

Appointment of Consultant - “Advisory Services on Forex Risk Management”

1. BACKGROUND

Power Finance Corporation Limited (hereinafter referred to as ‘PFC’ or ‘Company’) is a public sector undertaking, under the administrative control of the Ministry of Power, Government of India. PFC is engaged in the business of providing large range of Financial Products and Services like Project Term Loan, Lease Financing, Direct Discounting of Bills, Short Term Loan, Consultancy Services etc. for various Power projects in Generation, Transmission, Distribution sector as well as for Renovation & Modernization of existing power projects. PFC has exposures with various Banks / Multilateral Agencies and has entered into various swap transactions for risk mitigation. Keeping in view the nature of operation of PFC, it is proposed to appoint a Consultant – Foreign Exchange (Forex) Risk Management in order to have their expert advice and also to gain advantage of latest available tools / techniques in derivatives and risk mitigation products. **The appointment of consultant for “Advisory Services on Forex Risk Management” shall be on retainership basis for a period of one year starting from 3rd July 2013.**

A. Bid Document

Interested bidders may obtain further information from the Office of AGM (AL&RM), Power Finance Corporation Limited, Urjanidhi, 1 Barakhamba Lane, Connaught Place, New Delhi-110001, India. Request for Proposal (RFP) can be obtained by interested bidders on written request and against a non-refundable payment of Rs.300/- in the form of a Demand Draft or Banker’s Cheque payable at New Delhi in favour of “Power Finance Corporation Limited”. The RFP documents are not transferable and the bidders who purchase the RFP documents in their names are only eligible for submission of bid.

The RFP may be obtained from the above address during office hours on all working days either in person or by post from **13.02.2013 to 28.02.2013 (except Saturday, Sunday and Govt. Holidays) between 10.30 hrs to 13.00 hrs and 14.30 hrs to 16.30 hrs**. Bids shall be received upto **1100 hrs. on 07.03.2013**. The time table for bid process is as follows:

Cost of Tender Document	Rs 300/-
Bid Security	Rs 20,000/-
Sale of Tender Document	Between 13.02.2013 and 28.02.2013
Last date of submission of bid	07.03.2013 upto 11:00 hrs
Opening of Technical Bids	07.03.2013 at 11:30 hrs
Date for making presentation	To be intimated later on
Opening of Financial Bids	After evaluation of Technical Bids

However, bidders / tenderers are at liberty to download the tender document from PFC website subject to payment of Rs 300/- in the form of separate Banker’s Cheque/Draft on a/c of cost of tender document to be submitted along with the technical bid. **Bidders are required to write their name, full address and mobile number on the back of Bank Draft/Banker’s Cheque**. The same shall be submitted along with technical bid in envelope 1. Tender received without the tender cost i.e. Rs. 300/- will not be considered for any reasons.

B. Bid Security

- The Consultant shall furnish, as part of its Technical bid, bid security for an amount of Rs 20,000/ (Rupees Twenty Thousand only). The bid security shall initially be valid for a period upto two months beyond original bid validity period i.e. upto total of Six (6) calendar months from the date of opening of technical bid.

- (b) The bid security is required to protect the “Company” against the risk of Consultant’s conduct which would warrant the Bid Security forfeiture, pursuant to the following:-
 - (i) If a Consultant withdraws its bid during the period of bid validity. or
 - (ii) In case of mis-representation or wrongful declaration/ presentation of qualifying data and other facts; or
 - (iii) In case of a successful Consultant, if the Consultant fails to sign the Contract
- (c) The Bid Security shall be made payable to the ‘Company’ without any condition whatsoever.
- (d) Any bid not accompanied by the required bid security in accordance with provisions of these clauses will be rejected and treated as non-responsive and shall not be opened.
- (e) The Bid Security shall be denominated in Indian Rupees only and shall be in the form of a Bank Draft or a Bankers Cheque in favour of Power Finance Corporation Limited, New Delhi, payable at New Delhi from a scheduled Bank as per RBI Act. The same shall be submitted along with technical bid in envelope 1.
- (f) The bid security will be discharged and/or returned as promptly as possible but not later than 60 days after the expiration of the period of bid validity prescribed by the PFC.
- (g) No interest shall be payable by the ‘Company’ on the above bid security.

