

## **NOTICE INVITING TENDER**

### **Selection of Credit Rating Agency for assignment of issuer rating and annual Surveillance Services**

**C.F. NO. 222469/2020-24/M1**

**ISSUED BY: COMMISSIONER & DIRECTOR OF MUNICIPAL ADMINISTRATION**

#### **1. Introduction:**

The Commissioner and Director of Municipal Administration, Telangana State, acting as the State Pooled Finance Entity (SPFE), invites experienced and qualified Credit Rating Agencies to submit proposals for rating the Pooled Finance Development Fund (PFDF) bond issue. The PFDF bond issue aims to finance crucial urban infrastructure projects for 14 Urban Local Bodies (ULBs) participating in the pooled municipal bonds.

#### **2. Background:**

The growth rate of the Indian economy has been increasing over the last few years. Sustaining these growth rates is, however, critically dependent on correcting the infrastructure bottlenecks which exist across various sectors of the economy. One of these bottlenecks is the quality of city infrastructure

including roads, water and sanitation. The pressure on city infrastructure has been multiplying on account of the rapid growth in urban population. In the past, municipalities have traditionally relied on state government for funding urban infrastructure projects. Although some of the larger municipalities have started building capacity, most lack the capacity for sustained long-term planning and preparation of bankable urban infrastructure projects. The size of projects for smaller municipalities has also not been adequate to constitute a marketable size for bond issues. They also lack internal systems for accessing market borrowings. The sharp growth in infrastructure requirement coupled with pressure on state governments' own finances has led to a situation where municipalities may not be able to sustain infrastructure creation solely relying on state government funding. There is, therefore, a need to access alternate sources of funds for bridging municipal infrastructure gaps.

Direct access to capital markets for funding urban infrastructure projects, often leveraging government grants, is an established option in global markets. However, capital market investors require well structured projects with a clear understanding of inherent risks, appropriate pricing of such risks, and an established system for ensuring timely payment of dues.

In this context, the Government of India (GoI) launched its Pooled Finance Development Fund (PFDF) scheme. The Guidelines of the scheme were issued by the Ministry of Urban Development and notified vide its Resolution No. K-

14011/40/01-UDII (Vol. III) dated October 25, 2006. This Resolution was followed by the Ministry's Notification No. K-14011/40/01-UDII (Vol. IV) dated June 7, 2007 on "Guidelines for Issue of Tax-free Pooled Finance Development Bonds".

The PFDF scheme is meant to provide credit enhancement grants to a pool of (primarily) medium and smaller municipalities to enable them to access the capital market through pooled finance municipal bonds for investment in urban infrastructure projects. The PFDF scheme is meant for creation of essential municipal infrastructure, with priority on water and sanitation projects. In case access to the PFDF scheme is being sought for projects in other areas, it must be first demonstrated that adequate service quality exists in the water and sanitation sectors in areas under the jurisdiction of the respective municipalities. The main objectives of the PFDF scheme are fourfold:

- Facilitate ULBs to access the capital and financial market for investment in essential municipal infrastructure.
- Facilitate development of bankable urban infrastructure projects.
- Reduce the cost of borrowings to local bodies with appropriate credit enhancement measures and through restructuring of existing costly debts.
- Facilitate development of municipal bond market.

### **3. Request for Proposal**

Commissioner & Director of Municipal Administration, Telangana invites applications from eligible and competent service providers to provide credit rating services for the Pooled Finance Development Fund (PFDF) bond issue.

#### Instructions to the Bidders

- i. The participating bidders in the tender should register themselves free of cost on e-procurement platform in the website [www.eprocurement.gov.in](http://www.eprocurement.gov.in)
- ii. Bidders can log-in to e-procurement platform in “Secure” mode only by signing with the Digital certificates.
- iii. The bidders who are desirous of participating in e-procurement shall submit their technical bids, price/financial bids as per the standard formats available at the e-market place.
- iv. The bidders should scan and upload the respective documents in Pre Qualification and Technical bid documentation as detailed in the RFT including EMD. The bidders shall sign on all the statements, documents, certificates uploaded by them, owning responsibility for their correctness/authenticity.
- v. The rates should be quoted in online system only.
- vi. After uploading the documents, the copies of the

uploaded statements, certificates, documents, original Demand Drafts/Bankers cheques in respect of Bid Security (except Price bid/offer/break-up of taxes) are to be submitted by the bidder to the O/o.Commissioner & Director of Municipal Administration, 640, A.C.Guards, Hyderabad, so as to reach before the date and time of Bid closing. Failure to furnish any of the uploaded documents, certificates, before the date and time of opening of Pre-Qualification bid will entitled in rejection of the bid.

