

**Clarifications of Pre-Bid Queries  
RFQ for Empanelment of Financial Consultants**

S.no	Clause Description	Details of Item per Tender Requirement	Query/ Suggestion	Clarifications												
<b>I.</b>	<b>Name of Firm : M/s Trust Investment Advisors Pvt Ltd</b>															
<b>1</b>			<p>The Terms of reference in the notice for empanelment of financial consultant under category IV (<b>Resource Mobilization Assistance To Major Ports</b>) required consultant to assist Ports in the raising of funds in domestic markets through debt/equity/hybrid route and in foreign markets through equity/foreign currency loans/external commercial borrowings/other mode.</p> <p>Request to please clarify whether this includes raising funds through bank syndication as well as domestic bond market. The domestic bond market is one of the most competitive means of raising funds as compared to raising funds through bank debt.</p> <p>The table below highlights the funds raised through bond market over the last five years</p> <table border="1"> <thead> <tr> <th>Funds Raised through Bond market (Rs Crore)</th> <th>FY 13</th> <th>FY 14</th> <th>FY 15</th> <th>FY 16</th> <th>FY 17</th> </tr> </thead> <tbody> <tr> <td></td> <td>378,444</td> <td>318,437</td> <td>413,850</td> <td>491,885</td> <td>584,410</td> </tr> </tbody> </table> <p>Even in a recently published news article “The decline and fall of bank credit<sup>1</sup>” by Aparna Iyer in Mint newspaper dated March 24 2017, the article noted that “Bond issuances so far in 2016-17 have</p>	Funds Raised through Bond market (Rs Crore)	FY 13	FY 14	FY 15	FY 16	FY 17		378,444	318,437	413,850	491,885	584,410	<p>The criteria for Category IV includes raising funds through bank syndication as well as domestic bond market</p>
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			<p>totaled a little over Rs 5 trillion and, at this level, it would be the second year that resources raised through bonds will exceed that of bank loan disbursements. Data from the Reserve Bank of India shows that banks have disbursed a little over Rs3 trillion”</p> <p>Most of the public sector enterprises have also switched their borrowing to bond market as against bank debt as the cost of funds are much lower. This trend towards bond market can be gauged from the segment wise debt of three leading PSU companies as on 31<sup>st</sup> March 2016 to meet their funding requirement as outlined in the table below:.</p> <table border="1" data-bbox="902 611 1798 1305"> <thead> <tr> <th data-bbox="902 611 1164 810">As on 31 March 2016</th> <th data-bbox="1164 611 1391 810">Power Finance Corporation</th> <th data-bbox="1391 611 1541 810">Power Grid Corporation</th> <th data-bbox="1541 611 1798 810">Rural Engineering Corporation</th> </tr> </thead> <tbody> <tr> <td data-bbox="902 810 1164 922">Total Debt (Rs Crore)</td> <td data-bbox="1164 810 1391 922">2,00,660</td> <td data-bbox="1391 810 1541 922">1,09,695</td> <td data-bbox="1541 810 1798 922">119,194</td> </tr> <tr> <td data-bbox="902 922 1164 1034">Percent raised through</td> <td data-bbox="1164 922 1391 1034"></td> <td data-bbox="1391 922 1541 1034"></td> <td data-bbox="1541 922 1798 1034"></td> </tr> <tr> <td data-bbox="902 1034 1164 1114">- Bond Market</td> <td data-bbox="1164 1034 1391 1114">85.9%</td> <td data-bbox="1391 1034 1541 1114">60.2%</td> <td data-bbox="1541 1034 1798 1114">82.5%</td> </tr> <tr> <td data-bbox="902 1114 1164 1193">- Bank Facilities</td> <td data-bbox="1164 1114 1391 1193">9.3%</td> <td data-bbox="1391 1114 1541 1193">14.4%</td> <td data-bbox="1541 1114 1798 1193">4.5%</td> </tr> <tr> <td data-bbox="902 1193 1164 1305">- Foreign Currency Debt</td> <td data-bbox="1164 1193 1391 1305">4.8%</td> <td data-bbox="1391 1193 1541 1305">25.4%</td> <td data-bbox="1541 1193 1798 1305">13.0%</td> </tr> </tbody> </table> <p data-bbox="958 1305 1261 1345">Source: Annual Report</p>	As on 31 March 2016	Power Finance Corporation	Power Grid Corporation	Rural Engineering Corporation	Total Debt (Rs Crore)	2,00,660	1,09,695	119,194	Percent raised through				- Bond Market	85.9%	60.2%	82.5%	- Bank Facilities	9.3%	14.4%	4.5%	- Foreign Currency Debt	4.8%	25.4%	13.0%	
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			<p>Even Adani Port and Special Economic Zone Limited (APSEZ), largest private sector port operator in India has also moved away from high cost bank debt to raising funds through bond market. The segment wise debt of APSEZ as on 31st march 2016 is outlined below</p> <table border="1" data-bbox="902 427 1798 874"> <thead> <tr> <th>APSEZ Segment wise borrowing</th> <th>As on 31<sup>st</sup> March 2016 Rs Crore</th> <th>Percent Share</th> </tr> </thead> <tbody> <tr> <td>Debentures</td> <td>2159</td> <td>16.1%</td> </tr> <tr> <td>Foreign Currency Loans</td> <td>3723</td> <td>27.8%</td> </tr> <tr> <td>Bonds</td> <td>4307</td> <td>32.1%</td> </tr> <tr> <td>Bank Facilities</td> <td>18</td> <td>0.1%</td> </tr> <tr> <td>Commercial Paper (Bond Market Instrument)</td> <td>3194</td> <td>23.8%</td> </tr> <tr> <td><b>Total Debt</b></td> <td><b>13400</b></td> <td><b>100.0%</b></td> </tr> </tbody> </table> <p>Hence, our humble submission that the fund raising through domestic bond market should be the preferred route for Major Ports as this would benefit port operators in raising low cost debt.</p>	APSEZ Segment wise borrowing	As on 31 <sup>st</sup> March 2016 Rs Crore	Percent Share	Debentures	2159	16.1%	Foreign Currency Loans	3723	27.8%	Bonds	4307	32.1%	Bank Facilities	18	0.1%	Commercial Paper (Bond Market Instrument)	3194	23.8%	<b>Total Debt</b>	<b>13400</b>	<b>100.0%</b>	
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2			<p>The qualifying criteria under stage 1 and stage II (under the head 6.1 Experience) requires experience in port sector for consultancy service and fund raising.</p> <p><b>Our Submission:</b> The total borrowing in port sector is relatively lower than the funds raised in Energy and Road sector, which is evident in the funding for key infrastructure sectors during the 10<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> five year plan.</p>	<p><b>Refer Addendum 1 – Points # 1 (second para) &amp; 4</b></p>																					