2. INSTRUCTIONS TO BIDDERS ON SUBMISSION OF PROPOSAL:

The Proposal shall be submitted containing 2 envelopes as indicated below:

Envelope 1 (Sealed – superscribing “Technical bid for providing Advisory Services on Forex Risk Management”) containing the Technical bid as per format in **Annexure A**, shall be addressed to “Sh. Sanjay Saxena, AGM(AL&RM), Power Finance Corporation Ltd., 8thFloor, “UrjaNidhi”, 1, Barakhamba Lane, Connaught Place, New Delhi-110001”.

The date and timing of the presentation will be intimated to the bidders through email or fax (no TA / DA, airfare etc shall be paid to the bidders for making presentation at PFC office at Delhi)

Envelope 2 (Sealed – superscribing “Financial bid for providing Advisory Services on Forex Risk Management”) containing the Financial Bid as per format in **Annexure B**, shall be addressed to “Sh. Sanjay Saxena, AGM (AL&RM), Power Finance Corporation Ltd., 8thFloor, “UrjaNidhi”, 1, Barakhamba Lane, Connaught Place, New Delhi-110001”, to be opened only after the presentations and of only those parties who qualify in the Technical bid. The Financial Bids of the bidders short-listed after Technical evaluation stage would be opened by the committee in the presence of the bidders/ their authorized representatives, if any, who desire to be present. Such bidders shall be informed at least two days in advance of the date of opening.

Please note that conditional bids and/ or bids received after the stipulated date & time will be rejected.

The bids (both Technical & Financial bid) shall be submitted by hand or through post/ courier so as to reach PFC office on or before **11:00 hrs. on 07th March, 2013**. Mailing of the bid will be solely at the risk of the bidder and PFC will not be responsible for any postal/transit delay. The technical bids submitted shall be opened at **11:30 hrs. on the same day**, in the presence of the bidders/ their authorized representatives, if any, who are present.

3. BID EVALUATION PROCESS

A. TECHNICAL BID EVALUATION

Technical bid evaluation will be carried out on the basis of following:

- Acceptance of scope of work and all other terms & conditions by the Bidder.
- Bidder's experience in implementing similar services in Banks/ PFIs/ NBFCs in the past 5 years (i.e. from 01.04.2007 till last date for submission of bids)
- Copy of letter of award and Certificate of Completion / any other proof evidencing the execution of assignment from clients of consultant.
- Experience of the key staff to be associated with PFC.
- The presentation made by the bidders and the clarifications given.

A maximum of 100 marks will be allocated for the Technical bid. The evaluation of functional and technical capabilities of the bidders will be completed first as per the following criteria:

Technical Evaluation for "Advisory Services on Forex Risk Management"		
Sl No.	Evaluation Parameters	Maximum Score
1.	Experience*	60
	Consultancy Services in the area of Forex Derivative in the past 5 years (i.e from 01.04.2007)	
(i)	Two such institutions	30
	Three such institutions	40
	More than Three such institutions	50
(ii)	If one of above institutions is a public sector institution	5
	If two or more of above institutions are public sector institutions	10
2	Key staff (to be associated with PFC) experience in similar areas	10
	Below 3 years	2
	3 to 5 years	5
	Over 5 years	10
3	Presentation by the Bidders	30
	Demonstration of In-depth understanding of PFCs requirements through the technical proposal supplemented by presentation	15
	Answers to the PFC's queries during presentation	15

**Note(i) Experience / assignment with the client should be atleast for a period of one year.*

(ii) Banks: Scheduled commercial banks; PFI : Public Financial Institution; NBFC: Non-Banking Financial Companies

Bidders who score 60 % or above in the technical bid evaluation as mentioned above will qualify for the next stage of evaluation (i.e. Financial bid evaluation). If number of bidders, who secures 60% or above score, is less than 3 (three), PFC has discretion to shortlist upto top three bidders provided they score a minimum of 50% marks.

