding (ICB) for supplying upto 1.3 MMTPA of ethane on DES basis for a period of 15 years as per the specification of ethane given at Annexure : 1. The contract period for ethane supply may be extended by 5 / 10 years on mutual basis. If required, the Bidder can tie-up with the time charterer for supply of ethane on DES basis.

## 3.0 **QUALIFICATION CRITERIA**

- 3.1 The Bidder should be a registered company having minimum of 05 years of continuous experience in LNG / Ethane / Propane / LPG / NGL supply business as producer / supplier / trader. Further, the Bidder should have supplied a minimum volume of 500 KTA LNG / Ethane / Propane / LPG / NGL



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(domestic / overseas) in any one of the year out of preceding 05 years from the due date for EOI submission.

- 3.2 The Bidder should have senior unsecured long term debt (or long term issuer default rating) credit rating of no less than Baa3 (Moody's) or BBB- (S&P or Fitch) with positive net worth in the year preceding to the due date for EOI submission.

*Net Worth shall be computed as follows:*

*Paid up Equity share capital + Free Reserves – {Share premium (except in case of listed companies), Revaluation Reserves, Intangible Assets, Miscellaneous Expenditures to the extent not written off and carry forward losses}*

4.0 **CREDENTIALS OF PARENT / HOLDING / AFFILIATE COMPANY(S)**

- 4.1 In case the Bidder is not meeting the technical qualification criteria as mentioned at sl. no. 3.1 on its own, the experience / credentials of the Bidder's Parent / Holding / Affiliate Company(s) shall be considered which meets the qualification criteria independently or jointly. In such case, a letter of commitment from the Bidder's Parent / Holding / Affiliate Company (s) to that effect is to be furnished along with EOI.

For this purpose,

"Affiliate" means Company / Entity(ies) which owns or is owned by and directly or indirectly Controls or is controlled by the Party / Parent / Holding Company / Group Entity of the Party, where

"Ownership" means the legal and beneficial ownership of more than 26% of the issued and subscribed equity shareholding of the party either directly or through a common Holding / Parent company which owns the majority of the issued and subscribed equity shares of the party as well as the affiliate(s);

"Control" means the right to exercise more than 26% of the voting rights on any resolution for the appointment of Directors of the party either directly, or through a holding company aforesaid.

- 4.2 In case the Bidder is not meeting the financial qualification criteria as mentioned at sl. no. 3.2 on its own, the experience / credentials of only the Bidder's Parent / Holding shall be considered which meets the qualification



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criteria independently or jointly. In such case, a letter of commitment from the Bidder's Parent / Holding to that effect is to be furnished along with EOI.

**5.0 SUBMISSION OF DOCUMENTS**

5.1 The Bidder is required to submit its Expression of Interest for supply of Ethane as per Form-I provided under Section - 2 of this document.

5.2 The Bidder is required to submit the following documentary evidences in support of qualification criteria as mentioned at Clause no. 3.0 :

1. Certificate of incorporation / registration
2. Copy of contract agreement / certificate from the buyer(s) with regard to qualification criteria mentioned at Clause no. 3.1
3. Credit Rating issued by the agency
4. Annual reports with audited financial statements for last financial year
5. Letter of Commitment, if applicable

5.3 In case, due to confidentiality reasons, the Bidder is not in a position to submit the documentary evidences, then the Bidder has to submit a certificate from CEO of the Bidder duly certified by Chartered Accountant / Certified Public Accountant / Notary or equivalent Authority, stating that –

*“The information provided in the support of qualification criteria is factually correct and the company meets the qualification criteria. In case, the information submitted in the support of qualification criteria is found to be incorrect at a later stage, their offer / contract may be rejected / terminated.”*

**6.0 ADDITIONAL INFORMATION**

6.1 The Bidder is required to submit the following information along with the EOI

- a) Minimum volume of ethane that the Bidder is willing to supply (KTA)
- b) Supply source : Existing / proposed arrangement for long term volume of ethane that the Bidder proposes to supply
- c) Details of infrastructure / facilities related to ethane supply / export owned by the Bidder / Supplier
- d) Status of tie-up with third party(s) for ethane sourcing / export, if applicable



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- e) LNG / Ethane / Propane / LPG / NGL Shipping experience – Owner / Charterer
- f) Pricing Indexation: HH / Naphtha / Oil / Mont Belvieu / any other Index
- g) Net sales / turnover (In US\$ million) for the last 3 financial years

**7.0 PREPARATION / SUBMISSION OF EXPRESSION OF INTEREST**

7.1 Language of EOI: EOI and all correspondence related to EOI shall be in English language. Any printed literature and document submitted in any other language should be accompanied by authenticated English translation, in which case, for purpose of interpretation of EOI, English translation shall govern. Responsibility for correctness in translation shall lie with the Bidder.

7.2 Cost of bidding: The Bidder shall bear all costs associated with the preparation or delivery of its EOI, participating in discussions etc. including costs and expenses related with visits to GAIL's office and the site(s). GAIL will in no case be responsible or liable for those costs and expenses regardless of the outcome of the bidding process.

7.3 Documents comprising EOI: EOI must be complete in all respect leaving no scope for ambiguity. It is in the interest of Bidder to submit complete and comprehensive proposal leaving no scope for GAIL to raise any further questionnaires. GAIL may evaluate the Bidder on the basis of document(s) submitted.