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			<p>The lenders or investors decision on lending / investment is based on viability of a project i.e. the cash flows that would be available for debt servicing or returns that can be generated on its equity investment. Thus the lenders and investors are indifferent to a sector and accordingly the criteria of restricting experience to port sector should be replaced with experience in fund raising experience through domestic bond market.</p> <p>Till date JNPT and Ennore Port has raised approx Rs 1,000 crore through bond issues as against total private placement of listed corporate bonds during the period 2015-16 and 2016-17 was around Rs 4.9 lakh crore and 5.8 lakh crore (Data Sources from SEBI). This clearly shows that the port sector bond market is in its infancy and restricting the experience to port sector alone would be detrimental to Major Ports, as it would not be able to tap domestic bond market which can facilitate in raising funds at a cost lower than bank debt.</p> <p>Hence, we sincerely request you to kindly remove this restrictive criterion of experience in port sector, which may not be relevant owing to shallowness of fund raising through domestic bond market issuances in the past. It may be noted that continuing with this clause will be akin to creating a vicious cycle where only those financial consultants who have the experience in raising bank debt.</p> <p><b>Thus, the experience of the Consultant should be modified to include the experience in arranging funds and advisory for any sector.</b></p>	
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<b>Name of Firm : M/s AXIS Bank Limited</b>				
<b>3</b>	Clause 5.4		It is mentioned in Stage I qualification criteria for Category IV that Statutory Auditor certificate is required. It may be noted that Statutory Auditor cannot give such certificate which pertains to completion of resource mobilization. Hence, it may be changed to certificate from client regarding resource mobilization which is as per the Clause 6.1.1	<b>Refer Addendum 1 point # 1</b>
<b>4</b>	Clause 5.1 to 5.3		Again, it is mentioned that a certificate from statutory auditor is required. I would request if the same can be changed to copy of Annual Audited Accounts or a certificate from Chartered Accountant.	No change in 5.1 & 5.2 and for 5.3 & 5.4
<b>5</b>	Clause 6.1		Experience for last 5 years is not clear whether it is Financial Year or Calendar Year and which are the years. Request if this can be clarified.	<b>Refer Addendum 1 point # 2</b>
<b>6</b>	Clause 6.1.1		Request to remove the “total fees paid” from the Completion Certificate as this is a confidential information to disclose fees received from each client and many clients do not agree for the same. Also, as long as the client provides a Completion Certificate with a date, it should suffice and a separate “start date” and “completion date” requirement may please be removed.	<b>Refer Addendum 1 point # 3</b>
<b>7</b>	<b>General Query</b>		Similar Works definition – May please be amended from “Major Ports” to “any Port” in India as the Financial Consultant would have worked in many private sector ports for which no credence for qualification is given.	<b>Refer Addendum 1 point # 4</b>