Bidder is required to include a disclosure statement of any potential conflict of interest (form 4) the bidding organization or its associates or subsidiaries or holding companies or group companies may have due to other clients, current or former employees, contracts or interests associated with this project.

The bidder's response must contain all documents, information, and details required by this offer. If the bidder's response does not include all the documents and information required or is incomplete, such bid will be rejected.

B. FINANCIAL BID EVALUATION

The Financial Bids (submitted as per **Annexure-B**) of the bidders short-listed after Technical evaluation stage would be opened by the committee in the presence of the bidders/ their authorized representatives who are present.

As per Annexure-B, the Financial Bid to be submitted should be all inclusive but excluding service tax which shall be payable at the rate in force as per the applicable law. However, if PFC desires the visit of the consultant who are outside Delhi/ NCR, travelling expenses to the extent of Economy class airfare as per actuals and out of pocket expenses (for boarding and lodging) to the maximum of Rs 8,000/- per day shall be reimbursed on producing original bills to PFC.

C. OVERALL EVALUATION

On the basis of the evaluation done above, 'Least Price' shall be arrived at using the following methodology:-

The PFC will give 70% weight age to the technical evaluation score and 30% weight age to the financial evaluation using the formula as given below:

$$\text{SIB} = \frac{\text{F low}}{\text{F bid}} \times 0.30 + \frac{\text{T bid}}{\text{T high}} \times 0.70$$

Where,

SIB = Score of Individual Bid

F low = Lowest Financial Bid amongst all bidders

F bid = Actual Financial bid submitted by a bidder

T bid = Technical Score of a bidder

T high = Highest technical Score among all bidders

The bidder with highest score (SIB) becomes the successful Least Price bidder (L1), the bidder with the second highest score (SIB) becomes (L2), and so on.

4. Scope of Work for Advisory Services on Forex Risk Management

The consultant shall be required to do the following job:

- Study the existing CRM Policy and Procedures and suggest the modifications / improvements / amendments based on his experience
- Provide inputs on regular or any specific change with regard to regulatory norms that could impact the Currency Risk Management Policy
- Guide in setting risk limits and appropriate benchmarks including hedge ratios for all Foreign Currency Loans (FCLs)
- Advise in formulation of new hedging strategies to mitigate exchange and interest rate risks
- Provide inputs on any new suitable products (derivatives) available in the market and / any new instruments allowed by RBI for hedging currency and interest rate risks
- Provide updates on changes in RBI / FEMA / SEBI regulations on currency and Interest Rate Risk Management.
- Provide regular views on the trends in currencies and interest rate movements and analysis of economic data and suggest an appropriate time of hedging Forex and interest rate exposures

- Assist in design and maintenance of a currency book
- Periodic evaluation of derivatives (MtM) and the underlying and establishing hedge effectiveness.
- Design and Develop MIS Formats for FX transactions
- Evolve appropriate Forex exposure information system
- Design of Daily / Monthly / Quarterly exposure reports and sensitivity analysis
- Evaluate and discuss the trends in currency market and impact of the same on the hedged and unhedged portions of PFC's Forex and Interest rate exposures
- Evaluate any option structures offered by the bank to PFC and give recommendation on the same
- Provide reports as and when called for on forecast and trends in currency market and interest rate market
- Study interest rate exposure of foreign currency borrowings (short term and long term) and advise interest rate risk management strategies
- Provide training (knowledge up gradation) on various permitted derivative instruments available in the market such as interest rates swaps, currency swaps, principal only swaps, forward covers, cross currency forward covers, cross currency options, rupee options etc., based on PFC's risk management policy
- Assist in identifying suitable systems for implementing an appropriate Currency Risk Management framework
- Report at PFC's office as and when required to discuss on Forex Risk Management Framework / strategies
- Advise, as and when required, on resources mobilization perspective of PFC with respect to interest rate structure (fixed or floating), currency, tenure etc. of borrowing
- Any advice / strategy needed in servicing Foreign Currency loans and Foreign Currency derivatives
- Provide guidance on deal related documents including signing of ISDA agreements with Banks.