- vii. The Department is not liable for delay in submission of bids on account of postal delay. Similarly, if any of the certificates, documents, etc., furnished by the bidder are found to be false/fabricated/bogus, the bidder will be disqualified, blocklisted, action will be initiated as deemed fit and the Bid security will be forfeited.
- viii. The Documents that are uploaded online on e-market place will only be considered for Bid Evaluation.

- ix. Important notice to bidders and Department users
- (i) in the endeavor to bring total automation of processes in e-Procurement, the Govt. has issued orders vide G.O.Ms.No.13, Dt:05-07-2006 permitting integration of electronic payment gateway of ICICI/HDFC/Axis Banks with e-Procurement platform, which provides a facility to participating suppliers/contractors to electronically pay the transaction fee online using their credit cards.

### Important Information to Bidder:

S NO	EVENT	INFORMATION OF THE AGENCY
1	Publication of RFP	09/02/2024 11:30AM
2	last date for downloading BID documents	29/02/2024 03:00PM
3	last date OF Submission of Tender	29/02/2024 03:00PM
4	Date of opening technical BID	29/02/2024 04:00PM
5	Date of opening Financial BID	09/03/2024 03:00PM
6	Tender Document	The details can be downloaded free of cost from the Websites
		<a href="https://emunicipal.telangana.gov.in">https://emunicipal.telangana.gov.in</a>
		<a href="https://tender.telangana.gov.in">https://tender.telangana.gov.in</a>
7	Address for BID Submission	Commissioner and Director of Muncipal Administration Dept..
		640,AC Guards, Masab Tank Opp: PTI Building
		Hyderabad-500004.
8	Contract person	Mr. Thaneeru Thrileshwar Rao, Deputy Director
		CA P.Vamshi Krishna Reddy (Consultant)
		Phone:040-23302150, 9603117555
		email: tgmesectioncdma@gmail.com
9	Mode	Only online Bid Submission via
		<a href="http://tender.telangana.gov.in">http://tender.telangana.gov.in</a>

#### **4. ULBs Participating:**

The 14 ULBs participating in the pooled municipal bonds are:

- I. Nizampet Municipal Corporation
- II. Badangpet Municipal Corporation
- III. Peerzadiguda Municipal Corporation
- IV. Meerpet Municipal Corporation
- V. Boduppall Municipal Corporation
- VI. Bandlaguda Jagir Municipal Corporation
- VII. Manikonda Municipality
- VIII. Narsingi Municipality
- IX. Dundigal Municipality
- X. Ameenpur Municipality
- XI. Nagaram Municipality
- XII. Tellapur Municipality
- XIII. Shamshabad Municipality
- XIV. Greater Warangal Municipal Corporation

#### **5. Scope of Work:**

The selected Credit Rating Agency shall perform the following tasks, adhering to this document:

##### **a) Assignment of issuer rating for the Pooled Finance Development Fund (PFDF) bond issue :**

Provide a comprehensive written communication of the assigned issuer rating along with a detailed Structured Payment Mechanism (SPM).

The SPM will also define the process/mechanism for investment of CREF (which will be in line with the PFDF Guidelines) and also for reinvestment of CREF released during the tenure of the bonds.

**b) Rating Rationale:**

Develop a detailed and comprehensive rating rationale for inclusion in the offer document.

**c) Surveillance:**

Undertake surveillance of the bonds on an annual basis (or earlier if warranted) and renew the rating until redemption of the bonds. The surveillance process will also comment on release of CREF at the appropriate time linked to redemption of the bonds.

**d) Participation in Meetings:**

Participate in pre- and post-issue meetings with SPFE, legal counsel to the bond issue, trustee, guarantor, state government, Ministry of Urban Development, and Sanctioning and Monitoring Committee (SMC), as and when required.

**6. Deliverables:**

The rating agency will provide the following deliverables:

a) Rating communication letter, including SPM, defining the detailed operation of the structure within four weeks of SPFE providing required information.

b) CREF requirement, along with (a) above.



c) Detailed rating rationale within one week of acceptance of rating.

d) Annual surveillance rating communication letter and rationale not later than one year from the previous rating exercise, subject to SPFE providing required information in a timely manner.