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<b>8</b>	<b>General Query</b>		Request to remove the EMD clause as the empanelled consultants have to give EMD again to the Major Ports when the bids are called for the same. EMD is generally asked and retained when the contract is awarded. This is only empanelment and hence the request.	The tender documents clause shall prevail
			Financial consultants so empaneled by Indian Port Associations would be the consultants who would be called by Major Ports whenever there is a need for fund raising and no other consultant /arranger outside that of empaneled consultants would be eligible to be called by Major Ports during the tenure of empaneled consultants.	The tender documents clause shall prevail
	<b>Name of Firm : M/s LSI Financial Services Pvt. Ltd.</b>			
<b>9</b>			Under the Qualification Criteria for Empanelment of Consultant, you are requested to make amendment to the definition of Similar Works under Category IV.  <b>SIMILAR WORKS:</b> This refers work accomplished successfully under the category IV in the RFQ for a Financial Consultant - RESOURCE MOBILIZATION TO ANY SECTOR (Instead of Assistance to Major Ports only)	<b>Refer Addendum 1 point # 4</b>
	<b>Name of Firm : M/s CRISIL</b>			
<b>10</b>	<b>Clause 5.1 and 5.2</b>	<b>Clause 5.1 and 5.2</b>  5.1 Average annual turnover during the last 3 financial years ending with 31st March (2013-14, 2014-15 and 2015-16) should be not less than Rs 500 Lakhs for	As we understand the expectation from the Financial Consultant is two-fold - Tax related advice and port based domain knowledge for determining other financial consultancy.  It would not be possible to quote the annual turnover as defined in the RfQ (based on categories). Hence, we would request the authority to make it generalist, instead of being too specific; such as turnover from tax related practice and revenue from advisory	The Statutory Auditor can easily segregate annual turnover based on the four categories ie, Categories I, II, III & IV

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		<p>Similar Works as stated in Categories 1,2 &amp; 3 5.2 Average annual turnover during the last 3 financial years ending with 31st March (2013-14, 2014-15 and 2015-16) should be not less than Rs 10 crores for Similar Works as stated in Category 4</p>	<p>services. Also, the turnover amount can probably be increased to Rs. 25 crore for more established players to bid for the project.</p> <p>The clause would read as:</p> <p>Average annual turnover during the last3 financial years ending with 31st March (2013-14, 2014-15 and 2015-16) should be not less than Rs.25 crore for advisory and tax-related practice.</p>	
<p><b>11</b></p>		<p><b>Clause 6.1</b></p> <p><b>Response :</b> The applicant should submit clients completion certificate for each assignment to support their claim along with firm’s experience and team experience separately not more than 2 pages for specific assignments by the authorized person of the firm</p>	<p>Would request the authority to also include CA certified /self-certified proof for completion of assignment.</p> <p>The clause would read as:</p> <p><b>Response:</b> The applicant should submit clients completion certificate/CA certified/self-certified completion certificate for each assignment to support their claim along with firm’s experience and team experience separately not more than 2 pages for specific assignments by the authorized person of the firm</p>	<p>The tender documents clause shall prevail</p>

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<p>12</p>		<p><b>Similar works definition:</b></p> <p><b>SIMILAR WORKS:</b> This refers work accomplished successfully under the four categories in the RFQ for a Financial Consultant</p> <ul style="list-style-type: none"> <li>• CATEGORY I - TAX RELATED ADVICE TO MAJOR PORTS</li> <li>• CATEGORY II - TARIFF SETTING ADVICE AND SUPPORT TO PORT AUTHORITY / REGULATOR FOR MAJOR PORTS</li> <li>• CATEGORY III - FINANCIAL MANAGEMENT, INVESTMENTS &amp; TREASURY FUNCTIONS ADVISORY TO MAJOR PORTS</li> <li>• CATEGORY IV - RESOURCE</li> </ul>	<ul style="list-style-type: none"> <li>• Would request the authority to also consider experience in Maritime boards and private ports.</li> </ul> <p>The clause would read as:</p> <p><b>SIMILAR WORKS:</b> This refers work accomplished successfully under the four categories in the RFQ for a Financial Consultant</p> <ul style="list-style-type: none"> <li>• CATEGORY I - TAX RELATED ADVICE TO MAJOR PORTS / MARITIME BOARDS/PRIVATE PORTS</li> <li>• CATEGORY II - TARIFF SETTING ADVICE AND SUPPORT TO PORT AUTHORITY / REGULATOR FOR MAJOR PORTS / MARITIME BOARDS/PRIVATE PORTS</li> <li>• CATEGORY III - FINANCIAL MANAGEMENT, INVESTMENTS &amp; TREASURY FUNCTIONS ADVISORY TO MAJOR PORTS / MARITIME BOARDS/PRIVATE PORTS</li> <li>• CATEGORY IV - RESOURCE MOBILIZATION ASSISTANCE TO MAJOR PORTS / MARITIME BOARDS/PRIVATE PORTS</li> </ul>	<p align="center"><b>Refer Addendum 1 point # 4</b></p>
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		MOBILIZATION ASSISTANCE TO MAJOR PORTS		
<b>13</b>		<b>Page 6 – schedule of receipt of application</b>  <b>Bid submission date</b>	We would request the authority to provide 4 weeks for submission from the date of issuing clarification to queries.	<b>Refer Addendum 1</b>