The above scope of work is indicative and shall include all the activities required to provide the advisory services in respect of Forex Risk Management.

Apart from the above specified jobs, if concerned departments feel that consultant's opinion is required on any issue concerning loans / exposures / management, the consultant would do the needful as required.

As a package of their advisory services, PFC will be entitled to use online website product of the consultant covering all of the modules of the consultant's website.

5. Other terms

- The consultant would be appointed on retainership basis for a period of one year
- The consultant may be required to visit PFC office as per the requirement.
- In connection with the above, you are requested to quote (as per Annexure B) all inclusive fees but excluding service tax which shall be payable at the rate in force as per the applicable law. However, if PFC desires the visit of the consultant located outside Delhi/ NCR, he shall be reimbursed actual Economy class airfare for his visit to PFC from his contact office in India and out of pocket expenses (for boarding and lodging) to the maximum of Rs 8,000/- per day on production of original bills.
- The payment of the fee will be payable quarterly in arrears.
- The amount quoted in the financial bid should not be less than Rs 1/- (Rupee one only) failing which the financial bid would be rejected.

- No bid may be withdrawn in the interval between the deadline for submission of bids and the expiration of the period of bid validity. Withdrawal/modification of a bid during this interval may result in the forfeiture of bid security at the sole discretion of the PFC.
- The law which is to apply to the Contract and under which the Contract is to be constructed shall be Indian Law. The Courts of Delhi shall have exclusive jurisdiction in all the matters arising in the Contract including execution of Arbitration Award.
- Bidders must warrant that it is financial solvent and is profit making company during the last two years based on audited accounts.
- No further discussion/ interface will be granted to bidders whose bids have been disqualified
- PFC reserves the right to cancel the bidding process at any time without (i) assigning any reason and (ii) incurring any financial obligation to any bidder.
- All papers, forms etc are required to be signed by the authorized person.
- Bid Validity:
 - a. The offer should be valid for four months from the last date of submission of the offer.
 - b. In exceptional circumstances, the PFC may solicit the Consultant's consent to an extension of the period of validity. The request and the response thereto shall be made in writing. A Consultant may refuse the request without forfeiting his bid security. A Consultant accepting the request will not be required or permitted to modify its bid.

For any further clarification, please contact Shri Sanjay Saxena, AGM (AL&RM), Power Finance Corporation Limited, 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi-110 001 Tel. 011-23456801

Format for Submission of Technical Bid

TECHNICAL PROPOSAL FORM Ref No.....

Date.....

**To,
AGM (AL&RM)
POWER FINANCE CORPORATION LIMITED
(A Govt. of India Undertaking)
Regd. Office: UrjaNidhi, 1, Barakhamba Lane, Connaught Place,
New Delhi-110001, India**

Sub.: “Advisory Services on Forex Risk Management”

01. We hereby propose to provide consultancy services for “Advisory Services on Forex Risk Management” as outlined in your bidding document.

We have understood the instructions and the terms and conditions mentioned in the Bid Documents furnished by you and have thoroughly examined the detailed scope of work laid down by you and are fully aware of nature and scope of work required. We hereby confirm our acceptance and compliance to the provisions and terms & conditions contained in the Bid Documents.

02. Our proposal shall remain valid for acceptance for four months from the last date of submission of the offer.

03. We confirm that the prices quoted by us in the "Financial Bid" are firm and shall not be subject to any variation for the entire period of the contract.