## **7. Proposal Submission:**

Interested Credit Rating Agencies are required to submit a comprehensive proposal in two parts:

### **Technical Proposal:**

The rating agency is required to submit a detailed proposal including the following

- Background of the agency.
- Demonstrated experience in rating debt issues, specifically state governments, municipalities, pooled finance issues, and structured finance issues, including sample rationales.
- Methodology for rating debt issues by state governments, municipalities, and pooled bond issues.
- Agreement to complete the exercise as per this document.
- Timeframe for completing the exercise.
- Specific deliverables in compliance with this document, mentioning exclusions, if any.

### **Commercial Proposal:**

Provide a detailed breakdown of fees for the issuer rating and annual surveillance.

### **8. Submission Deadline:**

The technical and commercial proposals must reach the office of the SPFE at the following address by 29/02/2024 till 3.00PM

#### **Address for Communication:**

Commissioner and Director of Municipal Administration

640, AC Guards, Masab Tank

Opp PTI Building

Hyderabad 500 004

Off: 040-23302150/52

Important Dates:

Activities	Date and Time
Float of Tender	09.02.2024 @ 11.30AM
Due date and time for tender submission	29.02.2024 @ 3.00PM
Date and time for opening of technical and commercial bids	29.02.2024 @ 4.00PM

### **9. Bid Evaluation:**

Technical bids will be evaluated first, followed by the opening of commercial bids for successful technical bidders.

The decision on the appointment of a rating agency will be based on both technical competence and commercial competitiveness.

Evaluation Methodology: Bids would be evaluated on the following methodology: a) The evaluation would be based on the financial bid. The bidder who quotes the lowest price (L1 bidder) would be awarded job of credit rating. b) L1 bidders would be selected on the basis of the least cost. The least cost will be calculated as sum of all the items of commercial bid including GST. c) In case two bidders submit the rates in a way that they both emerge L1 as per the evaluation methodology, then the bidder with the highest average annual turnover as per the Audited Financial Statement of the last 3 (Three) preceding financial years will be qualified as L1 bidder and shall be awarded the job of Credit Rating. iii. Notification of Award will be intimated to the successful Bidder by C&DMA through Letter of Acceptance (LOA).

#### **10. Pre-bid Meeting:**

A pre-bid meeting is scheduled on 14.02.2024 at 11.30 AM at O/O Commissioner and Director of Municipal Administration, 640, AC Guards, Masab Tank Opp PTI Building Hyderabad 500 004

#### **11. Decision Authority:**

SPFE reserves the right to accept or reject any proposal based on technical competence and commercial competitiveness.

**12. Contact Information:**

For inquiries and submission of proposals, please contact CA P Vamshi Krishna Reddy, Contact No: 9603117555 at O/O Commissioner and Director of Municipal Administration, 640, AC Guards, Masab Tank Opp PTI Building Hyderabad 500 004.

**13. Additional Information:**

The decision of the SPFE regarding the appointment of the Credit Rating Agency shall be final.

## Technical Forms

### ANNEXURE 1: TECHNICAL QUOTATION SUBMISSION FORM

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{Location, Date}

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To:

Commissioner and Director of Municipal Administration

640, AC Guards, Masab Tank Opp PTI Building Hyderabad 500 004

Dear Sirs:

We, the undersigned, offer to provide the consulting services for Pooled Finance Development Fund (PFDF) bond issue in accordance with your Request for Quotation dated [----] and our Quotation. We are hereby submitting our Quotation, which includes this Technical Quotation and a Financial Quotation sealed in a separate envelope.

If the Consultant's Quotation includes Sub-consultants, insert the following: We are submitting our Quotation with the following firms as Sub-consultants: {Insert a list with full name and address of each Sub-consultant. }

We hereby declare that:

- (a) All the information and statements made in this Quotation are true and we accept that any misinterpretation or misrepresentation contained in this Quotation may lead to our disqualification by the Client.
- (b) Our Quotation shall be valid and remain binding upon us for the period 90 days
- (c) In competing for (and, if the award is made to us, in executing) the Contract, we undertake to observe the laws against fraud and corruption, including bribery, in force in the country of the Client.
- (d) Our Quotation is binding upon us and subject to any modifications resulting from the Contract negotiations.