7.4 Information required from the Bidders :

- EOI Letter as per Form-I
- Information about the Bidder as per Form-II
- Information related to Qualification Criteria as per Form-III
- Additional Information as per Form-IV

7.5 The Bidder shall ensure submission of complete information / documentation in the first instance itself.

7.6 To assist in the examination and evaluation of Offers, GAIL may seek clarifications regarding the Bidder's experience or any other documents / information submitted by the Bidder as part of its Offer.



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8.0 **GENERAL INSTRUCTIONS ON SUBMISSION OF EOI**

- 8.1 EOI shall be submitted in hard copies. EOI sent through e-mail with covering letter followed by hard copy through courier shall also be accepted. Email address and address for EOI submission is as follows :

[ethaneap@gail.co.in](mailto:ethaneap@gail.co.in)

**Mr. A. K. Gumber**

General Manager  
Business Development  
GAIL (India) Limited  
16, Bhikaji Cama Place  
R. K. Puram  
New Delhi – 110066  
India

- 8.2 Interested Bidders must respond to this notification on or before **19.02.2016**.
- 8.3 Clarification, if any, can be obtained from: Mr. A. K. Gumber, General Manager (BD) through Telephone: 91-11-2616 5419 and E-mail: [akgumber@gail.co.in](mailto:akgumber@gail.co.in)
- 8.4 EOI is an intent to supply ethane on long term basis and its provisions are non-binding in nature. GAIL reserves the right to terminate EOI process at any point of time without assigning reason.
- 8.5 If the information submitted in the requisite format is found to be incorrect at a later stage; GAIL shall have the right to reject / terminate the offer / contract.
- 8.6 Further, GAIL also reserve the right to reject any or all EOI received without assigning any reason.

9.0 **CONTACTING GAIL**

- 9.1 No Bidder shall contact GAIL on any matter relating to its EOI after last date of submission of EOI unless requested so in writing. Any effort by a Bidder to influence GAIL in the decision making in respect of EOI will result in the rejection of that Bidder.



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**Annexure : 1**

**SPECIFICATION OF ETHANE**

Specifications	Test methods	Expected Limits
Ethane	ASTM D-2163	Min 97.5% wt
Methane	ASTM D-2163	Max 0.5% wt
Propane	ASTM D-2163	Max 2.0% wt
Butane & Heavier	ASTM D-2163	Max 0.2% wt
Total Sulfur	ASTM D-4045	Max 30 ppm wt
Carbon Dioxide	ASTM D-2504	Max 100 ppm wt
Water	ASTM D-5454	Max 10 ppm wt
Corrosion, copper strip	ASTM D-1838	No.1



## **SECTION – 2**

# **FORMS TO BE ENCLOSED**



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**FORM : I**

**FORMAT FOR THE COVERING LETTER**

*(The letter is to be submitted by the Bidder on its letter head)*

**GAIL (India) Limited**

GAIL Bhawan

16, Bhikaiji Cama Place

R. K. Puram

New Delhi-110 066

India

**Subject : Expression of Interest (EOI) for Supply of Ethane**

Dear Sir,

This has reference to your EOI document no. GAIL/ND/BD/Ethane/AP/EOI dated 27.01.2016 on the subject.

\_\_\_\_\_ (Name of the Bidder), hereby submit its Expression of Interest (EOI) for supplying upto 1.3 MMTPA of ethane to the proposed petrochemical complex to be located in the State of Andhra Pradesh in the east cost of India on Delivery Ex-Ship (DES) basis for a period of 15 years and in accordance with the conditions stipulated in the EOI document.

**(SIGNATURE OF THE BIDDER)**



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**FORM : II**

**INFORMATION ABOUT THE BIDDER**

1. Name and Address of Bidder
2. Date of Registration (*Please enclose certificate of incorporation / registration*)
3. Brief description of Bidder's Business
4. Contact Person  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Contact No. : \_\_\_\_\_  
Email ID : \_\_\_\_\_

**(SIGNATURE OF THE BIDDER)**



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**FORM : III**

**QUALIFICATION CRITERIA**

Sl. No.	Qualification Criteria	Minimum Required	Qualification of Bidder								Supporting Document enclosed
1.	Number of years of continuous experience in LNG Ethane / Propane / LPG / NGL supply business	Minimum 05 years									
2.	LNG / Ethane/ Propane / LPG / NGL supply volume (domestic / overseas) in any one of the year out of preceding 05 years from the due date of submission of EOI	500 KTA	Sl. No.	Commodity	Contract Year	Quantity (in KTA)	Supply Region	Destination Region	Contract Term	DES / FOB	
4.	Senior unsecured long term debt (or long term issuer default rating) Credit Rating in the year preceding to the due date of submission of EOI	Baa3 (Moody's) or BBB- (S&P or Fitch)									
5.	Net Worth in the year preceding to due date of submission of EOI	Positive									

**(SIGNATURE OF THE BIDDER)**



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**FORM : IV**

**ADDITIONAL INFORMATION**

1.	Minimum volume of ethane that the Bidder is willing to supply (in KTA)	
2.	Supply source: Existing / proposed arrangement for long term volume of ethane that the Bidder proposes to supply	
3.	Details of infrastructure / facilities related to ethane supply / export owned by the Bidder / Supplier	
4.	Status of tie-up with third party(s) for ethane supply / export, if applicable	
5.	LNG / Ethane / Propane / LPG / NGL Shipping experience - Owner / Charterer	
6.	Pricing Indexation : HH / Naphtha / Oil / Mont Belvieu Index / any other Index	
7.	Net Sales / Turnover (in US\$ million) for the last 3 financial years	

**(SIGNATURE OF THE BIDDER)**