04. We hereby furnish our "Technical Bid"

Sl. No	Particulars	Details furnished by the bidder
1	Name of Company/Consultant/Bidder	
2	Postal address (Contact office)	
	Authorisation Letter	As per Form 1
3	Details of the key staff who shall deal with PFC & their experience in the field under reference	As per Form 2
4	Telephone/mobile and Fax number	
5	Details of experience of the firm in the field under reference	As per Form 3
6	Declaration for Conflict of Interest	As per Form 4
7	Declaration for No Conviction from Court of Law	As per Form 5
8	Acceptance of ‘Anti Fraud Policy’	As per Form 6
9	Declaration of PAN, TIN etc	As per Form 7
10	Electronic fund Transfer Details	As per Form 8
11	Cost of RFP document (if not paid earlier)	Enclosed
12	Bid Security (of Rs 20,000)	Enclosed

05. We further confirm that any deviation to the clauses found anywhere in our Bid Proposal, implicit or explicit, shall stand unconditionally withdrawn, without any implication whatsoever to PFC, failing which the Bid Security may be forfeited.

06. We certify that all the information provided in our bid, including the information regarding the team members, are true. We understand that any wilful misstatement in the bid may lead to disqualification or cancellation of award if made or termination of contract. We also understand that in such a case we may be debarred for future assignments with PFC for a period of maximum three years from the date of such disqualification.

Yours truly,

Signature_____

Name_____

Designation _____

Stamp_____

Date:_____

Place:_____

Form 1

AUTHORISATION LETTER

I _____ certify that I am _____ of the Consultant which is constituted under the laws of _____ and that _____ who signed the above tender is authorised to bind the organisation by authority of its governing body.

Signature _____

Date: _____

Name _____

Designation _____

Place: _____

Stamp _____

Note :

In case of partnership firm, a power of attorney duly notarised nominating/authorising the authorised signatory to execute the above authorisation letter should be enclosed.

In case of company, a duly certified true copy by Company Secretary for authorising the authorised signatory to execute the above authorisation letter should be enclosed.

Form 2:

Details of the key staff who shall deal with PFC & their experience in the field under reference

Sr. No.	Name	Qualification	Designation	Professional Experience In years(*) within the company and Total	Number of Relevant Experience In similar assignment executed by him/her during last five (5) years(#)

(*) C.V. of the project team to be attached is enclosed (#) Details of Client and assignment.

I, the undersigned, certify that to the best of my knowledge and belief, this CV correctly describes the key staff their qualifications, and experience. I understand that any willful misstatement described therein may lead to disqualification of the firm/ company.

Signature _____

Date: _____

Name _____

Designation _____

Place: _____

Stamp _____

Note: The bidder may use additional sheets of like size and format, if required.

Form-3

ASSIGNMENTS CARRIED OUT BY THE BIDDER WITH THE SIMILAR SCOPE OF WORK FROM 01.04.2007 TILL THE LAST DATE OF SUBMISSION OF BIDS

(a) Forex Risk Management

SI NO	Name of Assignment	Client	Type of institution Bank/ PFI/ NBFC	Date of Commencement	Date of Completion	Scope in brief

Signature_____

Date:_____

Name_____

Designation _____

Place:_____

Stamp_____

Note:

Please attach documentary proof.

Form-4

DECLARATION FOR NO CONFLICT OF INTEREST

It is certified that as on date no conflict of interest exists, with any other organization, department or party(ies) with respect to the nature of work we (the Consultant) are applying for and that during the assignment we will not undertake any assignment/work/job which may affect the interest of the Client.

Signature_____

Date:_____

Name_____

Designation _____

Place:_____

Stamp_____

Form 5

DECLARATION FOR 'NO CONVICTION FROM COURT OF LAW

It is certified that that there has been no conviction by a Court of Law or indictment / adverse order by a regulatory authority for a grave offence against us or any of our sister concern. It is further certified that there is no investigation pending against us or any of our sister concern or against the CEO, Directors / Managers / employees of our concern or any of our sister concern.”

Signature_____

Date:_____

Name_____

Designation _____

Place:_____

Stamp_____

Form 6

ACCEPTANCE OF 'ANTI FRAUD POLICY'

From:

Name of consultant

To,

AGM (AL&RM)

POWER FINANCE CORPORATION LIMITED

(A Govt. of India Undertaking)

Regd. Office: UrjaNidhi, 1, Barakhamba Lane, Connaught Place,

New Delhi-110001, India

We have read the contents of the Fraud Prevention Policy of PFC (available at PFC website www.pfcindia.com) and undertake that we along with our associate / collaborator / subcontractors / sub-vendors / consultants / service providers shall strictly abide by the provisions of the Fraud Prevention policy of PFC.