We undertake, if our Quotation is accepted and the Contract is signed, to initiate the Services related to the assignment no later than << Insert Date >>>

We understand that the Client is not bound to accept any Quotation that the Client receives.

We remain,

Yours sincerely,

Authorized Signature {In full and initials}:

Name and Title of Signatory:

Name of Consultant

In the capacity of:

Address:

Contact information (phone and e-mail):

## ANNEXURE 2: CONSULTANT’S ORGANIZATION AND EXPERIENCE

Annexure-2: a brief description of the Consultant’s organization and an outline of the recent experience of the Consultant that is most relevant to the assignment. In the case of a joint venture, information on similar assignments shall be provided for each partner. For each assignment, the outline should indicate the names of the Consultant’s Key Experts and Sub-consultants who participated, the duration of the assignment, the contract amount (total and, if it was done in a form of a joint venture or a sub-consultancy, the amount paid to the Consultant), and the Consultant’s role/involvement.

### A - Consultant’s Organization

1. Provide here a brief description of the background and organization of your company
2. Include organizational chart, a list of Board of Directors, and beneficial ownership

### B - Consultant’s Experience

1. List only previous similar assignments successfully completed in the last 3 years in India.
2. List only those assignments for which the Consultant was legally contracted by the Client as a company or was one of the joint venture partners. Assignments completed by the Consultant’s individual experts working privately or through other consulting firms cannot be claimed as the relevant experience of the Consultant, or that of the Consultant’s partners or sub-consultants, but can be claimed by the Experts themselves in their CVs. The Consultant should be prepared to substantiate the claimed experience by presenting copies of relevant documents and references if so requested by the Client.

Duration	Assignment name/& brief description of main deliverables/outputs	Name of Client	Approx. Contract value (in Indian Rupees equivalent)/ Amount paid to your firm	Role on the Assignment
{e.g., Jan.2009– Apr.2010}	{e.g., “Improvement quality of.....”: designed master plan for rationalization of .....; }	{e.g., Ministry of ....., country }	{e.g., Rs. 1 mill/Rs0.5 mill }	{e.g., Lead partner in a JV A&B&C }
{e.g., Jan-May 2008 }	{e.g., “Support to sub-national government.....” : drafted secondary level regulations on..... }	{e.g., municipality of....., country }	{e.g., Rs 0.2 mil/Rs 0.2 mil }	{e.g., sole Consultant }

### **ANNEXURE 3: DESCRIPTION OF APPROACH, METHODOLOGY, AND WORK PLAN IN RESPONDING TO THE TERMS OF REFERENCE**

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Annexure 3: a description of the approach, methodology and work plan for performing the assignment, including a detailed description of the proposed methodology and staffing for training, if the Terms of Reference specify training as a specific component of the assignment.

- a) Technical Approach and Methodology
- b) Work Plan
- c) Organization and Staffing}

- a) Technical Approach and Methodology. {Please explain your understanding of the objectives of the assignment as outlined in the Terms of Reference (TORs), the technical approach, and the methodology you would adopt for implementing the tasks to deliver the expected output(s), and the degree of detail of such output. Please do not repeat/copy the TORs in here. }
- b) Work Plan. {Please outline the plan for the implementation of the main activities/tasks of the assignment, their content and duration, phasing and interrelations, milestones (including interim approvals by the Client), and tentative delivery dates of the reports. The proposed work plan should be consistent with the technical approach and methodology, showing your understanding of the TOR and ability to translate them into a feasible working plan. A list of the final documents (including reports) to be delivered as final output(s) should be included here. The work plan should be consistent with the Work Schedule Form. }
- c) Organization and Staffing. {Please describe the structure and composition of your team, including the list of the Key Experts, Non-Key Experts and relevant technical and administrative support staff. }



### ANNEXURE 4: WORK SCHEDULE AND PLANNING FOR DELIVERABLES

N°	Deliverables 1 (D-..)	Months											
		1	2	3	4	5	6	7	8	9	.....	n	TOTAL
D-1	{e.g., Deliverable #1: Report A												
	1) data collection												
	2) drafting												
	3) inception report												
	4) incorporating comments												
	5) .....												
	6) delivery of final report to Client}												
D-2	{e.g., Deliverable #2:.....}												
n													

- 1 List the deliverables with the breakdown for activities required to produce them and other benchmarks such as the Client’s approvals. For phased assignments, indicate the activities, delivery of reports, and benchmarks separately for each phase.
- 2 Duration of activities shall be indicated in a form of a bar chart.
3. Include a legend, if necessary, to help read the chart.