Signature_____

Date:_____

Name_____

Designation _____

Place:_____

Stamp_____

Form 7

DETAILS OF PAN and SERVICE TAX REGN.

Bidder's Name & Address

To,
AGM (AL&RM)
POWER FINANCE CORPORATION LIMITED
(A Govt. of India Undertaking)
Regd. Office: UrjaNidhi, 1, Barakhamba Lane, Connaught Place,
New Delhi-110001, India

Dear Sir,

The details of our registration in line with the various authorities are as under:

(a) PAN

Our PAN is as under

Permanent Account Number	
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Note: Copy of card indicating PAN duly attested by the bidder under his seal and signature to be submitted.

(b) Service Tax number:

Our **Service Tax number** is

Service Tax number	
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Note: Copy of registration with upto date amendment to be enclosed.

Signature_____

Date:_____

Name_____

Designation _____

Place:_____

Stamp_____

Form 8

Details for EFT Bidders

From:
Bidder's Name and Address:

To,
AGM (AL&RM)
POWER FINANCE CORPORATION LIMITED
(A Govt. of India Undertaking)
Regd. Office: UrjaNidhi, 1, Barakhamba Lane, Connaught Place,
New Delhi-110001, India

Dear Sirs,

We, hereby authorise the PFC to make all our payments through Electronic Fund Transfer (EFT) System. The details for facilitating the payments are given below. (TO BE FILLED IN CAPITAL LETTERS)

1. NAME OF THE BENEFICIARY

2 . ADDRESS

3 .TELEPHONE NO. (WITH STD CODE)

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4. BANK PARTICULARS

A) BANK NAME

B) BANK TELEPHONE NO. (WITH STD CODE)

--	--	--	--	--	--	--	--	--	--

C) BRANCH ADDRESS

PINCODE									

D) BANK FAX NO (WITH STD CODE)

--	--	--	--	--	--	--	--	--	--

E) BRANCE CODE

--	--	--	--	--	--	--	--	--	--

F) 9 DIGIT MICR CODE OF THE BANK BRANCH (ENCLOSE COPY OF A CANCELLED CHEQUE)

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G) 11 DIGIT IFSC CODE OF THE BANK BRANCH

--	--	--	--	--	--	--	--	--	--	--

H) BANK ACCOUNT NUMBER

--	--	--	--	--	--	--	--	--	--	--

I) BANK ACCOUNT TYPE (TICK ONE)

SAVING	CURRENT	LOAN	CASH REDIT	OTHERS
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IF OTHERS, SPECIFY

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1. PERMANENT ACCOUNT NUMBER (PAN)

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2. E-MAIL Address for Intimation regarding release of payments

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed or credit is not affected at all for reasons of incomplete or incorrect information, I/We would not hold the Company responsible

Signature_____

Date:_____

Name_____

Designation _____

Place:_____

Stamp_____

Format for Submission of Financial Bid

The Financial Bid to be submitted should be all inclusive but excluding service tax which shall be payable at the rate applicable in force as per the applicable law. However, if PFC desires the visit of the consultant who are outside Delhi/ NCR, he shall be reimbursed actual Economy class airfare for his visit to PFC from his contact office in India and out of pocket expenses (for boarding and lodging) to the maximum of Rs 8,000/- per day on production of original bills.

Financial bid should be submitted in the following format covering all the activities mentioned in Scope of Work (in point 4 of the bid document) on retainership basis for a period of one year

Particulars	Quoted Price (Professional Fee in INR inclusive of all except service tax)
Cost for providing consultancy services for the entire Scope of Work under reference.	

Note:

The bidder may note that L1 bidder will be arrived based on the price quoted above and by using the methodology as per para 3 C.

Date: _____

Place: _____

Signature _____

Name _____

Designation _____

Stamp _____