## Section IV: Financial Forms

### **ANNEXURE 6: FINANCIAL PROPOSAL SUBMISSION FORM**

To:

Commissioner and Director of Municipal Administration

640, AC Guards, Masab Tank Opp PTI Building Hyderabad 500 004

Dear Sirs:

We, the undersigned, offer to provide the consulting services for “Credit Rating of Pooled Finance Development Fund (PFDF) bond issue in accordance with your Request for Quotation dated \_\_\_\_\_ and our Technical Quotation.

Our attached Financial Quotation is for the amount of {Indicate the corresponding to the amount(s) currency(ies)} {Insert amount(s) in words and figures}, “excluding” of all indirect local taxes in accordance with Point 10.2 in the Data Sheet. The estimated amount of local indirect taxes is {Insert currency} {Insert amount in words and figures} which shall be confirmed or adjusted, if needed, later. {Please note that all amounts shall be the same as in Annexure 7 }.

Our Financial Quotation shall be binding upon us subject to the modifications resulting from Contract negotiations, up to expiration of the validity period of the Quotation, i.e. 90 days.

Commissions and gratuities paid or to be paid by us to an agent or any third party relating to preparation or submission of this Quotation and Contract execution, paid if we are awarded the Contract, are listed below:

Name and Address of Agents	Amount and Currency	Purpose of Commission or Gratuity
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{ If no payments are made or promised, add the following statement: “No commissions or gratuities have been or are to be paid by us to agents or any third party relating to this Quotation and Contract execution.” }

We understand you are not bound to accept any Quotation you receive.

We remain,

Yours sincerely,

Authorized Signature {In full and initials}:

Name and Title of Signatory:

In the capacity of:

Address:

E-mail: \_\_\_\_\_

## ANNEXURE 7: SUMMARY OF COSTS

Item	Cost
	{Consultant must state the proposed Costs in accordance with this document; delete columns which are not used}
	Amount in (INR) Rs.
Cost of the Financial Proposal	
Including:	
(1) Remuneration	
(2) Reimbursables	
Total Cost of the Financial Proposal: {Should match the amount in Form Annexure 6}	
Indirect Local Tax Estimates – to be discussed and finalized at the negotiations if the Contract is awarded	
Local Indirect Taxes and Duties	
Total Estimate for Indirect Local Tax:	

Footnote: Payments will be made in INR

## ANNEXURE 8: BREAKDOWN OF REMUNERATION

When used for Lump-Sum contract assignment, information to be provided in this Form shall only be used to demonstrate the basis for the calculation of the Contract's ceiling amount; to calculate applicable taxes at contract negotiations; and, if needed, to establish payments to the Consultant for possible additional services requested by the Client. This Form shall not be used as a basis for payments under Lump-Sum contracts

No.	Name	Position	Person-month Remuneration Rate	Time Input in Person/Month	{Local Currency- as in Annex 7}
—	Key Experts				
K-1			[Home]		
—			[Field]		
K-2					
—					
—					
—					
—					
—					
—	Non-Key Experts				
N-1			[Home]		

N- 2			[Field]	_____	
—				_____	
—	_____			_____	
—				_____	
	Total Costs				

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### ANNEXURE 9 BREAKDOWN OF REIMBURSABLE EXPENSES

When used for Lump-Sum contract assignment, information to be provided in this Form shall only be used to demonstrate the basis for calculation of the Contract ceiling amount, to calculate applicable taxes at contract negotiations and, if needed, to establish payments to the Consultant for possible additional services requested by the Client. This form shall not be used as a basis for payments under Lump-Sum contracts

N°	Type of Reimbursable Expenses	Unit	Unit Cost	Quantity	{Local Currency- as in Annex 7}
1	{e.g., Per diem allowances**}	{Day}			
2	{e.g., International flights}	{Ticket}			
3	{e.g., In/out airport transportation}	{Trip}			
4	{e.g., Communication costs between Insert place and Insert place}				
5	{ e.g., reproduction of reports}				
6	{e.g., Office rent}				
7	.....				
8	{Training of the Client's personnel – if required in TOR}				
Total Costs					

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**Commissioner and Director of Municipal Administration (CDMA)**

*8/2/24 2/2/24*

*9/2/24*

*9/2/24*